NEW ISSUE—BOOK-ENTRY ONLY

S&P: "AA-"
See "RATING"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, interest on the Series 2022 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2022 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds. See "TAX MATTERS."

$154,140,000
CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS, SERIES 2022

Dated: Date of Delivery

Due: January 15, as shown on inside cover

The City of Richmond (the "City") is issuing its Taxable Pension Refunding Bonds, Series 2022 (the "Series 2022 Bonds") under an Indenture, dated November 1, 2005, as supplemented by the First Supplemental Indenture, dated as of September 1, 2022 (collectively, the "Indenture"), both by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), to (i) refund all of the City's outstanding Taxable Pension Funding Bonds, Series 2005 B-1 Bonds (the "Series 2005 B-1 Bonds") and Taxable Pension Funding Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds," together with the Series 2005 B-1 Bonds, the "Series 2005B Bonds"), (ii) pay interest rate swap termination fees as described herein, and (iii) pay the costs of issuance related to the Series 2022 Bonds.

The Series 2005B Bonds were issued to refinance the City's statutory obligation to appropriate and make payments to California Public Employee's Retirement System ("CalPERS") for certain amounts arising as a result of retirement benefits accruing to members of CalPERS. The obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, premium, if any, and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Additionally, the Series 2022 Bonds, and any additional bonds issued on parity therewith in the future, are secured by a first pledge of and security interest in Pledged Pension Tax Override Revenues (as defined herein) up to the Secured Annual Debt Service (as defined herein) applicable to the Series 2022 Bonds and each series of Additional Bonds, and certain amounts on deposit in the Bond Fund established under the Indenture. See "PLAN OF FINANCING" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."

The Series 2022 Bonds will be issued as current interest bonds. The Series 2022 Bonds accrue interest from the date of delivery thereof and are payable semiannually on January 15 and July 15 of each year, commencing July 15, 2023.

The Series 2022 Bonds are being issued in fully registered form, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") in the United States. DTC will act as Securities Depository for the Series 2022 Bonds. Individual purchases of Series 2022 Bonds will be made in book-entry form only in denominations of $5,000 principal amount, or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2022 Bonds purchased. See "APPENDIX C — BOOK-ENTRY-ONLY SYSTEM."

The Series 2022 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2022 BONDS — Redemption Provisions."

EXCEPT FOR THE CITY'S PENSION TAX OVERRIDE REVENUES AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined will have the meanings set forth herein.

The Series 2022 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, Bond Counsel, and certain other conditions. NHA Advisors, LLC is serving as Municipal Advisor to the City in connection with the issuance of the Series 2022 Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California and for the City by Best Best & Krieger LLP, Los Angeles, California, Disclosure Counsel, and by David Aleshire, as City Attorney. It is anticipated that the Series 2022 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about September 8, 2022.

Loop Capital Markets

HilltopSecurities
A Hilltop Holdings Company

Dated: August 25, 2022

$154,140,000
CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

MATURITY SCHEDULE

Base CUSIP[†]: 764464

Serial Current Interest Bonds

Maturity (January 15)	Principal Amount	Coupon	Yield	CUSIP[†]
2026	$2,980,000	4.234%	4.234%	AD5
2027	3,345,000	4.334	4.334	AE3
2028	3,730,000	4.512	4.512	AF0
2029	4,150,000	4.672	4.672	AG8
2030	4,595,000	4.798	4.798	AH6
2031	5,075,000	4.898	4.898	AJ2
2032	5,590,000	4.988	4.988	AK9
2033	6,145,000	5.108	5.108	AL7
2034	6,735,000	5.208	5.208	AM5
2035	7,375,000	5.308	5.308	AN3
2036	8,060,000	5.428	5.428	AP8
2037	8,795,000	5.508	5.508	AQ6

$87,565,000 5.786% Term Current Interest Bonds due January 15, 2044 - Yield 5.786% CUSIP[†] AR4

[†] *CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriters, the Municipal Advisor or their agents or counsel are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.*

CITY OF RICHMOND

City Council

Tom Butt, Mayor
Eduardo Martinez, Vice Mayor
Demnlus Johnson, III, Councilmember
Nathaniel Bates, Councilmember
Claudia Jimenez, Councilmember
Gayle McLaughlin, Councilmember
Melvin Willis, Councilmember

City Officials

Kinshasa Curl, City Manager
David Aleshire, City Attorney
Delmy Cuellar, Director of Finance
Pamela Christian, City Clerk

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Walnut Creek, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Actuarial Consultant

Bartel Associates, LLC
San Mateo, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

Verification Agent

Robert Thomas CPA, LLP
Overland Park, Kansas

This Official Statement, deemed final by the City, is delivered for use in connection with the issuance, sale and delivery of the Series 2022 Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation 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 a solicitation of an offer to buy nor will there be any sale of the Series 2022 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

All summaries of the documents referred to in this Official Statement 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.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2022 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website. The City also maintains a website. In addition, certain information and reports found on other websites are referred to in this Official Statement. However, the information and reports available at the City's or such other websites are not incorporated by reference herein and must not be relied upon in making an investment decision with respect to the Series 2022 Bonds.

The issuance and sale of the Series 2022 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

TABLE OF CONTENTS

INTRODUCTION 1
General 1
Authority for the Series 2022 Bonds 1
Purpose 1
Security and Sources of Payment for the Series 2022 Bonds 2
Validation 2
Redemption 2
Continuing Disclosure 2
Professionals Involved in the Offering 3
Verification of Mathematical Computations 3
Summaries Not Definitive 3
PLAN OF FINANCING 3
ESTIMATED SOURCES AND USES OF FUNDS 6
THE SERIES 2022 BONDS 7
Terms of the Series 2022 Bonds 7
Redemption Provisions 7
Book-Entry System 9
Transfer and Exchange of Series 2022 Bonds 9
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS 10
Sources of Payment 10
Pledge of Pension Tax Override Revenues 11
Pension Tax Override Revenues 15
No Reserve Fund 15
Additional Bonds 16
DEBT SERVICE SCHEDULE 16
THE CITY 17
COVID-19 Outbreak 17
State Audit 17
RISK FACTORS 18
Limitations on Remedies Available; Bankruptcy 18
City Pension Benefit Liability 19
Infectious Disease Outbreak and Potential Impact of Coronavirus 19
Seismic, Topographic and Climatic Conditions 20
Cybersecurity 22
Hazardous Substances 22
Articles XIIIC and XIIID of the California Constitution 22
State Law Limitations on Appropriations 23
Impact of State Budget on City Revenues 23
Assessed Value of Taxable Property 23
Changes in Law 24
Secondary Market for Series 2022 Bonds 24
Additional Bonds 24
STATE BUDGET INFORMATION 24
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 27
Article XIIIA of the State Constitution 27
Legislation Implementing Article XIIIA 27
Article XIIIB of the State Constitution 28
Articles XIIIC and XIIID of the State Constitution 28
Proposition 62 29
Proposition 1A 30
Proposition 22 30
Proposition 26 31
Future Initiatives 31
ERISA CONSIDERATIONS 31
VALIDATION 32
PENSION PLANS 32
TAX MATTERS 32
CERTAIN LEGAL MATTERS 33
VERIFICATION AGENT 33
CONTINUING DISCLOSURE 33
MUNICIPAL ADVISOR 34
FINANCIAL STATEMENTS OF THE CITY 34
LITIGATION 34
RATING 35
UNDERWRITING 35
MISCELLANEOUS 36
APPENDIX A INFORMATION REGARDING THE CITY OF RICHMOND A-1
APPENDIX B THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 ..... B-1
APPENDIX C BOOK-ENTRY ONLY SYSTEM C-1
APPENDIX D THE INDENTURE AND FIRST SUPPLEMENT D-1
APPENDIX E PROPOSED FORM OF OPINION OF BOND COUNSEL E-1
APPENDIX F FORM OF CONTINUING DISCLOSURE CERTIFICATE F-1
APPENDIX G CALPERS 2021 ACTUARIAL VALUATION F-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
$154,140,000
CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2022 Bonds to potential investors is made only by means of the entire Official Statement. Terms used in this Introduction and not otherwise defined will have the respective meanings assigned to them elsewhere in this Official Statement.

General

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the issuance and sale by the City of Richmond (the "City") of $154,140,000 aggregate principal amount of its Taxable Pension Refunding Bonds, Series 2022, issued as current interest bonds (the "Series 2022 Bonds").

Authority for the Series 2022 Bonds

The Series 2022 Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "State") and an Indenture, dated as of November 1, 2005 (the "Original Indenture"), as supplemented by a First Supplemental Indenture, dated as of September 1, 2022 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), both by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

Purpose

The City has entered into a contract with PERS dated January 1, 1954, as amended effective, October 16, 1964, January 1, 1966, July 1, 1966, August 1,1966, May 1, 1968, October 1, 1968, April 1, 1972, October 1, 1972, July 1, 1973, May 1, 1975, March 1, 1976, July 1, 1978, September 1, 1978, July 1, 1979, September 28, 1979, December 1, 1979, September 1, 1980, February 23, 1982, November 1, 1988, July 1, 1992, August 11, 1992, November 3, 1993, January 14, 2000, October 1, 2002, January 1, 2003 and March 1, 2003, as heretofore and hereafter amended from time to time (the "PERS Contract"), evidencing the City's obligation to pay CalPERS the City's unfunded accrued actuarial liability; and

The City is issuing the Series 2022 Bonds to (i) refund the City's outstanding Taxable Pension Funding Bonds, Series 2005 B-1 Bonds in the principal amount of $6,306,000 (the "Series 2005 B-1 Bonds") and Taxable Pension Funding Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds," together with the Series 2005 B-1 Bonds, the "2005B Bonds") with a full accretion date of August 1, 2023, at which time the full accreted principal amount thereof will be $127,968,000, (ii) pay interest rate swap termination fees, as described herein, and (iii) pay the costs of issuance related to the Series 2022 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

The City previously issued its Taxable Limited Obligation Bonds, 1999 Series A (the "Series 1999 Bonds"). In connection with the issuance of the Series 2022 Bonds, the City will use cash on hand to fund an escrow to defease all of the outstanding Series 1999 Bonds in the principal amount of $2,105,000. No proceeds of the Series 2022 Bonds will be used for such purpose. See "PLAN OF FINANCING."

Security and Sources of Payment for the Series 2022 Bonds

The Series 2005B Bonds were issued to refinance the City's statutory obligation to appropriate and make payments to California Public Employee's Retirement System ("CalPERS") for certain amounts arising as a result of retirement benefits accruing to members of CalPERS. The obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, as applicable, premium, if any, and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Series 2022 Bonds, and any Additional Bonds issued in the future, are secured by a first pledge of and lien on, and a security interest in the Pledged Pension Tax Override Revenues (as defined herein), but only to the extent of the Secured Annual Debt Service (as defined herein) applicable to the Series 2022 Bonds and for such series of Additional Bonds (each term as defined herein) as set forth in the Supplemental Indenture for such series of Additional Bonds, and certain money on deposit in the Bond Fund after the date the Series 2022 Bonds are issued. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."

EXCEPT FOR THE PENSION TAX OVERRIDE REVENUES AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, COUNTY OF CONTRA COSTA (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City has not established a debt service reserve fund for the Series 2022 Bonds.

The assets of CalPERS will not secure or be available to pay principal, premium, if any, and interest on, the Series 2022 Bonds.

Validation

The authorization by the City of the issuance of the Series 2005 Bonds and any Additional Bonds (which include the Series 2022 Bonds) under the Indenture as obligations of the City imposed by law, and as to the validity and conformity of the Series 2005 Bonds and Additional Bonds with all applicable provisions of law, were validated by a judgment of the Superior Court of the State in and for the County entered on May 31, 2005. The time period for the filing of appeals with respect to the judgment has expired. No appeals were filed and therefore, the judgment is final. See "VALIDATION."

Redemption

The Series 2022 Bonds are subject to redemption as described herein. See "THE SERIES 2022 BONDS — Redemption Provisions."

Continuing Disclosure

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual financial information and operating data and, in a timely manner, notice of certain listed events for purposes of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission. These covenants have been made in order to assist the Underwriters (as defined herein) in complying with the Rule. See "CONTINUING DISCLOSURE" herein and "APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Professionals Involved in the Offering

Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Bond Counsel with respect to the Series 2022 Bonds. Certain legal matters will be passed upon for the City by David Aleshire, City Attorney and by Best Best & Krieger LLP, Walnut Creek, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriters' Counsel. NHA Advisors, LLC, San Rafael, California, is acting as the Municipal Advisor with respect to the Series 2022 Bonds. All of the fees of Bond Counsel, Disclosure Counsel, Underwriters' Counsel and the Municipal Advisor with respect to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 Bonds.

Verification of Mathematical Computations

Robert Thomas CPA, LLC, as verification agent (the "Verification Agent"), will examine the arithmetical accuracy and sufficiency of certain computations included in the schedules provided by the City relating to the defeasance of the Series 1999 Bonds and the Series 2005B Bonds. See "PLAN OF FINANCE." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Summaries Not Definitive

Brief descriptions of the Series 2022 Bonds, the City, and the Indenture are included in this Official Statement and appendices related thereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Series 2022 Bonds and the Indenture are qualified in their entirety by reference to the actual documents, or with respect to the Series 2022 Bonds, the forms thereof included in the Indenture, copies of all of which are available for inspection by written request mailed to the City of Richmond, Richmond City Hall, 450 Civic Center Plaza, Richmond, California 94804 and will be available upon request and payment of duplication costs from the Trustee. Capitalized terms used but not defined in this Official Statement have the meanings given to such terms in the Indenture. A copy of the Original Indenture and a form of First Supplemental Indenture are attached hereto as Appendix D.

PLAN OF FINANCING

General. The Series 2022 Bonds are being issued as Additional Bonds under the Indenture (see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS — Additional Bonds" and "VALIDATION" herein) to: (i) refund the City's outstanding Series 2005 B-1 Bonds on their next optional redemption date on November 1, 2022, (ii) and refund the City's outstanding Series 2005 B-2 on August 1, 2023, the "Conversion Date," (iii) pay the Termination Fee (described below), and (iv) pay the costs of issuance related to the Series 2022 Bonds.

In May 2005, the Superior Court of the State of California in and for the City entered a default judgment to the effect, among other things, that the CalPERS Contract, interest rate swap agreements (which include the 2016 Swap Agreement described below), the Original Indenture, the Series 2005B Bonds and any Additional Bonds (which include the Series 2022 Bonds) issued under the Indenture, are valid, legal and binding obligations of the City and that the CalPERS Contract, the 2016 Swap Agreement, the Indenture, the Series 2005 Bonds and any Additional Bonds (which include the Series 2022 Bonds) issued under the Indenture, are valid and in conformity with all applicable provisions of law and all applicable provisions of the Retirement Law and the California Constitution. See the caption "VALIDATION."

The City's obligations under the CalPERS Contract are, and the City's obligations with respect to the Series 2022 Bonds upon issuance, including the obligation to make all payments of principal, premium, if any,

and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Except with respect to the Pension Tax Override and only to the extent set forth in the Indenture, the Series 2022 Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Series 2022 Bonds nor the obligation of the City to make payments on the Series 2022 Bonds constitute an indebtedness of the City, the State, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

The Series 2005 B-1 Bonds are payable quarterly on February 1, May 1, August 1 and November 1 of each year outstanding, and bear interest at a variable rate. The remaining principal amount of $6,306,000, is callable on any such interest payment date, and has a final maturity date of August 1, 2023.

The Series 2005 B-2 Bonds were initially issued as Convertible Auction Rate Securities, are accreting interest (with August 1, 2023, being the final Interest Accrual Date, at which time the full accreted principal amount thereof will be $127,968,000), and have a final maturity date of August 1, 2034.

Termination of 2016 Swap Agreements. In 2007, the City entered into an interest rate swap agreement in connection with the Series 2005B Bonds (the "2007 Swap Agreement") with JPMorgan Chase Bank, NA ("JPM"). Subsequent to the City's entry into the 2007 Swap Agreement, Moody's downgraded the City's issuer rating to "Ba1," which resulted in JPM declaring an event of termination under the 2007 Swap Agreement and exercised its right to demand immediate payment of an approximately $31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 Swap Agreement. The City entered into new interest rate swaps pursuant to an ISDA Master Agreement, together with the schedules and confirmations thereto (collectively, the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"), in order to replace the 2007 Swap Agreement. Pursuant to the 2016 Swap Agreement the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest. The portion of the 2016 Swap Agreement relating to the Series 2005 B-2 Bonds is subject to mandatory termination on August 1, 2023. On the date the Series 2022 Bonds are issued, the City will use a portion of the proceeds of the Series 2022 Bonds in the amount of $21,991,660 to pay amounts due to RBC as a result of the termination of the 2016 Swap Agreement (collectively, the "Termination Fee"). Upon payment of the Termination Fee, the City will no longer be a party to any interest rate swap agreement.

The Indenture provides that the City may at any time issue Additional Bonds on a parity with the Series 2005B Bonds for the purpose, among others, of refunding any outstanding Series 2005 Bonds, including payment of all costs incidental to or connected with such refunding including the Termination Fee, upon compliance with the procedures set forth therein.

Refunding and Defeasance of 2005 Bonds. On the date the Series 2022 Bonds are issued, pursuant to an Escrow Deposit and Trust Agreement, dated as of September 1, 2022 (the "2005 Escrow Agreement"), between the City and U.S. Bank Trust Company, National Association, as escrow agent (in such capacity, the "2005 Escrow Agent") and as Trustee of the 2005 Bonds, the City will cause a portion of the proceeds of the Series 2022 Bonds to be delivered to the 2005 Escrow Agent which, together with other moneys, will be deposited by the 2005 Escrow Agent in (i) an escrow account established under the 2005 Escrow Agreement (the "2005B-1 Escrow Account"), on behalf of the City and for the benefit of the owners of the outstanding Series 2005 B-1 Bonds, and (ii) an escrow account established under the 2005 Escrow Agreement (the "2005B-2 Escrow Account"), on behalf of the City and for the benefit of the owners of the outstanding Series 2005 B-2 Bonds.

The Escrow Agent will hold the funds on deposit in the 2005B-1 Escrow Account as uninvested cash. The Escrow Agent will invest a portion of the funds on deposit in the 2005B-2 Escrow Account in federal securities and will hold the remainder as uninvested cash. On November 1, 2022, from the moneys on deposit in the 2005B-1 Escrow Account, the 2005 Escrow Agent will pay the principal of the outstanding 2005B-1 Bonds, plus interest with respect thereto accrued through such date, without premium. On August 1, 2023, from the

moneys on deposit in the 2005B-2 Escrow Account and the investment earnings thereon, the 2005 Escrow Agent will pay the full accreted principal amount of the outstanding 2005 B-2 Bonds, without premium.

The outstanding 2005 B-1 Bonds and the 2005 B-2 Bonds are described below:

	Redemption/ Payment Date	Par/ Accreted Value[(1)]	Maturity Date	Coupon	CUSIP
Series 2005 B-1 Bonds	11/01/2022	$ 6,306,000	08/01/2023	Variable	764464AB9
Series 2005 B-2 Bonds	08/01/2023	127,968,000	08/01/2034	N/A	764464AC7

(1) As of Redemption/Payment Date.

Upon delivery of the Series 2022 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of the anticipated receipts from the moneys deposited with the 2005 Escrow Agent in the 2005B-1 Escrow Account and 2005B-2 Escrow Account to pay the principal and interest (if any) of the outstanding the 2005 B-1 Bonds and 2005 B-2 Bonds as described above.

Defeasance of 1999 Bonds. The City previously issued the Series 1999 Bonds pursuant to a Trust Agreement dated November 1, 1999 by and between the City and U.S. Bank Trust Company, National Association (the "1999 Indenture"). The Series 1999 Bonds are outstanding in the principal amount of $2,105,000, have a final maturity date of August 1, 2029, bear interest at a fixed rate, and are not subject to optional redemption prior to maturity. Using funds on hand, not proceeds of the Series 2022 Bonds, the City intends to defease the Series 1999 Bonds concurrently with the issuance of the Series 2022 Bonds by irrevocably depositing monies into an escrow fund (the "1999 Escrow Fund") established pursuant to the Escrow Deposit and Trust Agreement (the "1999 Escrow Agreement") dated September 1, 2022 by and between the City and U.S. Bank Trust Company, National Association.

The 1999 Escrow Agreement directs the 1999 Escrow Agent to invest a portion of the funds on deposit in the 1999 Escrow Fund in federal securities, and the 1999 Escrow Agent will hold the remainder as uninvested cash. From the moneys on deposit in the 1999 Escrow Fund and the investment earnings thereon, the 1999 Escrow Agent will make the scheduled payments of principal and interest due on the Series 1999 Bonds through and including August 1, 2029.

The outstanding Series 1999 Bonds are described below:

	Maturity Date	Par	Coupon	CUSIP
Series 1999 Bonds	08/01/2029	$ 2,105,000	7.620%	764411BH6

Upon delivery of the Series 2022 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of the anticipated receipts from the moneys deposited with the 1999 Escrow Agent in the 1999 Escrow Fund and interest earnings thereon to pay the principal and interest of the outstanding the Series 1999 Bonds as described above.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2022 Bonds are set forth below:

Sources	**Series 2022 Bonds**
Principal Amount of Series 2022 Bonds[(1)]	$154,140,000.00
Uses	
Series 2005 B-2 Escrow Account	$124,319,397.65
Series 2005 B-1 Escrow Account	6,592,978.42
2016 Swap Termination Fees	21,991,660.00
Costs of Issuance[(2)]	1,235,963.93
Total Uses	$154,140,000.00

(1) Amounts to be applied to refund the Series 2005B Bonds and pay the Termination Fee.

(2) Includes Underwriters' discount, legal fees, fees of the municipal advisor, the Trustee, the actuary and the rating agency, printing costs and certain miscellaneous expenses.

THE SERIES 2022 BONDS

Terms of the Series 2022 Bonds

The Series 2022 Bonds will be dated their date of delivery, will be issued only in fully registered form, in denominations of $5,000 principal amount or any integral multiple thereof and will mature on the dates and in the amounts and bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth on the inside front cover hereof. Interest on the Series 2022 Bonds will be payable semiannually on January 15 and July 15 of each year, commencing July 15, 2023 (each, a "Interest Payment Date").

The Series 2022 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Series 2022 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) a Series 2022 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Series 2022 Closing Date; provided, however, that is at the time of authentication of any Series 2022 Bond interest is then in default on the Outstanding Series 2022 Bonds, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2022 Bonds. Payment of interest on the Series 2022 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the registration books kept by the Trustee pursuant to the Indenture as the holder of a Series 2022 Bond (the "Holder") 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 on the Interest Payment Date by first-class mail to such Holder 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 Series 2022 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Holder.

The Record Date with respect to the Series 2022 Bonds is the first day (whether or not such day is a Business Day) of the month of each Interest Payment Date.

The Series 2022 Bonds, when issued, 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 of the Series 2022 Bonds. Ownership interests in the Series 2022 Bonds may be purchased in book-entry form only. Purchasers will not receive securities certificates representing their interests in the Series 2022 Bonds purchased. Payments of principal or premium, if any, and interest on the Series 2022 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal or premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Series 2022 Bonds. See "APPENDIX C — BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption The Series 2022 Bonds maturing on and after January 15, 2033, shall be subject to optional redemption, in whole or in part on any date on or after January 15, 2032, at the option of the City, from any source of legally available funds, at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption*. The Series 2022 Bonds maturing on January 15, 2044 shall be subject to mandatory sinking fund redemption, in part on January 15 in each year, commencing January 15, 2038, at a redemption price equal to the principal amount of such Series 2022 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (January 15)	**Principal Amount to be Redeemed**
2038	$ 9,600,000
2039	10,465,000
2040	11,390,000
2041	12,380,000
2042	13,430,000
2043	14,555,000
2044 (Maturity)	15,745,000

If some but not all of the Series 2022 Bonds maturing on January 15, 2044 are redeemed as the result of an optional redemption, the Principal Amount of Series 2022 Bonds maturing on January 15, 2044 to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate Principal Amount of the Series 2022 Bonds maturing on January 15, 2044 so redeemed as the result of an optional redemption, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the City in a Written Certificate of the City filed with the Trustee.

Notice of Redemption. The Trustee shall send notice of redemption of the Series 2022 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Holders of any Series 2022 Bonds designated for redemption at their addresses appearing on the registration books maintained by the Trustee pursuant to the Indenture and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2022 Bonds (or all Series 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series 2022 Bonds within a maturity are called for redemption) Bond numbers of the Series 2022 Bonds to be redeemed and the maturity or maturities of the Series 2022 Bonds to be redeemed, and in the case of Series 2022 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 the redemption date there will become due and payable on each of said Series 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2022 Bonds be then surrendered to the Trustee. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2022 Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

Conditional Redemption Notice. The City has the right to rescind any notice of the redemption of Series 2022 Bonds by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2022 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The City and the Trustee have no liability to the Holders of Series 2022 Bonds or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent. In the event Series 2022 Bonds that are subject to mandatory sinking fund payments are redeemed in part, the City shall deliver a revised sinking fund schedule to the Trustee.

If less than all of the Series 2022 Bonds of a maturity are to be redeemed prior to maturity, including by Mandatory Sinking Account Payments as described above, then:

(a) If the Series 2022 Bonds are registered in book-entry only form and so long as DTC or a successor Securities Depository is the sole registered owner of the Series 2022 Bonds, the particular Series 2022 Bonds shall be redeemed on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with the process described below. The Trustee will send notice to DTC or a successor Securities Depository to effect a pro rata reduction of principal of all applicable Series 2022 Bonds to accomplish the optional and mandatory sinking fund redemptions

pursuant to the Indenture through a pass-through distribution of principal. In connection with each such redemption, the Trustee will include in the written notice of redemption described above the dollar amount per $1,000 original principal amount payable on account of principal and accrued interest to effect a pro rata reduction through a pass-through distribution of principal on the related redemption date, as well as the pro rata method factors applicable to such redemption. DTC or a successor Securities Depository will be responsible for distributing the principal and accrued interest among its direct participants, as applicable, based upon the Series 2022 Bonds being redeemed to the beneficial interests of the direct participant that DTC or a successor Securities Depository records list as owned by each direct participant of DTC or a successor Securities Depository as of the record date for such payment. If less than all of the Series 2022 Bonds are called for redemption, the Trustee will direct that the accrued interest due on the portion of the Series 2022 Bonds being redeemed be calculated and paid based on the amount of principal being redeemed on such redemption date. After the date fixed for redemption no further interest will accrue on the principal amount being called for redemption.

(b) If the operational arrangements of DTC or a successor Securities Depository do not allow for allocation of such redemption on a pro rata pass-through distribution of principal basis, the portion of the Series 2022 Bonds to be redeemed on such dates will be selected in accordance with the Depository's then existing rules and procedures and may be by lot.

(c) If the Series 2022 Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee may select the Series 2022 Bonds for redemption pro rata within a maturity. The Trustee will select such portions of Series 2022 Bonds to be redeemed in such manner as the Trustee may deem to be fair and appropriate.

Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of from and after the date fixed for redemption of any Series 2022 Bonds or any portions thereof, and if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Series 2022 Bonds or such portions thereof so called for redemption shall have been duly provided, no interest shall accrue on such Series 2022 Bonds or such portions thereof from and after the redemption date specified in such notice.

Book-Entry System

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2020 Bond will be issued for each maturity of the Series 2022 Bonds. See "APPENDIX F — BOOK-ENTRY ONLY SYSTEM." The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal or premium, if any, and interest on the Series 2022 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the beneficial owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to beneficial owner with respect to the Series 2022 Bonds or an error of delay relating thereto.

Transfer and Exchange of Series 2022 Bonds

Transfer. Any Series 2022 Bond may, in accordance with its terms, be transferred in the books required to be kept by the Trustee by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Series 2022 Bond for cancellation at the corporate trust offices of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee; provided, that 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; and provided further, that the Trustee may refuse to transfer any Bonds during the fifteen (15) day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to transfer any

Bonds selected by the Trustee for redemption. Whenever any Series 2022 Bond shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Series 2022 Bond(s) of the same maturity and equal to the principal amount of the Bond surrendered.

The City and the Trustee may deem and treat the Holder of any Series 2022 Bond as the absolute owner of such Series 2022 Bond for the purpose of receiving payment thereof and for all other purposes, whether such Series 2022 Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the principal, or redemption price of and the interest due on such Series 2022 Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge liability on such Series 2022 Bond to the extent of the sum or sums so paid.

The cost of preparing the Series 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of the Series 2022 Bonds shall be paid by the City.

Exchange. Any Series 2022 Bond may, in accordance with its terms, be exchanged at the Corporate Trust Office of the Trustee for a new Series 2022 Bond or Series 2022 Bonds of the same series of bonds and maturity of authorized denominations equal to the principal amount of the Series 2022 Bond surrendered; provided, however, that the Trustee will require the payment by the owner 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; and provided, further, that the Trustee may refuse to exchange any Series 2022 Bonds during the 15 day period prior to the date established by the Trustee for the selection of Series 2022 Bonds for redemption, or to exchange any Series 2022 Bonds selected by the Trustee for redemption.

The cost of preparing the Series 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange of the Series 2022 Bonds will be paid by the City.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Sources of Payment

The obligations of the City under the Series 2002 Bonds and Additional Bonds, including the obligation to make all payments of principal of and interest on the Bonds when due and the obligation of the City to make the deposits required under the Indenture for the security of the Bonds, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City has agreed pursuant to the Indenture to pay all amounts due and owing under the Indenture with respect to the Series 2022 Bonds and Additional Bonds from any legally available source of revenues of the City, including amounts on deposit in the General Fund of the City.

In addition, subject to the provisions of Indenture regarding the application of Pledged Pension Tax Override Revenues (as defined below) for the payment of debt service on the Bonds as described below, the City has pledged Pledged Tax Override Revenues for the payment of debt service on the Bonds, for the security of the Series 2022 Bonds and any Additional Bonds; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service (as defined below) applicable to the Series 2022 Bonds and each series of Additional Bonds. See "–Pledge of Pension Tax Override Revenues" below.

In addition, the Series 2022 Bonds and any Additional Bonds are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Bond Fund after the Series 2022 Closing Date; provided, however, that such pledge, lien and security interest shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

Neither the Series 2022 Bonds nor the obligations of the City to make payments on the Series 2022 Bonds, constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Pledge of Pension Tax Override Revenues

Pension Tax Override. For the security of the Series 2022 Bonds and any Additional Bonds issued in the future, the City, pursuant to the Indenture, has granted a first pledge of and lien on, and a security interest in the Pledged Pension Tax Override Revenues; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

"Pledged Pension Tax Override Revenues" is defined in the Indenture to mean, for each Bond Year, with respect to each Series of Bonds, the portion of the Pension Tax Override Revenues pledged therefor under the Indenture determined by multiplying (x) the Pension Tax Override Revenues, by (y) the Applicable Percentage for such Series of Bonds, but excluding any Pension Tax Override Revenues to the extent pledged, or otherwise available under applicable law, to pay debt service on any bonds or loans issued or incurred by the Richmond Community Redevelopment Agency or the Successor Agency to the Richmond Community Redevelopment Agency. The Applicable Percentage for the Series 2022 Bonds is set forth in Appendix N to the First Supplemental Indenture.

"Pension Tax Override Revenues" means all of the revenues received by or payable to the City from the *ad valorem* tax override annually levied at the rate of 0.14% of the assessed value of all taxable property within the City pursuant to Article XIIIA, Section 1(b)(1) of the California Constitution. See "- Pension Tax Override Revenues."

"Secured Annual Debt Service" is defined in the Indenture to mean, for each Series of Bonds, with respect to any Bond Year, the product obtained by multiplying (x) the aggregate amount required to pay principal of and interest on and the redemption price of such Series of Bonds during such Bond Year, by (y) the Applicable Percentage for such Series of Bonds for such Bond Year, in each case as set forth in the Supplemental Indenture for such Series of Bonds. The Secured Annual Debt Service for the Series 2022 Bonds is set forth in Appendix N to the First Supplemental Indenture.

"Applicable Percentage" is defined in the Indenture to mean, for each Series of Bonds, the percentage of the then outstanding unfunded accrued actuarial liability of the City to the System to be funded from such Series of Bonds relating to City pension benefits at the levels in existence on June 30, 1978 (the "Pre-1978 Benefits") or the Pre-1978 Benefits attributable to a Series of Bonds refunded by Additional Bonds, and, in the case of Additional Bonds issued to refund Bonds then Outstanding, the percentage of the Pre-1978 Benefits allocable thereto as determined by the City. In accordance with the report of Bartel Associates, LLC, dated June 21, 2005 and entitled "CalPERS Actuarial Issues "Cost: of Benefit Improvements Subsequent to July 1, 1978," the City has determined that the Applicable Percentage is 86.13% with respect to the Series 2005 Bonds. Based upon the Series 2022 Bonds Actuarial Valuation, the City has determined that the Applicable Percentage for the portion of the Series 2022 Bonds the proceeds of which are used to refund the Series 2005B-1 Bonds and the Series 2005B-2 Bonds (i.e. the Pre-1978 Benefits attributable to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds) is 86.13% as set forth in Appendix N of the First Supplemental Indenture. The Applicable Percentage for any Additional Bonds issued in the future shall be set forth in the Supplemental Indenture for each such series of Additional Bonds. For the avoidance of doubt, the Applicable Percentage for any Series of Bonds may fluctuate from Bond Year to Bond Year.

The Secured Annual Debt Service for the Series 2022 Bonds is set forth in the following table.

SCHEDULE OF DEBT SERVICE AND AMOUNTS EXPECTED TO BE PAID FROM PLEDGED PENSION TAX OVERRIDE REVENUES AND THE GENERAL FUND

	Debt Service Attributable to Refunding B-1s/B-2s			Debt Service Attributable to SWAP Termination Fees*			Total Series 2022 Bonds Debt Service	Secured Annual Debt Service* (Payable from PTORs)	Series 2022 Bonds Applicable Percentage	Net Series 2022 Bonds Debt Service Payable From General Fund
Payment Date	Interest (A)	Interest (B)	Total (C)= (A) + (B)	Interest (D)	Interest (E)	Total (F)= (D) + (E)	(G)= (C) + (F)*	(H) = (C) x 86.13%	(I) = (H)/(G)	(J) = (G) – (H)
7/15/23	$ 0	$ 6,106,358	$ 6,106,358	$ 0	$ 1,078,933	$ 1,078,933	$ 7,185,291	$ 5,259,406	73%	$ 1,925,885
1/15/24	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73	1,129,183
7/15/24	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73	1,129,183
1/15/25	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73	1,129,183
7/15/25	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73	1,129,183
1/15/26	2,980,000	3,580,275	6,560,275	0	632,599	632,599	7,192,874	5,650,365	79	1,542,509
7/15/26	0	3,517,189	3,517,189	0	632,599	632,599	4,149,788	3,029,354	73	1,120,433
1/15/27	3,345,000	3,517,189	6,862,189	0	632,599	632,599	7,494,788	5,910,403	79	1,584,385
7/15/27	0	3,444,702	3,444,702	0	632,599	632,599	4,077,302	2,966,922	73	1,110,379
1/15/28	3,730,000	3,444,702	7,174,702	0	632,599	632,599	7,807,302	6,179,571	79	1,627,730
7/15/28	0	3,360,554	3,360,554	0	632,599	632,599	3,993,153	2,894,445	72	1,098,708
1/15/29	4,150,000	3,360,554	7,510,554	0	632,599	632,599	8,143,153	6,468,840	79	1,674,313
7/15/29	0	3,263,610	3,263,610	0	632,599	632,599	3,896,209	2,810,947	72	1,085,262
1/15/30	4,595,000	3,263,610	7,858,610	0	632,599	632,599	8,491,209	6,768,620	80	1,722,588
7/15/30	0	3,153,376	3,153,376	0	632,599	632,599	3,785,975	2,716,002	72	1,069,972
1/15/31	5,075,000	3,153,376	8,228,376	0	632,599	632,599	8,860,975	7,087,100	80	1,773,875
7/15/31	0	3,029,089	3,029,089	0	632,599	632,599	3,661,688	2,608,954	71	1,052,734
1/15/32	5,590,000	3,029,089	8,619,089	0	632,599	632,599	9,251,688	7,423,621	80	1,828,067
7/15/32	0	2,889,674	2,889,674	0	632,599	632,599	3,522,273	2,488,876	71	1,033,397
1/15/33	6,145,000	2,889,674	9,034,674	0	632,599	632,599	9,667,273	7,781,565	80	1,885,708
7/15/33	0	2,732,731	2,732,731	0	632,599	632,599	3,365,330	2,353,701	70	1,011,629
1/15/34	6,735,000	2,732,731	9,467,731	0	632,599	632,599	10,100,330	8,154,557	81	1,945,773
7/15/34	0	2,557,352	2,557,352	0	632,599	632,599	3,189,951	2,202,647	69	987,304
1/15/35	5,915,000	2,557,352	8,472,352	1,460,000	632,599	2,092,599	10,564,951	7,297,236	69	3,267,714
7/15/35	0	2,400,367	2,400,367	0	593,851	593,851	2,994,218	2,067,436	69	926,782
1/15/36	6,460,000	2,400,367	8,860,367	1,600,000	593,851	2,193,851	11,054,218	7,631,434	69	3,422,784
7/15/36	0	2,225,043	2,225,043	0	550,427	550,427	2,775,470	1,916,430	69	859,040
1/15/37	7,050,000	2,225,043	9,275,043	1,745,000	550,427	2,295,427	11,570,470	7,988,595	69	3,581,875
7/15/37	0	2,030,886	2,030,886	0	502,369	502,369	2,533,255	1,749,202	69	784,053
1/15/38	7,695,000	2,030,886	9,725,886	1,905,000	502,369	2,407,369	12,133,255	8,376,906	69	3,756,350
7/15/38	0	1,808,270	1,808,270	0	447,258	447,258	2,255,527	1,557,463	69	698,065
1/15/39	8,390,000	1,808,270	10,198,270	2,075,000	447,258	2,522,258	12,720,527	8,783,770	69	3,936,758
7/15/39	0	1,565,547	1,565,547	0	387,228	387,228	1,952,775	1,348,406	69	604,369
1/15/40	9,130,000	1,565,547	10,695,547	2,260,000	387,228	2,647,228	13,342,775	9,212,075	69	4,130,700
7/15/40	0	1,301,416	1,301,416	0	321,846	321,846	1,623,262	1,120,910	69	502,353
1/15/41	9,925,000	1,301,416	11,226,416	2,455,000	321,846	2,776,846	14,003,262	9,669,312	69	4,333,950
7/15/41	0	1,014,286	1,014,286	0	250,823	250,823	1,265,109	873,604	69	391,505
1/15/42	10,765,000	1,014,286	11,779,286	2,665,000	250,823	2,915,823	14,695,109	10,145,499	69	4,549,610
7/15/42	0	702,854	702,854	0	173,725	173,725	876,579	605,368	69	271,211
1/15/43	11,670,000	702,854	12,372,854	2,885,000	173,725	3,058,725	15,431,579	10,656,739	69	4,774,840
7/15/43	0	365,241	365,241	0	90,262	90,262	455,503	314,582	69	140,921
1/15/44	12,625,000	365,241	12,990,241	3,120,000	90,262	3,210,262	16,200,503	11,188,495	69	5,012,008
TOTAL	$131,970,000	$106,732,105	$238,702,105	$22,170,000	$22,264,290	$44,434,290	$283,136,395	$205,594,123		$77,542,272

* Represents the portion of debt service on the Series 2022 Bonds which is secured by, and payable from, Pledged Pension Tax Override Revenues. Debt service on the Series 2022 Bonds is also payable from all legally available sources of the City, including amounts on deposit in the General Fund.

Generally, State law limits the amount of *ad valorem* tax levied on real property to 1% of the full cash value of the property. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures." However, there are provisions in State law that allow a taxing agency to levy additional *ad valorem* taxes to raise revenues for certain purposes. The property taxes generated from such levy by a taxing agency is commonly referred to as an "override." Specifically, Revenue and Taxation Code Section 96.31(a)(4) authorizes a taxing agency to levy additional *ad valorem* property tax to make payments in support of pension programs approved by the voters before July 1, 1978, provided that the local agency imposed the property tax rate in the 1982-83 or 1983-84 fiscal year. Since Fiscal Year 1982-83, $0.140 of the overall tax rate (i.e. $0.14 per $100 of assessed value of taxable property) has been levied within the City pursuant to Article XI of the City Charter and Ordinance No. 9-99 adopted by the City Council on March 30, 1999 and approved by voters for the purpose of paying certain pension obligations of the City (the "Pension Override"), including pension obligation bonds issued by the City. The rate of Pension Override cannot exceed $0.14 per $100 of assessed value of taxable property in the City.

Pursuant to the Section 34183(a)(1)(B) of the California Health and Safety Code, the property tax rate approved by the voters to make payments in support of pension programs or capital projects and programs related to the State Water Project (as defined in the Health and Safety Code provisions), and levied in addition to the 1% *ad valorem* tax, are allocated to, and when collected are paid into the fund of that taxing entity, unless the amounts are pledged as security for any indebtedness obligation to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by a former redevelopment agency and needed for repayment thereof. In connection with the issuance of the Successor Agency to the Richmond Community Redevelopment Agency's ("Successor Agency") issuance of its Refunding Bonds, Series 2014A (Tax Exempt), Refunding Bonds, Series 2014B (Taxable), Refunding Bonds, Series 2021A and Series 2021B, Pension Override Revenues generated in the former redevelopment project areas are included in the Redevelopment Property Tax Trust Fund ("RPTTF") and are available to the repayment of such bonds. In Fiscal Year 2021-22 the Successor Agency received approximately $5 million of the Pension Tax Override Revenues, which were deposited into the RPTTF and then released to the City. In 2021, the Successor Agency issued its refunding bonds and projected that tax increment (excluding the Pension Tax Override Revenues) received by the Successor Agency would exceed debt service in each fiscal year ranging from 3.2x in Fiscal Year 2022-23 to 24.3x in Fiscal Year 2036-37. The final maturity of the Successor Agency's 2014 bonds is in Fiscal Year 2025-26, and the final maturity of the 2021 bonds is in Fiscal Year 2036-37. The Successor Agency did not need Pension Tax Override Revenues to meet its debt service obligations in Fiscal Year 2021-22, and the Successor Agency does not anticipate that the Pension Tax Override Revenues will be needed in futures years to pay debt service on any of its outstanding bonds. Pledged Pension Tax Override Revenues exclude any Pension Tax Override Revenues to the extent pledged, or otherwise available under applicable law, to pay debt service any bonds or loans issued or incurred by the Richmond Community Redevelopment Agency or the Successor Agency to the Richmond Community Redevelopment Agency.

In addition, the Series 2022 Bonds and any series of Additional Bonds are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Bond Fund after the date the Series 2022 Bonds are issued, but only to the extent of the Series 2022 Bonds Applicable Percentage and Applicable Percentage for each such series of Additional Bonds as set forth in the Supplemental Indenture for such Additional Bonds. Additionally, the Series 2022 Bonds are payable from all legally available revenues of the City.

Secured Pension Override Fund. The City has established the Secured Pension Override Fund, which is held by the City. Pursuant to the Indenture, the City shall deposit all of the Pension Tax Override Revenues received with respect to any Bond Year into the Override Pension Fund promptly upon receipt thereof by the City.

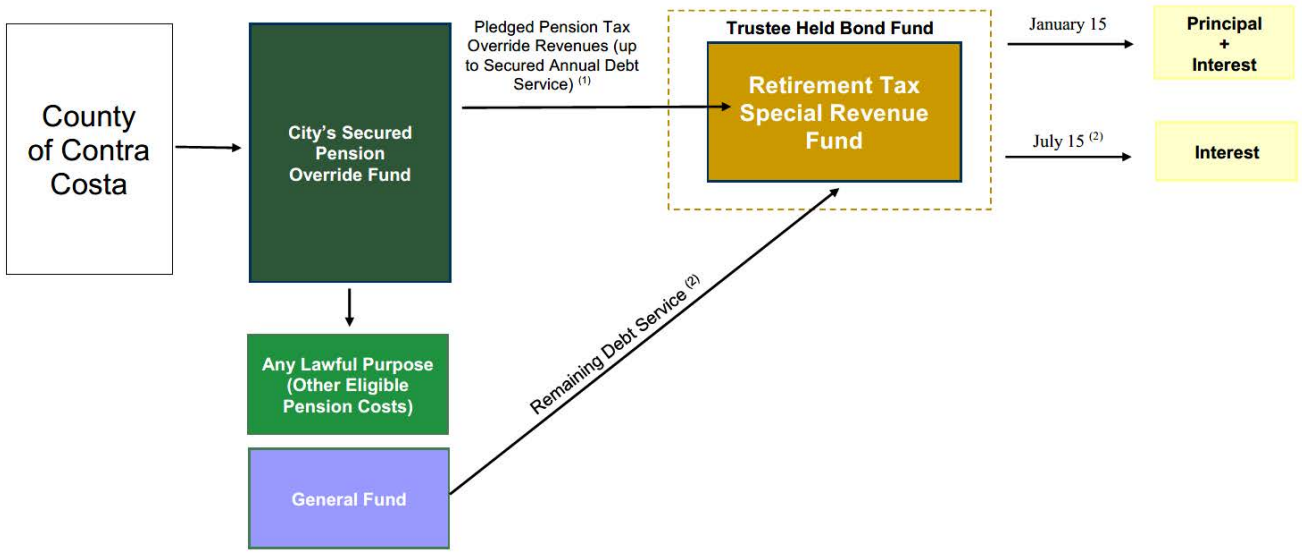
All Pledged Pension Tax Override Revenues received by the City during any Bond Year in excess of the Secured Annual Debt Service for such Bond Year shall be released from the pledge, security interest and lien under the Indenture for security of the Series 2022 Bonds and any Additional Bonds. Unless and until Pledged Pension Tax Override Revenues received by the City during any Bond Year exceed the Secured Annual Debt Service for such Bond Year, Pledged Pension Tax Override Revenues shall not be used for any purpose other than

to make the transfers required to be made by the City for the payment of debt service on the Bonds up to the Secured Annual Debt Service. Upon release of the lien on Pledged Pension Tax Override Revenues received by the City during any Bond Year under the Indenture as provided in this paragraph, the City may apply such Pledged Pension Tax Override Revenues for any lawful purpose of the City.

Bond Fund. Trustee shall establish and maintain a special fund designated as the "Bond Fund" and within the Bond Fund an account designated as the "Retirement Tax Special Revenue Account," which fund and account are created by the Indenture and shall be held in trust by the Trustee.

On or before the 5th Business Day preceding each Payment Date, the City shall transfer to the Trustee for deposit in the Bond Fund (and, at the direction of the City, the Retirement Tax Special Revenue Account as described in the following sentence) an amount which, when added to the amount then on deposit in the Bond Fund (and the Retirement Tax Special Revenue Account), when added with amounts on deposit in the Interest Account and the Principal Account, equals the aggregate amount of the interest and principal coming due and payable on the Outstanding Bonds on the immediately following Payment Date. Without limiting the foregoing, the Trustee shall deposit all of the Pledged Pension Tax Override Revenues received from, and designated as such by, the City with respect to any Bond Year into the Retirement Tax Special Revenue Account promptly upon receipt thereof by the Trustee. All money in the Retirement Tax Special Revenue Account shall be transferred by the Trustee to the Interest Account and the Principal Account solely for the purpose of paying interest and principal as provided therein on the Series 2022 Bonds and any Additional Bonds in an amount not to exceed the applicable Secured Annual Debt Service for the Series 2022 Bonds and any Additional Bonds. The table below shows a schedule of Pledged Pension Tax Override Revenues for the Series 2002 Bonds.

The diagram below shows the flow of funds of the revenue and funds pledged for repayment of the Series 2022 Bonds and Additional Bonds.



(1) Applied to the payment of debt service on the Series 2022 Bonds and Additional Bonds in an amount not to exceed the Secured Annual Debt Service. Excludes debt service attributable to the Termination Fee.

(2) To be applied to debt service on the Series 2022 Bonds and Additional Bonds attributable to the City's post-Proposition 13 Pension Liability, the Termination Fee and all amounts not paid from the Pension Tax Override Revenues.

The Series 2022 Bonds will be issued on parity with Additional Bonds that may be issued by the City in the future. See "INTRODUCTION — Security and Sources of Payment for the Series 2022 Bonds" for a description of the Series 2022 Bonds and see "—Additional Bonds" below for information regarding future Additional Bonds that may be issued on a parity with the Series 2022 Bonds.

For more information regarding the Bond Fund and additional funds established under the Indenture, see "APPENDIX D — THE INDENTURE AND FIRST SUPPLEMENT."

EXCEPT WITH RESPECT TO THE PENSION TAX OVERRIDE AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Pension Tax Override Revenues

For Fiscal Year 2022-23, the Pension Tax Override has been set at a rate not to exceed 14 cents per $100 of assessed valuation, which is the maximum rate which can be levied by the City. In accordance with the Indenture, all Pension Tax Override Revenues, together with any interest earned thereon, when and as received by the City, will be immediately deposited and held in the Secured Pension Override Fund. The City further agrees and covenants that all such Pension Tax Override Revenues shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City. In Fiscal Year 2021-22, the City received approximately $23,193,619 of Pension Tax Override Revenues.

California courts have held that Proposition 13, discussed below under the heading "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS," permits additional property taxation to pay for pension plans prior to July 1, 1978; provided the imposition of such tax is limited to the funding of employee retirement benefits at a level not in excess of the retirement benefits in existence prior to July 1, 1978 (the "Pre-Proposition 13 Pension Liability"), see Carman v. Alvord, 31 Cal.3d 318. Among other matters, the City's validation action with respect to this financing judicially validated the application of the revenues generated by the Pension Tax Override toward the payment of debt service on the Series 2005B Bonds as well as Additional Bonds to the extent the Series 2022 Bonds fund Pre-Proposition 13 Pension Liability under the CalPERS Contract. An independent actuary, Bartel Associates, LLC ("Bartel") has certified that 86.13% of the Series 2022 Bonds debt service, excluding debt service attributable to the Termination Fee, is eligible to be paid from the Pension Tax Override Revenues.

Under the Indenture, the Pledged Pension Tax Override Revenues will be available to pay a portion of the debt service on the Series 2022 Bonds limited, each Bond Year, to the Secured Annual Debt Service that is applicable to the Series 2022 Bonds. With respect to the Series 2022 Bonds, the Pledged Pension Tax Override Revenues may only be utilized to pay 86.13% of the debt service on the portion of the Series 2022 Bonds attributable to the refunding of the Series 2005B Bonds. It may not be used towards the payment of debt service attributable to the Termination Fee. After the payment of the Secured Annual Debt Service, the Pension Tax Override Revenue are available to pay authorized pension costs of the City. See "RISK FACTORS – City Pension Benefit Liability."

No Reserve Fund

The City has not established a debt service reserve fund for the Series 2022 Bonds.

Additional Bonds

The City has covenanted in the Indenture that, so long as the Series 2022 Bonds or any Additional Bonds are Outstanding, the City shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness (collectively, "Indebtedness"), which is in any case payable from all or any part of the Pension Tax Override Revenues, except (i) the Series 2022 Bonds, (ii) Additional Bonds issued or incurred pursuant to the Indenture, (iii) Indebtedness payable from, but not secured by a pledge of or lien upon Pledged Pension Tax Override Revenues, and (iv) Indebtedness secured by a pledge of or lien on any Pledged Pension Tax Override Revenues which is subordinate to the pledge and lien which secures the Series 2022 Bonds and any Additional Bonds. The interest payment dates and principal payment dates for any series of Additional Bonds issued in the future may, but are not required to be, the same as the interest payment dates and principal payment dates for the Series 2022 Bonds. No such Additional Bonds issued on or after the closing date of the Series 2022 Bonds shall bear interest at a rate of interest based on LIBOR. See "APPENDIX D - THE INDENTURE AND FIRST SUPPLEMENT."

Pension Tax Override Levy. The City has covenanted in the Indenture that, so long as any Series 2022 Bonds or any Additional Bonds are Outstanding under the Indenture, the City shall levy the Pension Tax Override (in an amount not to exceed the maximum tax permitted by law) in each Fiscal Year, whether or not the accrued unfunded actuarial liability of the City to the System is amortized prior to the final maturity of any Series 2022 Bonds or any Additional Bonds issued pursuant to the Indenture. The Pension Tax Override shall be levied in amounts that the City expects will be sufficient, when aggregated with any Pension Tax Revenues available to the City and on hand, to pay principal of and interest on the Series 2022 Bonds and Additional Bonds in an amount not to exceed the respective Secured Annual Debt Service for the Series 2022 Bonds and each such Additional Bonds as set forth in the Supplemental Indenture for such Additional Bonds, respectively.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Series 2022 Bonds (assuming no optional redemptions).

	Series 2022 Bonds		
Fiscal Year Ending June 30	Principal	Interest	Total Fiscal Year Debt Service
2024	-	$ 11,398,165.47	$ 11,398,165.47
2025	-	8,425,748.60	8,425,748.60
2026	$ 2,980,000	8,425,748.60	11,405,748.60
2027	3,345,000	8,299,575.40	11,644,575.40
2028	3,730,000	8,154,603.10	11,884,603.10
2029	4,150,000	7,986,305.50	12,136,305.50
2030	4,595,000	7,792,417.50	12,387,417.50
2031	5,075,000	7,571,949.40	12,646,949.40
2032	5,590,000	7,323,375.90	12,913,375.90
2033	6,145,000	7,044,546.70	13,189,546.70
2034	6,735,000	6,730,660.10	13,465,660.10
2035	7,375,000	6,379,901.30	13,754,901.30
2036	8,060,000	5,988,436.30	14,048,436.30
2037	8,795,000	5,550,939.50	14,345,939.50
2038	9,600,000	5,066,510.90	14,666,510.90
2039	10,465,000	4,511,054.90	14,976,054.90
2040	11,390,000	3,905,550.00	15,295,550.00
2041	12,380,000	3,246,524.60	15,626,524.60
2042	13,430,000	2,530,217.80	15,960,217.80
2043	14,555,000	1,753,158.00	16,308,158.00
2044	15,745,000	911,005.70	16,656,005.70
Total	$154,140,000	$128,996,395.27	$283,136,395.27

Source: The Underwriters.

THE CITY

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

Economic, demographic and financial information regarding the City of Richmond is contained herein in "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND" and "APPENDIX B - CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021." Each contains important information concerning the City and should be read in its entirety.

COVID-19 Outbreak

The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") has significant negative impacts throughout the world, including in the City. From March 2020 through June 2021, the State undertook various efforts to reduce the spread of the virus, including temporary closures and/or reductions in the operations of, among others, schools, dine-in restaurants, bars, retail stores, gyms, certain government buildings, and generally outlawing large gatherings. Currently there are no State mandated restrictions in place.

During the COVID-19 pandemic sales tax receipts declined by 6.55% for fiscal year 2019-20, but increased 10.02% in fiscal year 2020-21. Additionally, the City saw some decreased revenue due to facility closures and changes to activities which reduced revenue collected for services or rental of facilities. The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The City's allocated amount was $27.7 million. The City received the first installment in the amount of $13.8 million in August 2021, and the second installment is scheduled to be received in August 2022. The Council has approved using approximately $8.5 million for community beautification and facilities improvements, recovering lost revenue due to closures, and housing and development response initiatives.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Regardless of the financial challenges caused by COVID-19, the obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, premium, if any, and interest when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."

State Audit

California Government Code Section 8546.10 permits the California State Auditor ("State Auditor") to develop a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency, including a city, county, special district, or other publicly created entity, that the State Auditor identifies as being high risk for the potential of waste, fraud, abuse or mismanagement, or that has major challenges associated with its economy, efficiency, or effectiveness.

The City was contacted by the State Auditor on April 4, 2022. According to the State Auditor, the City exhibits certain risk factors including reliance on one-time revenues, upcoming challenges relating to high pension costs, and financial issues at the Richmond Housing Authority. The purpose of the audit is to determine whether the City should be identified as a "high risk local agency" based on the State Auditor's criteria and, if so, what actions should be taken to overcome its difficulties. If the City is designated as high risk as a result of the audit, then it must submit a corrective action plan and provide updates every six months regarding its progress in

implementing the corrective action plan. As of the date hereof, the City has not been identified as a high risk local agency under the audit; however, the City is highlighted as high risk on the State Auditor's website.

RISK FACTORS

The following information should be considered by potential investors in evaluating the Series 2022 Bonds. However, it does not purport to be an exhaustive list of the risks or other considerations which may be relevant to an investment in the Series 2022 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City 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 servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Series 2022 Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Series 2022 Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Past bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on San Bernardino's pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system (CalPERS). A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Series 2022 Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal, as applicable, and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the Series 2022 Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners 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.

City Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of the Retirement Law, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment performance of CalPERS. Any of these factors could give rise to additional liability of the City to CalPERS as a result of which the City would be obligated to make additional payments to CalPERS over the amortization schedule for full funding of the City's obligation to CalPERS.

In July, 2021, prior to the delivery by the City's outside auditor of the City's 2021 ACFR, the City received its annual actuarial reports based on CalPERS' June 30, 2020 valuation, which set forth the City's Employer Contributions for Fiscal Year 2022-23. Based on CalPERS' June 30, 2020 valuation, for the Miscellaneous Plan, the City's required contribution for Fiscal Year 2022-23 is $15.95 million, and for the Safety Plan, the City's required contribution is $25.54 million.

On November 17, 2021, the CalPERS Board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions for public agencies. In addition, the CalPERS Board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

In July, 2022, the City received its annual actuarial reports based on CalPERS' June 30, 2021 valuation, which incorporate the various actuarial changes discussed in the prior paragraph and which establish the City's required contributions for FY 2023-24. Based on CalPERS' June 30, 2021 valuation, the City's projected employer contributions for Fiscal Year 2023-24 are $14.52 million for the Miscellaneous Plan and $24.76 million for the Safety Plan. See Appendix G for the complete actuarial reports received by the City in July, 2022, based on CalPERS' June 30, 2021 valuation. In addition, bankruptcy courts have allowed for the payment of amounts due to CalPERS prior to other creditors, including bondholders. See "PENSION PLAN" herein and "APPENDIX A— INFORMATION REGARDING THE CITY OF RICHMOND – FINANCIAL OPERATIONS – Retirement Program" and "APPENDIX G - CALPERS 2021 ACTUARIAL VALUATION."

Infectious Disease Outbreak and Potential Impact of Coronavirus

The City's operations and financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the ongoing COVID-19 pandemic. The City cannot predict any costs associated with the potential treatment of an infectious disease outbreak or preparation for such treatment.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The City experienced declines in sales tax revenues in Fiscal Year 2019-20 as a result of COVID-19. The long-term impact of COVID-19 on the operations and finances of the City is unknown.

The spread of COVID-19 is altering the behavior of businesses and the public in a manner that is having negative effects on global and local economies. There can be no assurances that the spread of COVID-19 will not have a longer-term material adverse impact on the economy and the financial condition of the City. The degree to which any such impacts to the operations of the City is extremely difficult to predict due to the evolving nature of COVID-19 transmission, including uncertainties relating to (i) the duration of the outbreak, (ii) the severity of the outbreak, and (iii) the ultimate geographic spread of the outbreak, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. See "THE CITY – COVID-19 Outbreak."

Seismic, Topographic and Climatic Conditions

Seismic 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 City.

The City and the Bay Area are generally located in a zone 4 seismic hazard area. Seismic zones aid in identifying and characterizing certain geological conditions and the risk of seismic damage at a particular location, and are used in establishing budding codes to minimize seismic damage. The five seismic zones are: zone 0 (no measurable damage), zone 1 (minor damage), zone 2 (moderate damage), zone 3 (major damage) and zone 4 (major damage and greater proximity than zone 3 to certain major fault systems).

The City is located in the Hayward Fault Zone. Past experiences, including the 1989 Loma Prieta earthquake on the San Andreas fault, with a magnitude of 7.1 on the Richter scale and with the epicenter located in Santa Cruz, approximately 65 miles south of the City, have resulted in minimal damage to the infrastructure and property within the City.

The nearest active fault to the City is the Hayward fault, which is a northwest-southeast trending fault approximately 3.7 miles to the east of the City. The West Napa fault lies approximately 17 miles to the northeast. The Concord-Green Valley fault lies approximately 18 miles to the east. The Rogers Creek fault lies approximately 15 miles to the north. The San Andreas fault lies approximately 14 miles to the west. The northern pan of the Calaveras fault lies approximately 20 miles to the southeast. All of these faults are considered active.

In 2009, the City completed substantial renovations to the facilities throughout the City, including seismic upgrades. However. the City cannot provide any assurance that such seismic upgrades will be sufficient to withstand a severe seismic event. Any damage or destruction due to seismic activity to the City facilities may impact the operations of the City. Additionally, any or destruction could impact value of property within the City. Reduction in the value of property in the City could reduce property tax revenues, including the Pledged Pension Tax Override Revenues which are pledged, received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to make payments on the Series 2022 Bonds.

Climate Change. In 2005, the Governor signed Executive Order S-3-05 (the "Executive Order") setting the stage for multiple legislative actions to reduce greenhouse gas emissions ("GHG") to 80% below 1990 levels by 2050. The adoption of the California Global Warming Solutions Act of 2006 ("AB 32") and subsequent companion bills, including but not limited to the Sustainable Communities and Climate Protection Act of 2008 ("SB 375") that builds upon AB 32 to reduce GHG emissions by linking transportation funding to land use planning, demonstrate the commitment by the State to take action and reduce GHG to 1990 levels by 2020 and to 80% below 1990 levels by 2050. In 2008, the City Council adopted Resolution No. 108-08 committing to the GHG emissions targets established by AB 32. Additionally, the State adopted Senate Bill No. 32, which established a revised statewide GHG emission reduction target of 40% below 1990 levels by 2030.

In 2009, the California Natural Resources Agency released the Climate Adaptation Strategy, as updated in 2010, 2013, and 2018. California Climate Adaptation Strategy summarizes the best known science on climate change impacts in the State to assess vulnerability and outlines possible solutions that can be implemented within and across State agencies to promote resiliency.

Climate Action Plan. In October 2016, the City adopted a Climate Action Plan (the "CAP") to outline the goals and strategies to reduce GHG emissions, create local jobs, and prepare for the impacts of climate change on public health. Infrastructure, ecosystems, and public spaces within the City. The CAP is a multi-objective plan that addresses environmental, social and economic issues related to climate change. The CAP builds on the goals and policies in the City's General Plan 2030 (the comprehensive framework adopted by the City Council in April 2012 for developing a healthy City and healthy neighborhoods) and other planning documents and policies, including the Health in All Policies Strategy (to further the City's efforts to build health equity through the

reduction of local GHG emissions), to ensure that the City is prepared for the impacts of climate change, and to fulfill the requirements of AB 32 and SB 375.

The CAP included a Climate Change Adaptation Study (the "Adaptation Study") that evaluated the climate change impacts at the local scale and a vulnerability and risk assessment of the City's most important assets to rising temperatures, rising seas, extreme weather events, and more extreme droughts.

The Adaptation Study concluded that that greatest risks to the City related to climate change are a product of its bayside setting, the sensitivities of its Mediterranean climate, and its dependence on imported water from the Sierra Nevada Mountains as the primary water supply. Some of the mast critical City assets where risk of damage or disruption from sea level rise is significant include a treatment plant, residential neighborhoods, the Chevron Refinery and other industrial areas including the Port of Richmond, highways, rail lines, tire stations, and law enforcement facilities. The Adaptation Study summarizes a broad range of climate change vulnerabilities to the functional, information, and management systems of the City and identifies potential consequences to the economy, public health, citizens, and environment. The City is engaged in multiple planning efforts to address some or all of these risks, however, the City cannot guarantee that these efforts will be completely successful in mitigating every risk associated with climate change.

Litigation Regarding Climate Change. In January 2018, the City of Richmond, for itself and on behalf of the people of the State of California, filed a claim against Chevron Corporation, Exxonmobil Corporation, BP, Royal Dutch Shell and other petroleum companies alleging that actions taken by such companies with the knowledge that their respective business operations have directly and adversely impacted the climate, including global warming, rising atmospheric and ocean temperatures, ocean acidification, melting polar ice caps and glaciers, more extreme and volatile weather, drought and sea level rise, which result in the City, and the people of the State and City, suffering the consequences. Such consequences are alleged to include vulnerability of City owned property to sea level rise and jeopardy of City owned facilities deemed critical for operations, utility services and risk management as well as other assets that are essential to community health, safety and wellbeing. The lawsuit seeks to ensure that the entities profiting from externalizing the responsibility of climate change, bear the cost of the negative impacts on the City, rather than placing the costs on the City, local taxpayers, its residents or broader segments of the public. The suit was originally filed in Contra Costa County Superior Court and was moved to U.S. District Court. As of the date hereof there has not been a trial scheduled.

Local impacts of climate change are not definitive, but include changes to local and regional weather patterns; rising bay water levels, increased risk of flooding; changes in salinity and tidal patterns of San Francisco and San Pablo bays; coastal erosion, water restrictions; and vegetation changes.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. The City is unable to predict the impact such laws and regulations, if adopted, will have on the economy and finances of the City. The effects. however, could be material.

Wildfires. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes and other property. In the past five year, the County has experienced numerous wildfires which including three wildfires between May and June 2022 which destroyed 238 acres within the County and surrounding areas. In 2020, one of the largest fires on record in California, the SCU Lighting Fires Complex, destroyed approximately 400,000 acres and 222 structures within the County and surrounding counties of Alameda, San Joaquin Santa Clara, Stanislaus and Merced. Despite nearby significant damage from wildfire, the City did not experience any significant closure of businesses or loss of property.

Flood and Rising Sea Level. Sea-level rise is expected to increase the risk of coastal erosion and flooding along the California coast, and higher water levels due to sea-level rise could magnify the adverse impact of storm surges and high waves. Impacts to assets in the City from extreme high tides in addition to net increases in sea

level will likely result in increased inundation frequency, extents, and depths leading to catastrophic flooding and coastal erosion. In 2016, the City implemented a Climate Action Plan. The Climate Action Plan identified that flooding could place hundreds of Richmond homes at risk as well as critical infrastructure including roads, railways, and wastewater treatment plants and recreational areas at Point Isabel Recreational Shoreline, Miller Knox Regional Shoreline, and Point Pinole Regional Shoreline. Rising sea levels could adversely impact the operations of businesses within the City, including its largest taxpayer, Chevron, which has operations and property on the bay. In October 2021, parts of the Bay Area experienced an atmospheric river event which brought historic rainfall levels to the region and causing flooding throughout the region, including the County. Additionally, another impact of rising sea levels is the potential for groundwater and surface area contamination. As sea-levels rise, such events of flooding are projected to increase.

Drought. On May 24, 2022, the California State Water Resources Control Board announced emergency drought restrictions resulting from Governor Newsom's Executive Order N-7-22. The regulations are the latest in a series of attempts by the state to deal with the ongoing severe drought. The regulations cover two areas: a ban on irrigating non-functional turf and a requirement that urban water suppliers implement the Level 2 demand reduction actions in their water shortage contingency plan. Additionally, the County is currently affected by significant drought conditions. According to the National Integrated Drought Information System (NIDIS), 2022 is currently the driest year in the County over the past 128 years within nearly a decrease of 9.88 inches of rain as of May 2022 of the past year. On April 26, 2022, East Bay Municipal Utility District, which provides water services within the City, declared a stage 2 emergency and asked consumers to voluntarily reduce water usage by 10%. Drought conditions may exacerbate the risk of wildfire impacts within the County and have other negative impacts. The City cannot predict what operational or financial impacts the drought may have on the City in the future.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. The City and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attacks on the computer systems of the City. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact the operations of the City and damage the digital networks and systems. The resulting costs and/or impacts on operations of the City could be material.

Hazardous Substances

The discovery of hazardous substances on parcels of property within the City may limit the beneficial use of taxable property within the City and may result in the reduction in the assessed value of such property. 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 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 City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. Reduction in the value of property in the City could reduce property tax revenues received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to make payments on the Series 2022 Bonds.

Articles XIIIC and XIIID of the California Constitution

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Articles XIIIC and XIIID of the State Constitution," for information about certain risks to General Fund revenues under Articles XIIIC and Article XIIID of the California Constitution.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make debt service payments on the Series 2022 Bonds may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of its counties by decreasing its own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIB of the State Constitution."

Impact of State Budget on City Revenues

The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address future State budget deficits, if any. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget, which could adversely affect the ability of the City to make payments on the Series 2022 Bonds. See "STATE BUDGET INFORMATION."

Assessed Value of Taxable Property

Property taxes account for a significant portion of General Fund revenues Pension Tax Override Revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. In addition to seismic, topographic and climatic conditions, other natural or manmade disasters, such as flood, fire, ongoing drought, toxic dumping or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Proposition 8, which was passed in November 1978, amended Proposition 13 to allow assessed values to reflect declines in value. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations." As a result, the County Assessor is required to enroll a property's fair market value, as of January 1, if that value is less than the base year value plus inflationary adjustment. The County Assessor may initiate the Proposition 8 reduction process without a request from a property owner. Property owners are notified at the beginning of the tax year and may file an assessment appeal to challenge the determined value. Although the values of many properties may suffer a significant decline during a recession, not all may qualify for a reduction under Proposition 8. The current fair market value of such property must fall below the base year value plus inflationary adjustment before it will affect the assessed value. If the fair market value of the property increases above its base year value plus inflationary adjustment, the County Assessor will re-enroll the property at the value of its base year value plus inflationary adjustment.

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for taxes. Additionally, as a matter of regular business practice, large property tax payers, including Chevron, regularly appeal the assessed value of the property of the City. Section 2(b) of Article XIIIA of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "Proposition 13 Value") or its current market value, whichever is less. Occasionally, such adjustment has in the past and can in the future result in reduction. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "Proposition 8 Value." Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does

not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), does the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the City resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the operation of Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Series 2022 Bonds.

In addition, failure by large property owners to pay property taxes when due may also cause a decrease in General Fund revenues available to make debt service payments on the Series 2022 Bonds.

See "- Seismic, Topographic and Climatic Calamities" and "APPENDIX A – INFORMATION REGARDING THE CITY OF RICHMOND– FINANCIAL OPERATIONS – *Ad Valorem* Property Taxes."

Changes in Law

The State Legislature may in the future enact legislation that will amend or create laws resulting in a reduction of moneys securing or available to pay the Series 2022 Bonds. Similarly, the State electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys securing or available to pay the Series 2022 Bonds. Subject to overriding federal constitutional principles, such initiatives or legislation could have the effect of reducing Pledged Pension Tax Override Revenues available to pay the Series 2022 Bonds. The City is not aware of any pending or proposed initiatives to amend or repeal the Pension Tax Override.

Secondary Market for Series 2022 Bonds

There can be no guarantee that there will be a secondary market for the Series 2022 Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Additional Bonds

The Indenture allows for the issuance of bonds on a parity basis with the Series 2022 Bonds. The interest payment dates and principal payment dates for any series of Additional Bonds issued in the future may, but are not required to be, the same as the interest payment dates and principal payment dates for the Series 2022 Bonds. As such, if any series of Additional Bonds has an interest or principal payment date which is earlier than the Interest Payment Date and/or the principal payment date on the Series 2022 Bonds, debt service on the Additional Bonds will be paid from Pledged Pension Tax Override Revenues in advance of debt service on the Series 2022 Bonds for any fiscal year.

STATE BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the interest or principal due on the Series 2022 Bonds is payable from any funds of the State.

The City relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2021-22, approximately 17% of the City's General Fund budget revenues consist of payments from the State. For Fiscal Year 2022-23, the City projects that approximately 15% of its General Fund budget revenues will consist of payments from the State.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2019-20 State Budget (as defined herein) and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office 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. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and the City and the Underwriter take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

For a description of certain potential impacts of the State budget on the finances and operations of the City, see "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND - FINANCIAL OPERATIONS - Impacts of State Budget."

2022-23 State Budget. On January 10, 2022, the Governor released his proposed State budget for State fiscal year 2022-23 (the "Proposed Budget"), which was revised on May 13, 2022 (the "May Revision") and adopted on June 30, 2022 (the "Final 2022-23 Budget"). The following information is drawn from the DOF and LAO overviews of the Proposed 2022-23 Budget.

The Proposed 2022-23 Budget reports that, since the passage of the prior fiscal year's budgetary legislation, the State's economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for certain required transfers (such as those to the Budget Stabilization Account (BSA)), State revenues are higher than the projections included in the 2021-22 Budget by almost $28.7 billion over a three-year span from State fiscal years 2020-21 through 2022-23. The Proposed 2022-23 Budget attributes this increase to four main factors: (1) a more robust economic recovery; (2) a greater share of wage gains going to high-wage sectors; (3) a stronger than forecast stock market; and (4) higher inflation. The Proposed 2022-23 Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

For State fiscal year 2021-22, the Final 2022-23 Budget projects total general fund revenues and transfers of $227 billion and authorizes expenditures of $242.9 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $37.2 billion, including $18.7 billion in the traditional general fund reserve, $20.3 billion in the BSA, $7.3 billion in the Public School System Stabilization Account (the "PSSSA") and $900 million in the Safety Net Reserve Fund. For the State's fiscal year 2022-23, the May Revision projects total general fund revenues and transfers of $219.6 billion and authorizes expenditures of $227.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $37.1 billion, including $3.4 billion in the traditional general fund reserve, $23.3 billion in the BSA, $9.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund.

To address rising prices and return tax proceeds to residents, the Final 2022-23 Budget proposes a broad-based relief package that includes a rebate to households based on registered vehicles, a temporary reduction to the diesel sales tax rate, funding for rental assistance, payments for outstanding utility arrearages built up during COVID-19 and coverage for all family fees for subsidized child care programs. The package also continues health care subsidies for the middle class, if federal subsidies expire, and includes retention bonus payments to approximately 600,000 workers in hospitals and nursing homes.

The Final 2022-23 Budget provides $17.2 billion of assistance and relief to millions of California families and small businesses facing elevated costs of living and continued economic pressures from the COVID-19 Pandemic. This includes $449 million for relief and support of small businesses as described in the Economic Growth, Job Creation, and Expanded Opportunity Chapter.

Additionally, the Better for Families tax refund will return an estimated $9.5 billion to taxpayers by providing payments to over 17 million California families to help offset the rising price of gas, food, and many other goods and services. The tax refund is broad-based, with payments going to 97.5 percent of tax returns for individuals who are not claimed as dependents on another return

The Final 2022-23 Budget allocates $47 billion in state infrastructure to enhance the state's transportation system, promote energy innovation and reliability, advance statewide housing goals, support the Pre-K-12 and higher education segments, and to make the state more resilient to climate change.

The Final 2022-23 Budget includes $38.8 billion over five years, for a total $53.9 billion under a climate and opportunity agenda to deliver community resilience, affordable housing, and expanded access to health care and education while advancing equity and expanding the number of Californians that share in the state's economic growth.

The Final 2022-23 Budget includes an additional $6.1 billion ($3.5 billion General Fund, $1.5 billion Proposition 98, $676 million Greenhouse Gas Reduction Fund, and $383 million Federal Funds) one-time over five years to accelerate the state's transition to ZEVs.

The Final Budget includes $13.8 billion one-time General Fund and bond funds over two years for transportation programs and projects that align with climate goals, advance public health and equity, and improve access to opportunity.

Additionally, building on the over $15 billion in multi-year climate resilience investments in the 2021 Budget, the Final 2022-23 Budget advances programs to protect communities from the imminent climate threats of wildfire and drought. The Final 2022-23 Budget includes an additional $2.8 billion one-time General Fund over multiple years to support drought resilience and response, which includes $1.5 billion. The Final 2022-23 Budget includes an additional $1.2 billion over two years to support wildfire and forest resilience which includes $530 billion. The Final 2022-23 Budget includes $768 million General Fund over two years for nature based solutions; $300 million over two years for extreme heat; and $3.1 billion over four years to support various other investments that support climate and energy activities, including climate-related grants to companies headquartered in California. Additionally, the Final 2022-23 Budget includes $8.1 billion one-time General Fund over five years to support energy reliability, relief, and clean energy investments.

The Final 2022-23 Budget includes over $200 million in investments to protect the right to safe and accessible reproductive health care, $290 million one-time General Fund investments over three years to implement a multi-pronged approach to address the urgent youth mental health crisis, $2.9 billion for affordable housing production and homeownership opportunities, and $10.2 billion over two years to address homelessness.

In 1979, California voters approved Proposition 4, a constitutional amendment to limit State and local spending that became known as the "Gann Limit." The Gann Limit restricts the State's ability to use revenues that exceed the spending cap. If the State exceeds the Gann Limit over a two-year period, the Legislature must spend the revenue over the limit in specific ways — providing half to taxpayers and the other half to k-12 schools and community colleges. State policymakers have limited options to structure budgets to avoid exceeding the spending cap. While the Final 2022-23 Budget is within the Gann Limit, the State is likely to face large and growing Gann Limit requirements in the next few years if revenues keep growing substantially. For example, the Legislative Analyst's Office estimates that under the Governor's revenue assumptions and spending proposals, the State would face Gann Limit obligations exceeding $20 billion in 2023-24. In future years, this could impact the amount

of revenues the State is able to allocate to cities which may adversely impact the City's revenues. See, "Constitutional and Statutory Limitations on Taxes and Appropriations - Article XIIIB of the State Constitution."

The complete 2022-23 State Budget is available from the California Department of Finance website at www.dof.ca.gov. Neither the City nor the Underwriters can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future State Budgets. No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIIIA to the State Constitution. Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment" subject to exemptions in certain circumstances of property transfer or reconstruction. The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

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

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

In addition to the limits that Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the State Constitution and contains a number of interrelated provisions affecting the ability of local agencies (including the City) to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among

other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires a reduction of *ad valorem* property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62. On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.,* 74 Cal.App.4th 707 (1999) (the "La Habra" case). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the City is currently pending, or to the knowledge of the City, proposed.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 200405 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2007-08, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Proposition 22

Proposition 22, approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties and special districts to schools, temporarily increase a school and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increases in pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment

agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 provides that the local government bears the burden of proving by a preponderance of evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 218, 111, 62, 1A, 22 and 26 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 revenues of the City or the City's ability to expend revenues, including the repeal of the Pension Tax Override. The nature and impact of these measures cannot be anticipated by the City.

ERISA CONSIDERATIONS

Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code, as amended (the "Code"), prohibit employee benefit plans as well as individual retirement accounts and some types of Keogh plans ("Plans") subject to ERISA or Section 4975 of the Code from engaging in certain transactions involving "plan assets" with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "Parties in Interest") with respect to the Plan. ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of such Plan (subject to certain exceptions not relevant here). A violation of these "prohibited transaction" rules may generate excise tax and other liabilities under ERISA and the Code for fiduciaries and Parties in Interest.

The Underwriters, as a result of their own activities or because of the activities of their respective affiliate, may be considered Parties in Interest, with respect to certain Plans. Prohibited transactions may arise under Section 406 of ERISA and Section 4975 of the Code if Series 2022 Bonds are acquired by a Plan with respect to which the Underwriters or any of their respective affiliates are Parties in Interest. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Plan fiduciary making the decision to acquire a Series 2022 Bond and the circumstances under which such decision is made. Included among these exemptions are those transactions regarding securities purchased during the existence of an underwriting, investments by insurance company pooled separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by "qualified professional asset managers," and transactions affected by certain "in-house asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA or Section 4975 of the Code will take place in connection with the acquisition of a Series 2022 Bond by or on behalf of a Plan, each prospective purchaser of a Series 2022 Bond that is a Plan or is acquiring on behalf of a Plan will be required to represent that either (i) no prohibited transactions under ERISA or Section 4975 of

the Code will occur in connection with the acquisition of such Series 2022 Bond or (ii) the acquisition of such Series 2022 Bond is subject to a statutory or administrative exemption.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA and some church plans (as defined in Section 3(33) of ERISA) are not subject to ERISA requirements nor to Section 4975 of the Code. However, governmental plans and church plans that are "qualified" under Section 401(a) of the Code are subject to restrictions with respect to prohibited transactions under Section 503(a)(1)(B) of the Code, the sanction for violation being the loss of "qualified" status. Governmental plans may also be subject to state and local laws imposing restrictions on investments.

Any Plan fiduciary who proposes to cause a Plan to purchase Series 2022 Bonds should (i) consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and (ii) determine on its own whether all conditions have been satisfied. Moreover, each Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Series 2022 Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio, and whether such investment is authorized by the terms of such Plan.

VALIDATION

In 2005, the City, acting pursuant to the provisions of Section 860 *et seq*. of the California Code of Civil Procedure and Section 53511 *et seq.* of the California Government Code, filed a complaint in the Superior Court of the State of California for the County of Contra Costa seeking judicial validation of the Series 2005B Bonds and all Additional Bonds (which include the Series 2022 Bonds) and certain other matters, including the Indenture and swap agreements. On May 31, 2005, the court entered a default judgment to the effect that, among other things, the City's Series 2005 Bonds and all Additional Bonds (which include the Series 2022 Bonds) are valid, legal and binding obligations of the City not subject to the debt limitation provided in Article XVI, Section 18 of the State Constitution and that the City's Series 2005 Bonds and all Additional Bonds (which include the Series 2022 Bonds) are valid and in conformity with all applicable provisions of law. The Indenture was also the subject of the default judgment. The time period for the filing of appeals with respect to the judgment has expired. No appeals were filed and therefore, the judgment is final. In issuing its opinion as to the validity of the Series 2022 Bonds, Bond Counsel will rely upon the entry of the foregoing default judgment.

PENSION PLANS

The City contributes to CalPERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Courts have determined that cities are authorized to make payments in the event of a bankruptcy to satisfy their obligations under CalPERS prior to payment to due to bond owners. Additionally, the City administers three pension plans.

Additional information on the City's Retirement Program is described in more detail in "APPENDIX A INFORMATION REGARDING THE CITY OF RICHMOND - FINANCIAL OPERATIONS – Retirement Program." See also, "PLAN OF FINANCING."

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, interest on the Series 2022 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2022 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds.

The proposed form of opinion of Bond Counsel with respect to the Series 2022 Bonds to be delivered on the date of issuance of the Series 2022 Bonds is set forth in Appendix E.

Owners of the Series 2022 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2022 Bonds, the ownership, sale or disposition of the Series 2022 Bonds, or the amount, accrual or receipt of interest on the Series 2022 Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the City of the Series 2022 Bonds are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Best Best & Krieger LLP, Walnut Creek, California, is acting as Disclosure Counsel for the City. Certain legal matters will be passed upon for the City by the City Attorney and the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 Bonds.

VERIFICATION AGENT

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by the City relating to the defeasance of the Series 1999 Bonds and refunding of the Series 2005B Bonds. See "PLAN OF FINANCE." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners and beneficial owners of the Series 2022 Bonds to comply with the Rule and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide certain financial information and other operating data on an annual basis not later 60 days after the City normally receives its audited financial statements from its auditors in each year but in no event later than July 15 (commencing with the audited financial statements for the 2021-22 Fiscal Year), and information regarding certain listed events, if any such events should occur, to the owners of the Series 2022 Bonds and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, or any successor thereto, during the term of the Series 2022 Bonds. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

The City has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Series 2022 Bonds by not later than 270 days following the end of the Fiscal Year of the City (which currently would be June 30) commencing with the report for Fiscal Year 2021-22 (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of significant events will be filed by the Successor Agency or the Dissemination Agent, if any, through the EMMA site maintained by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of significant events is contained within APPENDIX E - "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

City staff undertakes continuing disclosure responsibilities for its bond issues, as well as for the bond issues of the Successor Agency of the Richmond Community Redevelopment Agency and City of Richmond Financing Authority. In the preceding five years, the City failed: (i) to associate the Fiscal Year 2015-16 and Fiscal Year 2018-19 operating and financial data that was due to be filed on March 27, 2017 and March 26, 2020, respectively, with the CUSIP numbers for the outstanding Redevelopment Agency Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A – Capital Appreciation Bonds (the "1998 Capital Appreciation Bonds") and (ii) to file the Fiscal Year 2016-17 summary of revenues and expenditures, and net revenues and coverage related to the City of Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A and Wastewater Revenue Refunding Bonds, Series 2017A (together, the "Wastewater Bonds") by the March 27, 2018 due date. Remedial filings were made on EMMA with respect to the 1998 Capital Appreciation Bonds on March 27, 2018 and December 22, 2020 and with respect to the Wastewater Bonds on May 21, 2018.

The City established procedures, including the appointment of Willdan Financial Services, as the Dissemination Agent, and adoption of a Debt Policy, including continuing disclosure procedures, intended to ensure compliance with the continuing disclosure undertakings by the City and by other entities under the jurisdiction of the Finance Department. In addition, the City designated its Treasury Division as the department responsible for monitoring and making the required filings.

MUNICIPAL ADVISOR

The City has retained the services of NHA Advisors, LLC, San Rafael, California, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Series 2022 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS OF THE CITY

The general purpose financial statements of the City, which are included in Appendix B to this Official Statement, have been audited by Badawi & Associates, CPAs, independent certified public accountants (the "Auditor"), as stated in their report appearing in Appendix B. The Auditor was not requested to consent, and has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement. No opinion is expressed the Auditor, with respect to any event subsequent to its report dated December 31, 2021.

LITIGATION

Land Disposition Litigation (Point Molate). The City obtained the subject property (400 acres including tidal and submerged real property) (the "Property") for nominal consideration in 2003 as part of a U. S. naval base closure. In March 2012, a developer and an associated tribal entity (collectively "Developer A") filed a complaint in Federal Court against the United States of America and the City and other individuals contending breach of contract related to a Land Disposition Agreement between Developer A and the City for the development of the Property. When the project was blocked by a citizen vote, Developer A sought damages of $30 million as well as lost profits of over $750 million. The City received a favorable judgment on the matter, but an appeal by Developer A resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint.

After extensive litigation, the parties negotiated to obtain a Judgment and Amended Judgment under which the City would pay no damages and Developer A claims were dismissed, but City had thirty (30) months to find a developer to purchase and develop the developable areas of the Property, and if unsuccessful, Developer A would then have five (5) years to do so.

Thereafter, the City timely entered into a Development Agreement ("DA") and a Land Disposition Agreement ("LDA") with Developer B which provided a $45 million purchase price to be evenly split between the City and Developer A under the Amended Judgment. Under the terms of the Amended Judgment, future proceeds from the sale of the property were to be shared equally between the City and Developer A. However, this transaction did not close, and further litigation has ensued. On March 18, 2022, the City determined not to adopt a community facilities district ("CFD") to finance infrastructure due to General Fund impacts, and on May 21, 2022 determined not to proceed with closing due to Developer B not complying with the conditions for closing. On May 27, 2022, Developer B filed a lawsuit against the City alleging breach of the LDA.

Current legal actions include (i) CEQA action by citizen group against Developer B approvals (judgment for Project at Court of Appeal level); (ii) Developer B seeking permanent injunction after a TRO issued in favor of Developer B restraining sale by City to Developer A and seeking in excess of $20 million in damages from the City, and (iii) oversight by Federal Court of enforcement of Amended Judgment. Developer A is likely to pursue rights in Amended Judgment to have title to developable parcels transferred to Developer A pursuant to the Amended Judgment. Accordingly, there are two developers each seeking title to the Property, and whichever is unsuccessful will likely pursue claims against City. Accordingly, the City may be negatively impacted should the courts rule against the City; however any such impact cannot be determined at this time as the litigation remains active. Accordingly, if the above-referenced cases, or others related to the development, are finally adjudicated by the courts against the City, the financial impact on the City could be substantial and materially adverse.

To the best knowledge of the City, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2022 Bonds or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

Other than as disclosed in this Official Statement, although the City is and may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the City that any currently-pending or known threatened proceedings, will not materially affect the City's finances or impair its ability to meet its obligations, including payments with respect to the Series 2022 Bonds. For a discussion of certain matters that may result in significant financial obligations of the City, however, see "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND FINANCIAL OPERATIONS - Litigation."

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned the Series 2022 Bonds a rating of "AA-." Such rating reflects only the views of S&P and any explanation of the meaning and significance of such rating, including the methodology used and any outlook thereon, should be obtained from S&P furnishing the same, at the following addresses, which are current as of the date of this Official Statement: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating is not a recommendation to buy, sell or hold the Series 2022 Bonds. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds.

UNDERWRITING

The Series 2022 Bonds are being purchased by Loop Capital Markets LLC and Hilltop Securities Inc. (collectively, the "Underwriters"). The Underwriters will purchase the Series 2022 Bonds from the City at an aggregate purchase price of $153,523,440.00 (representing the principal amount of the Series 2022 Bonds and less $616,560.00 of Underwriters' discount).

The Series 2022 Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriters. The Series 2022 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Series 2022 Bonds.

[Balance of this page intentionally left blank]

The execution and delivery of this Official Statement has been duly authorized by the City.

CITY OF RICHMOND

By: /s/ Kinshasa Curl
City Manager

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION REGARDING THE CITY OF RICHMOND

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Introduction

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

Population

City residents account for approximately 10% of the population of the County. Table A-1 below shows the population of the City, the County, and the State according to the U.S. Census for the years 2010 and as estimated by the California Department of Finance for 2018 through 2022.

Table A-1
City, County and State Population Statistics
(As of January 1)

Year	City of Richmond	Contra Costa County	State of California
2010	103,764	1,047,948	37,253,956
2018	110,128	1,147,879	39,740,508
2019	110,436	1,155,897	39,927,315
2020	110,288	1,149,853	39,648,938
2021	114,643	1,161,324	39,303,157
2022	114,489	1,156,555	39,185,605

Sources: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 and 2021-2022.

Economy

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

The economy of the City has experienced growth in light industrial 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 City is continuing its efforts to attract developers, builders, manufacturers and commercial activity to all areas of the City. Economic development program efforts are being expanded to increase private sector investment, job, and housing and recreational activities in the City.

Industrial Activity. Historically, the City has been viewed as an industrial and distribution center, largely due to the visible presence of a major oil refinery operated by Chevron USA Inc. ("Chevron") and the bulk liquid terminals in the Port of Richmond.

Chevron Refinery. Chevron operates a major oil refinery (the "Refinery") in the City and is the largest employer and taxpayer in the City. See "–Employment." Chevron also owns and operates a liquid bulk cargo facility at its terminal on San Francisco Bay.

Over the years, Chevron has had disputes with the City involving tax matters, including the applicability of certain taxes and such matters as assessed valuation for property tax purposes. Of current significance, the City is receiving annual payments of Utility Users Tax from Chevron in partial settlement of a dispute regarding Measure T, a business license tax imposed beginning in 2009. Payments from this settlement will decline in future years and terminate in Fiscal Year 2024-25. In addition, there has been environmental litigation among Chevron, the City, and other parties.

In 2022, Chevron announced that it was selling the Chevron Park Headquarters in San Ramon, California, and moving many employees to Houston, Texas. However, the corporate leadership and headquarters will remain in San Ramon and many employees will continue to be located in San Ramon. Chevron's primary leadership will remain in California.

On July 29, 2014, the City Council approved certification of the final environmental impact report and applications submitted by Chevron Products Company for a Conditional Use Permit ("CUP") and Design Review Permit ("DRP"), as well as an Environmental and Community Investment Agreement (the "ECIA") to allow an approximately $1.0 billion replacement of the existing hydrogen plant, and various new equipment improvements designed to remove naturally occurring sulfur contained in feedstocks processed at the facility, including modifications to the Refinery's existing sulfur recovery units ("SRUs") (collectively, the "Chevron Modernization Project"). The equipment is designed to improve the ability of the Refinery to process higher-sulfur feedstocks, increase reliability, energy efficiency, and add environmental controls. Pursuant to the ECIA, Chevron will invest $80 million dollars in the City from Fiscal Year 2015-16 through Fiscal Year 2024-25 for community programs, including, but not limited to, competitive community grants, a scholarship program, community-based greenhouse gas reduction programs, and a photovoltaic solar farm. Chevron made initial payments to the City totaling $12 million between 2014 and 2015, of which $8 million was deposited into a dedicated fund for the "Richmond Promise," a college scholarship program established by the City Council for students graduating from public, charter, and private high schools located in the West Contra Costa Unified School District. In accordance with the ECIA, Chevron has contributed $56 million of the total required amount through December 2020. According to the terms of the ECIA, over the 10-year period ending June 30, 2025, the $80 million will be applied as follows: (i) $35 million will be used to fund "Richmond Promise," a scholarship program for high school graduates, (ii) $15 million will be spent on other community-based programs, and (iii) $30 million will be utilized for community-based greenhouse gas reduction programs. As part of the ECIA, Chevron also partnered with MCE, a nonprofit renewable energy provider, to construct Solar One, a 12 megawatt solar power generating facility, with an estimated value of $10 million.

On April 13, 2015, the Contra Costa County Superior Court lifted the injunction that had halted construction of the Chevron Modernization Project since 2009. The injunction had been granted due to lawsuits being filed arguing that the project could increase pollution and challenging the sufficiency of the environmental impact report. In addition, the Bay Area Air Quality Management District reissued the authority-to-construct permit for the modified project.

The field construction of the Chevron Modernization Project restarted in June 2016. A new hydrogen plant became operational on April 17, 2019, and completion of three SRU improvements followed on May 30, 2019, June 1, 2019, and September 3, 2019. Additionally, construction of the project design feature tank dome on the second of three tank domes required to be installed within three years of commencement of operations of the Chevron Modernization Project are complete, and Chevron is in the process of decommissioning and planning the demolition of the old hydrogen plant.

Remaining components of the Chevron Modernization Project include construction of the third and last tank dome, completion of a mitigation project for construction-related GHG emissions, demolition of the old hydrogen plant, construction work associated with placing new processing plants and equipment in service, and modifications for constructing and installing a final SRU and a fluid catalytic cracker feed hydrotreater.

Litigation Regarding Climate Change. In January 2018, the City, for itself and on behalf of the people of the State of California, filed a claim against Chevron Corporation, ExxonMobil Corporation, BP, Royal Dutch Shell and other petroleum companies alleging that actions taken by such companies with the knowledge that their respective business operations have directly and adversely impacted the climate, including global warming, rising atmospheric and ocean temperatures, ocean acidification, melting polar ice caps and glaciers, more extreme and volatile weather, drought and sea level rise, which result in the City, and the people of the State and City, suffering the consequences. Such consequences are alleged to include vulnerability of City owned property to sea level rise and jeopardy of City owned facilities deemed critical for operations, utility services and risk management as well as other assets that are essential to community health, safety and wellbeing. The lawsuit seeks to ensure that the entities profiting from externalizing the responsibility of climate change, bear the cost of the negative impacts on the City, rather than placing the costs on the City, local taxpayers, its residents or broader segments of the public. The suit was originally filed in Contra Costa County Superior Court and was moved to U.S. District Court. As of the date hereof there has not been a trial scheduled.

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

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

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

- Availability of affordable housing in a variety of neighborhoods, housing types and price ranges; and

- The Richmond Ferry connects the San Francisco Ferry Terminal and the newly constructed ferry terminal at Richmond's Ford Point. This new route takes 35 minutes.

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

Biotechnology companies located in the City include Analytical Scientific Instruments (ASI), Bio-Rad, Ekso Bionics, Kaiser Laboratories, Sangamo Biosciences, and Transcept Pharmaceuticals.

- ASI, a manufacturer of medical equipment instruments and components, purchased a building within the City and relocated from neighboring El Sobrante. ASI brought 25 existing employees with them and expects to hire 10 additional employees.

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

- Ekso Bionics, originally named Berkeley Bionics, was founded in Berkeley, California in 2005. Ekso, a pioneer in exoskeleton bionic devices that enhance and augment strength mobility and endurance of people with lower extremity paralysis or weakness, relocated to the City in April 2012 with 80 employees. Since inception Ekso Bionics has forged partnerships with world-class institutions like UC Berkeley, received research grants from the Department of Defense, and licensed technology to the Lockheed Martin Corporation. Ekso Bionics occupies space in the 520,000 square foot Ford Building in the Marina District.

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

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

Additionally, the State Department of Health Services operates a Public Health Laboratory in a state-of-of-the-art facility comprised of five buildings encompassing approximately 700,000 square feet in the Marina District.

Green Technology. Green-technology companies located in the City include Alion Energy, Inc., Heliodyne and SunPower Systems.

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

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

Future Development. Completion of the John T. Knox Freeway in the early 1990's (Interstate 580 extension from Interstate 80 at Albany to the Richmond/San Rafael Bridge) spurred new industrial and commercial development along the freeway corridor throughout the South Shoreline area of the City.

Richmond Bay Specific Plan. The City was awarded a Priority Development Area Planning Grant from the Metropolitan Transportation Commission and the Association of Bay Area Governments to develop a Specific Plan for an approximately 220-acre area located in the City. In December 2016, the City Council adopted the Richmond Bay Specific Plan (the "Plan") and certified an environmental impact report for the Plan. The Plan articulates a clear vision for the area as a series of distinct, walkable, mixed-use neighborhoods that can accommodate over 5.6 million square feet of research and development uses, 720,000 square feet of retail and services, over 4,000 housing units, and 84 acres of public and natural open space. The City Council approved a Development Agreement, EIR Addendum, and Vesting Tentative Map in December 2020 for an approximately 90 acre site, that would include a minimum of 2,000-4,000 housing units and up to 50,000 square feet of retail space, of which approximately 20,000 square feet is planned for a grocery store use, and open spaces uses, including parks and trails.

Industrial Development. Development along the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (Interstate 580) and the Richmond San Rafael Bridge, opened a large tract of industrially zoned area in the northwest area of the City. Development currently includes (the projects listed below have been completed unless indicated otherwise):

- Chevron Modernization Project – a $1 billion project to modernize and replace the oldest processing equipment with safer modern technology. See "–Impact of Chevron Refinery."

- Hello Fresh, Inc. is located at 2041 Factory Street, and the building is approximately 108,784 SF with approx. 100 employees.

- Ex Steel Scape site – a 700,000 square foot distribution center is a 707,280 square foot distribution center located at 2995 Atlas Road. Amazon moved into the building in May 2020. It is estimated that 200 employees work at the site.

- Pinole Point Distribution Center is Point Pinole Distribution Center – a 643,000 square foot warehouse and distribution center that includes:

    - Whole Foods Market Distribution Center located at 6035 Giant Road is a 118,000 square feet building. It is estimated that 100 employees work at this facility.

    - Williams Sonoma Distribution Warehouse, located at 6000 Giant Road, is approximately a 247,908 square feet building. About 56 employees are employed at this location.

    - Amazon occupies one of the Point Pinole distribution buildings at 6015 Giant Road, and the building is approximately 247,900 square feet and has an estimated 350 employees.

- Planned development includes Power Plant Park, approximately 147,000 square feet of rentable canopy space for cannabis cultivation to be constructed on an approximately 11-acre site on the Richmond North Shoreline. Phase 1 is expected to commence in September 2022.

Residential and Commercial Development. As the economy continues to improve, the City anticipates that shoreline area of the City will be in stronger demand for residential and commercial development. As of June 2022, 261 residences are under construction, 899 units are entitled, and 2,114 units are under review, and such numbers do not account for the units anticipated in the Campus Bay and Point Molate Development Agreements, mentioned in the table below. The City is in the process of updating its housing element and related general plan amendments, which are geared toward addressing environmental justice, and preparing a roadmap to achieve its

environmental justice goals. Final adoption of the updated housing element in planned to occur in September 2023. In addition, approximately 417,500 square feet of industrial/commercial space is under construction, 557,000 square feet is entitled, and one hotel project has been approved. Below is a list of projects which are completed, on-going, and entitled projects together with projects under review:

Project Description	Status
Residential	
Artisan Cove (Phase 3), 51 Live/Work Units and 13 Work Spaces	Construction complete
Harbour View Senior Apartments – 80-unit affordable apartment development	Construction Complete
Miraflores – an 80 unit affordable senior housing development	Construction Complete
The Point – a 27 unit market rate townhome development.	Construction Complete
Shea Homes Waterline Project – a 60-unit luxury condominium development	Construction Complete
Terraces at Nevin Apartment Complex – a 271-unit affordable apartment development, with 268 affordable units	Construction Complete
Westridge Apartments Modernization and Expansion –rehabilitation of 401 affordable units and construction of 62 affordable units.	Construction Complete
Taylor Morrison (formerly William Lyons Homes NOMA) – a 193-unit market rate mixed use live/work and townhome development at Marina Way South and Wright Avenue	Construction Complete
Hacienda Apartments - major rehabilitation of a 150-unit building, including construction of a new entry	Under Construction
New SRO Multifamily Building – 17 very low income units.	Under Construction
Campus Bay Project – a minimum of 2,000 units and a maximum of 4,000 units, with approximately 50,000 square feet of commercial/retail space of which approximately 20,000 square feet is expected to be a grocery store	Approved
Cherry Blossom Row Residential Project (City Ventures) – 100 units townhome development with 10% moderate income units at Dali Lama and Colombia Avenue	Approved
Garrity Way Apartments – a 98 market rate unit condominium development	Approved
Hilltop Apartments – a 180 unit market rate/affordable apartment complex	Approved
Miraflores Residential Condominium Project – 190 for-sale condominium units of which 20% will be moderate income condominium units	Approved
Nevin Plaza Rehabilitation - major rehabilitation of a 150-unit senior and disabled affordable housing development	Approved
Point Molate Mixed Use Development – a 1,260-unit mixed use project, of which 1193 are market-rate units, and 67 are affordable moderate-income units	Approved
Richmond Country Club Residential Development – 94-unit market-rate single-family detached development at Markovich Lane	Approved
Terminal One – a 316-unit market rate residential community on the Richmond shoreline comprised of 295 luxury condominium units and 21 single-family homes. This property is owned by the City and is under a contract for sale to a developer for a purchase price of $10 million, of which the developer has paid the City $500,000 in a non-refundable deposit	Approved
TBV: Villas at Renaissance Apartments – a 105-unit affordable apartment complex, of which 98 are affordable low-income units, and 7 are affordable very-low-income units	Approved
12th Street and Macdonald Avenue mixed-use project – an eight-story, 347-unit development, of which 278 are market-rate units, and 69 are affordable low-income units, with approximately 56,000 square feet of commercial space	Under Review
Brickyard Cove Residential - – a 94-unit project, of which 85 are market-rate units, and 9 are affordable moderate-income units	Under Review
Central SB35 – a 388-unit development, of which 349 are market-rate units, and 39 are affordable very-low income units	Under Review.

Project Description	Status
Nevin Plaza New Construction – 92-unit development, of which 90 are affordable low-income units, and 2 are market-rate units	Under Review
Nystrom Village – a 403-unit project, of which 303 are market-rate units, and 100 are affordable very-low-income units	Under Review
Quarry Residential Project – 76-unit detached single family residential project, of which 68 are market-rate units, and 8 are affordable moderate-income units	Under Review
Metrowalk Phase II, 400-500 rental units, 25%-30% of which will be affordable to moderate income households	Under Review
Supportive and Family Apartments (100 38th Street) – a 135-unit project, of which 95 are affordable very-low income units, 38 are affordable low-income units, and 2 are market-rate units	Under Review
Commercial	
912 Harbour Way South Industrial Project – a 182,000 square foot warehouse/ distribution space.	Construction Complete
Hilltop Charter School – 6th – 12th grade Charter School. 2 classroom buildings totaling 61,147 square feet with a 12,081 square foot gym.	Construction Complete
Life Long Medical Facility – a 33,742 square foot medical office.	Construction Complete
Lumber Barron – a 32,000 square foot light industrial warehouse.	Construction Complete
Making Waves Academy Expansion – Renovation of three existing classroom buildings, and construction of three new classroom buildings, two new gymnasiums, outdoor student space, associated parking and infrastructure improvements on six adjacent/nearby parcels. Phases 1 and 2, consisting of the renovation of three classroom buildings, construction of three additional classroom buildings and a gymnasium, and related site work are complete. Phase 3, consisting of construction of a second gymnasium, an outdoor track, and related site work	Construction Complete
Point Pinole Business Park, Phase III – a 162,000 square foot speculation warehouse building.	Construction Complete
731 W. Cutting – light industrial uses.	Approved
3190 Klose Way – a 7,000 square foot speculative retail building.	Approved
Home2Suites Hotel – a four-story, 104-room hotel	Approved
Parkway Commerce Center – an approximately 110,000 square foot warehouse.	Approved
Canal Blvd Warehouse & Office – a 144,802 square feet warehouse building with 9,000 SF of office space	Approved
Mini-storage at Chesley – 250,000 SF mini-storage facility, including a 98,000 SF 3 story-building, and 10 one-story nonconditioned mini-storage buildings totaling 152,000 SF	Approved

Hilltop Specific Plan. The City is developing a specific plan for the 143 acres encompassing the Hilltop Regional Shopping Mall. The specific plan will guide the development of the site to support the City's vision to promote the transformation of the area from a low intensity auto-oriented retail center to a higher intensity, mixed use regional destination.

In addition to the Hilltop Mall, which sold for $117 million in April 2021, the Ford Point Building recently sold for $103 million.

Employment

Table A-2 provides a listing of principal employers located in the City, as of Fiscal Year 2021-22.

Table A-2
Principal Employers in the City
Fiscal Year 2021-22

Employer Name	Product/Service	Estimated Number of Employees
Chevron Refinery Facility	Oil Refiner/Research	3,264
West Contra Costa Unified School District	Education	1,658
Kaiser Foundation Hospitals	Healthcare Services	1,596
United Parcel Service	Postal Services	1,332
Social Security Administration	Governmental Services	1,259
Amazon.com Services	Warehouse	1,055
The Permanente Medical Group	Healthcare Services	1,051
U.S. Postal Service	Governmental Services	1,047
Richmond	Governmental Services	860
Contra Costa County	Governmental Services	844

Source: California Municipal Statistics, Inc.

The following Table A-3 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2018 through 2021 (the most recent annual data available). The State Employment Development Department data for May 2022 (preliminary) indicates that the unemployment rate (not seasonally adjusted) for the City was 3.80%.

Table A-3
Civilian Labor Force, Employment and Unemployment
Annual Average for Calendar Years 2018 through 2022
(Not Seasonally Adjusted)

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2022[1]				
City	51,700	49,800	2,000	3.800%
County	n/a	n/a	n/a	n/a
State	19,304,200	19,304,200	835,100	4.300
United States	16,409,000	158,458,000	5,952,000	3.600
2021[2]				
City	51,200	46,100	5,000	9.900
County	542,400	507,900	34,500	6.400
State	18,923,200	17,541,900	1,381,200	7.300
United States				
2020[2]				
City	52,900	51,000	1,900	3.600
County	545,500	495,900	49,600	9.100
State	18,931,100	16,996,700	1,934,500	10.200
United States				
2019[2]				
City	52,900	50,600	2,300	4.300
County	560,700	543,100	17,600	3.100
State	19,409,400	18,612,600	796,800	4.100
United States				
2018[2]				
City	52,900	51,000	2,000	3.700
County	560,900	542,800	18,100	3.200
State	19,281,000	18,460,400	820,700	4.300
United States	162,075,000	155,761,000	6,314,000	3.900

(1) Preliminary.
(2) Revised.
Sources: State of California Employment Development and Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Personal Income

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

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries,

proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Minimum Wage Ordinance. In 2014, the City adopted a Minimum Wage Ordinance requiring that beginning January 1, 2015 (subject to certain exceptions), employees working within the geographic boundaries of the City be paid an hourly rate equal to $9.60, subject to a reduction equal to $1.50 per hour if the employer pays at least that amount per hour per employee towards an employee medical benefit plan. Thereafter, the minimum wage within the City increased each January 1 until reaching $13.00 per hour effective January 1, 2018. Beginning January 1, 2019, and each year thereafter, the City Minimum Wage will increase by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose, California Metropolitan Statistical Area, or any successor index published by the U.S. Department of Labor or its successor agency. As of January 1, 2022, the minimum wage in the City is $15.54 per hour.

Table A-4 presents the latest available total personal income and per capita personal income for the City, the County, the State and the United States for the calendar years 2016 through 2020 (the most current annual data available).

Table A-4
City of Richmond, Contra Costa County, State of California and United States
Total Personal Income
Calendar Years 2016 Through 2020†

Year and Area	Total Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2020†		
City	$ 3,416,146	$31,019
County	106,318	92,264
State	2,763,311	70,192
United States	19,607,447	59,510
2019		
City	$ 3,240,034	$29,132
County	97,550	84,614
State	2,544,234	64,513
United States	18,402,004	56,047
2018		
City	$ 3,027,471	$27,413
County	91,653	79,641
State	2,431,821	61,663
United States	17,681,159	54,098
2017		
City	$ 2,920	$26,124
County	87,810	76,527
State	2,364,129	60,004
United States	16,820,250	51,640
2016		
City	$ 2,797	$25,024
County	82,204	72,195
State	2,259,414	57,625
United States	16,115,630	49,831

† Most current annual data available.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and City of Richmond Annual Comprehensive Financial Report for Fiscal Year 2020-21.

Construction Activity

Table A-5 sets forth a five-year summary of building permit valuations and new dwelling units within the City.

Table A-5
City of Richmond
Building Permit Valuations
Calendar Years 2017 through 2021
($ in 000's)
Residential

	Single Family		Multifamily		Value of Alterations	Total Residential	Nonresidential	Valuation
Year	Units	Valuation	Units	Valuation	and Additions	Valuation	Valuation	Total†
2017	62	$ 2,460	98	$21,658	$19,891	$ 44,009	$155,382	$199,391
2018	135	32,942	413	77,743	16,425	127,110	108,626	235,736
2019	55	2,307	34	636	28,668	31,611	65,373	96,984
2020	112	18,764	2	250	24,384	43,698	121,070	164,468
2021	93	12,385	169	39,300	33,778	85,463	141,520	226,983

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

Source: California Homebuilding Foundation/Construction Industry Research Board.

Transportation

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

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

Port and Rail. The Port of Richmond (the "Port") is a deep water port and is the third largest in the State by annual tonnage. The Port is a public enterprise established by and administered as a department of the City. Revenues of the Port are not General Funds of the City. The Port handles more than 20.8 million metric tons of general, liquid and dry bulk commodities each year. In 2009, the Port executed an agreement with American Honda Company whereby Honda agreed to import a minimum annual guarantee of 145,000 units per year through the Port for 15 years.

The Port contains seven City-owned marine terminals leased to and operated by private lessors under lease contracts with the Port, five dry-docks, and 11 privately owned and operated 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 Southern Pacific railroads. The Port, together with the BNSF operations, serve as a highly developed international rail facility.

A widely varied assortment of cargo moves through the Port, although over 90% of the annual tonnage is in liquid bulk cargo, most of which is shipped through the Chevron Terminal. Principal liquid bulk cargos 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 cargos are also a significant part of the traffic through the Port. The Port, like other ports throughout the State, has experienced a decrease in vessel traffic due to global supply chain issues.

Ferry Service. In March 2015, the San Francisco Bay Area Water Emergency Transportation Authority ("WETA") Board of Directors approved a Cooperative Agreement with the Contra Costa Transportation Authority (the "CCTA") and the City for the CCTA to provide an operating subsidy for proposed ferry service from the City to San Francisco. The 10-year agreement serves as the basis of future planning efforts to support and plan the Richmond ferry service. WETA approved funding to purchase two catamaran ferry vessels and construction of a Richmond Ferry Terminal on Richmond Bay Shoreline, including construction of an accessible gangway with a new ramping system, float and piles, a passenger shelter, the development and reconfiguration of a 362-space paved parking lot, and installation of a new ADA-compliant kayak launch ramp and improved shoreline access at Ford Point. Construction of the ferry terminal and improvements were completed and ferry service from Ford Point Ferry Terminal in the City to the San Francisco commenced on January 10, 2019.

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

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

Utilities

Utility services to the City are supplied by the following:

Electric power:	Pacific Gas & Electric Co. ("PG&E") and MCE, formerly Marin Clean Energy ("MCE")
Natural gas:	PG&E
Telephone:	AT&T
Water:	East Bay Municipal Utility District ("EBMUD")
Sewer:	West Contra Costa Sanitary District, Richmond Municipal Sewer District, and Stege Sanitary District

Approximately 89% of the EBMUD water supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation). On May 24, 2022, the California State Water Resources Control Board announced emergency drought restrictions resulting from Governor Newsom's Executive Order N-7-22. The regulations are the latest in a series of attempts by the State to deal with the ongoing severe drought. The regulations cover two areas: a ban on irrigating non-functional turf and a requirement that urban water suppliers implement the Level 2 demand reduction actions in their water shortage contingency plan. On April 26, 2022, East Bay Municipal Utility District,

the provider of water within the City, declared a state 2 emergency requesting customers to voluntarily reduce water usage by 10%. See "RISK FACTORS – Seismic, Topographic and Climatic Conditions - Drought."

On June 19, 2012, the City Council voted to join MCE (formerly Marin Clean Energy), a nonprofit energy provider that derives a minimum of 50% of its electricity from renewable sources.

Effective July 1, 2013, all City residents and businesses were automatically enrolled in the Green Light package offered by the Marin Clean Energy Community Choice Aggregation program unless they opted out of the program between April and June 2013. Although power is still being transmitted through existing PG&E lines, half of it comes from solar, wind, hydroelectric, and biogas (natural gas extracted from sewage systems or landfills rather than fossil fuels). City residents still receive their bills from PG&E. MCE also offers customers the option of enrolling in the Deep Green package, which supplies 100% of electricity from renewable sources at rate increase of approximately one cent per kilowatt hour.

Community Facilities

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

The City also operates a recreation center for disabled persons, a sports facility, two senior centers (Richmond Senior Center and Richmond Annex Senior Center), the Richmond Museum, the Richmond Municipal Auditorium, the Richmond Swim Center, the Richmond Plunge/Natatorium, Coach Randolph 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. Currently, 12 of the City's 13 recreation centers are operational.

There are also several private yacht harbors, golf and country clubs, and community theaters within the City.

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

In addition, approximately 35 miles of the planned 500-mile multi-purpose San Francisco Bay Trail encircling the San Francisco and San Pablo Bays are also located in the City.

Education

The City comprises a portion of the attendance area of the West Contra Costa Unified School District, which comprises 38 elementary schools (18 of which are located in the City), seven middle and junior high schools, and eight senior high schools (four of which are located in the City), three continuation and alternative high schools, and five charter schools, college preparatory and community day schools which had total K-12 enrollment of approximately 31,510 students for Fiscal Year 2021-22. In addition, several private schools operate in the City. Institutions of higher education located near the City, include UC Berkeley, Contra Costa College, Diablo Valley College, Los Medanos College, the California Maritime Academy, California State University –

East Bay, San Francisco State University, the University of San Francisco, the University of California at San Francisco, John F. Kennedy University, Saint Mary's College, Dominican University, and Golden Gate University.

FINANCIAL OPERATIONS

Financial Results

Financial Statements. The City prepares its audited financial statements and supporting schedules in compliance with Article IV, Section 1(b)3 of the City Charter, and the California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles ("GAAP") for local governments as established by the Governmental Accounting Standards Board ("GASB").

The City financial statements are included in the City's Annual Comprehensive Financial Report (an "ACFR"). The ACFR for Fiscal Year 2020-21 is included as Appendix B to this Official Statement. Readers of this Official Statement should review the Fiscal Year 2020-21 ACFR, and in particular the Independent Auditor's Report, and Management's Discussion and Analysis included therein. The Independent Auditor's Report dated December 31, 2021, describes, among other matters, the scope of the audit conducted and the auditor's responsibilities.

In the Fiscal Year 2020-21 ACFR, the auditor conducted an audit of all funds except Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC. As such, the Auditor did not have a basis for providing an audit opinion on the financial statements of the business-type activities, Richmond Housing Authority Enterprise Fund, and the aggregate discretely presented component units of the City. See, "–Disclaimer of Opinion.

However, the Auditor did state that all information with the respective financial position of the governmental activities, the General Fund, the Community Development and Loan Programs Special Revenue Fund, the Port of Richmond Enterprise Fund, the Municipal Sewer Enterprise Fund have been fairly reported in all material respects.

Additionally, the Auditor noted that the City Council had approved a number of interfund transfers. The purpose of the majority of the transfers is to move General Fund resources to provide an annual subsidy to the Cost Recovery Fund and other non-major governmental funds, as well fund debt service, pension costs and capital projects. The Auditor stated none of these transfers were unusual or non-recurring in nature, except for the transfer from General Fund to the Richmond Housing Authority Fund to write off interfund borrowings in the Authority Fund due to the Housing Authority's inability to repay, the Secured Pension Override Special Revenue Fund to the General Fund in the amount of $9,171,451 to fund current year pension contributions to the California Public Employees' Retirement System ("CalPERS"), which is included in transfers from Non-Major Governmental Funds, and the transfer from the General Fund to the Community Development and Loan Programs Special Revenue Fund related to the purchase of loans. See Note 4 in Appendix B. The interfund transfers write offs represent amounts determined in a report administrated by the U.S. Department of Housing and Urban Development and CVR Associates, Inc. to be uncollectable from years prior to Fiscal Year 2019-20. Additionally, see Note 4 in the Independent Auditor's Report contained in the Fiscal Year 2020-21 ACFR attached hereto as APPENDIX B for an explanation of the General Fund's unrestricted cash balance and certain outstanding interfund borrowings and write offs from the General Fund and other funds. See also Note 4 of the Fiscal Year 2020-21 ACFR for a description of such interfund borrowings from the General Fund and other funds. On October 26, 2021, the City Council authorized $3 million from surplus revenues to write off the interfund transfers described above.

On June 29, 2021, as part of the budget process, staff initially estimated Fiscal Year 2020-21 would end with a surplus of $15.5 million. As the final numbers started to settle, the estimate increased to nearly $20.9 million as stated in the October 26, 2021 budget presentation. The $5.4 million increase in revenues over expenses is a combination of various items. On the revenue side, the main item is additional Transfer Tax received. The sale of three properties alone in the last quarter of Fiscal Year 2020-21 brought in nearly $5 million. On the expenditure

side, the main reduction is the professional services expense category which was about $1 million less than the previous projection. The original forecast assumed the full amount of encumbrances would be expended, but when that did not happen, expenditures in this category reduced the forecasted amount. Toward the end of the City's annual fiscal audit for Fiscal Year 2020-21, it was determined that $10.4 million of the RHA receivable was uncollectable. Once that determination was made, the additional receivable of $4.3 million had to be written off. It is important to note that the RHA write-off issue came from the City's investments over numerous years to help support the maintenance and renovation of 783 public housing units, assist RHA in meeting obligations to program participants and HUD, and uplifting and supporting the health and safety of RHA's residents.

The funding for the additional $4.3 million write-off was approved by the City Council to come from the City's reserves on May 3, 2022 and has now been written off. As a result, only $2.1 million is available to increase the City's reserves.

Table A-6 presents the City's Audited General Fund Balance Sheets, including assets, liabilities, and fund equity for Fiscal Years 2016-17 through 2020-21.

Table A-6
City of Richmond
General Fund Balance Sheet
Audited Fiscal Years 2016-17 through 2020-21

Assets	2016-17	2017-18	2018-19	2019-20	2020-21
Assets:					
Cash and investments	$17,574,205	$15,413,405	$14,908,982	$20,202,116	$33,213,554[(1)]
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts, net	11,061,286	10,233,844	10,951,388	9,332,909	11,562,758
Interest	18,317	43,082	49,624	30,589	10,836
Grants	216,403	25,500	-	-	29,677
Loans	1,286,494	1,212,042	2,939,726	2,990,812	3,041,758
Due from other funds	119,44	–	-	-	5,732
Advances to other funds	14,199,676	16,133,282†	15,849,594	15,564,570	13,062,225
Prepaids, supplies and other assets	663,055	622,329	621,120	441,424	637,513
Total Assets	$45,138,878	$43,683,484	$45,320,434	$48,562,420	$61,564,053
Liabilities					
Accounts payable and accrued liabilities	$ 3,032,317	$ 2,834,949	$ 2,363,161	$ 3,343,646	$ 6,242,621[(2)]
Refundable deposits	104,464	585,645	150,898	185,305	215,438
Due to other funds	–	–	-	-	-
Unearned revenue	6,017,14	4,073,857	3,641,961	4,091,828	3,615,918
Note payable	-	-	-	-	-
Total Liabilities	$9,153,928	$ 7,494,451	$ 6,156,020	$ 7,620,779	$10,073,977
Deferred Inflows of Resources					
Unavailable revenue	$ 568,060	$ 558,110	$ 2,395,860	$ 2,295,410	$ 2,376,034
Fund Balances:					
Nonspendable	$15,697,680	$17,967,653	$17,170,714	$16,705,993	$14,399,738
Restricted	10,013	72,506	-	-	-
Committed	-	-	-	1,500,000	9,800,000
Assigned	-	-	63,180	113,349	2,436,475
Unassigned	19,709,197	17,590,764	19,534,660	20,326,889	22,477,829
TOTAL FUND BALANCES	$35,416,890	$35,630,923	$36,768,554	$38,646,231	$49,114,042
TOTAL LIABILITIES, DEFERRED RESOURCES AND FUND BALANCES	$45,138,878	$43,683,484	$45,320,434	$48,562,420	$61,564,053

(1) Increase over prior fiscal year due to multiple reasons, including but not limited to, (a) $9.5 million increase in cash receipts for documentary transfer tax as a result of the passage of Measure H in November 2018 and (b) $29 million increases in cash receipts over prior fiscal year due to increased sales tax, documentary transfer tax and lower than budgeted benefit expenses. See "-Major General Fund Revenue Sources."

(2) Increase due to combining of payroll liability fund with the General Fund for reporting purposes in Fiscal Year 2020-21.

Sources: The City of Richmond Audited Financial Statements for Fiscal Years ended June 30, 2017-2021.

Table A-7 presents the City's Audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2016-17 through 2020-21.

Table A-7
City of Richmond
Summary of General Fund Revenues, Expenditures, and Change in Fund Balance
Fiscal Years 2016-17 through 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues:					
Property taxes	$ 36,970,269	$ 38,961,021	$ 43,165,908	$ 44,142,773	$ 45,140,902
Sales taxes[1]	41,620,189	44,474,973	47,659,481	44,537,156	48,998,406
Utility user fees[2]	44,966,489	46,079,755	45,905,937	45,552,523	45,240,705
Other taxes	12,566,579	12,413,127	14,020,347	15,619,151	27,066,292[3]
Licenses, permits and fees	5,038,585	3,802,576	3,685,468	3,609,024	3,235,491
Fines, forfeitures and penalties	1,048,582	981,984	947,056	735,469	454,778
Use of money and property	73,408	189,599	276,021	220,435	107,022
Intergovernmental	4,056,470	1,102,944	672,361	1,111,926	803,692
Charges for services	7,264,336	7,823,287	7,712,400	6,706,446	6,730,499
Rent	836,221	849,640	985,141	890,779	699,301
Other	440,174	414,525	1,018,246	446,535	403,034
Total Revenues	$154,881,302	$157,093,431	$166,048,366	$163,572,217	$178,880,122
Expenditures:					
Current:					
General government	$ 25,516,856	$ 28,402,147	$ 27,034,194	$ 28,287,721	$ 30,245,217
Public safety	92,616,949	93,646,193	97,550,128	97,945,539	96,372,052
Public works	21,827,896	22,805,801	24,991,463	24,330,391	24,754,571
Cultural and recreational	10,091,329	10,734,162	11,673,222	10,825,978	9,087,406
Capital outlay	100,891	127,246	189,690	-	113,178
Debt Service					
Principal	790,346	814,494	1,272,667	876,283	910,082
Interest and fiscal charges	282,512	256,830	229,724	182,043	137,257
Total Expenditures	$151,226,779	$156,786,873	$162,941,088	$162,447,955	$161,619,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,654,523	$ 306,558	$ 3,107,278	$ 1,124,262	$ 17,260,359
Other Financing Sources (Uses):					
Bond issuance premium					
Proceeds of sale of property	$ 55,737	$ 39,226	$ 71,779	$ 82,036	$ 71,458
Transfers in	9,468,371	6,035,115	7,825,500	9,219,075	9,454,780
Transfers out	(7,159,136)	(6,166,866)	(9,866,926)	(8,547,696)	(16,318,786)
Total Other Financing Sources (Uses)	$ 2,364,972	$ (92,525)	$(1,969,647)	$ 753,415	$(6,792,548)
Net Change in Fund Balance	$ 6,019,495	$ 214,033	$ 1,137,631	$ 1,877,677	$10,467,811
Beginning Fund Balance	$29,397,395	$35,416,890	$35,630,923	$36,768,554	$38,646,231
Ending Fund Balance	$35,416,890	$35,630,923	$36,768,554	$38,646,231	$49,114,042

(1) Commencing April 1, 2015, the City began collecting a half-cent sales tax (Measure U) that was approved by voters. See "–Major General Fund Revenue Sources–*Sales and Use Taxes*–Measure U."

(2) Includes amounts paid by Chevron as Utility Users Tax and Measure T Tax Settlement payments. The final payment to be made by Chevron pursuant to the Measure T Settlement Agreement will be made in Fiscal Year 2024-25. See "–Major General Fund Revenue Sources–*Utility Users Tax*."

(3) Increase over prior fiscal due to $9.5 million increase in documentary transfer tax as a result of the passage of Measure H in November 2018. See "-Major General Fund Revenue Sources-Other Taxes."

Sources: The City of Richmond Audited Financial Statements for Fiscal Years ended June 30, 2017-2021.

City Budget

The Fiscal Year of the City begins on July 1 of a given year and ends on June 30 of the following year.

The City Council strives to adopt a budget prior to June 30 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, which amount cannot legally be exceeded except by subsequent amendment of the budget adopted by the City Council.

An operating budget is adopted each fiscal year for the General Fund and special revenue funds. Public hearings are conducted on the proposed budgets to review all appropriations and sources of funding. Capital projects are budgeted by the Mayor and City Council 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.

Expenditures are controlled at the fund level for all budgeted departments within the City. 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 that appears in the City's audited financial statements include budget amendments approved by the City Council.

Any amendment or transfer of appropriations between line items within the same department must be authorized by the Finance Director or his/her designee. Any amendment to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed with unanticipated revenues during the year must be approved by the City Council. A summary of adopted General Fund budgeted revenues and expenditures for Fiscal Years 2020-21 through 2022-23 is presented in Table A-8.

The City's budget performance is managed through the presentation of a mid-year budget review which includes a financial forecast for the Fiscal Year-end. A midyear budget review allows the City to determine if adjustments to revenue projections need to be completed, and whether planned expenditures should be modified.

Monthly, staff reviews all line items and compares actual results against budgeted expectations. At the mid-point of the Fiscal Year, staff conducts a detailed analysis to determine if the original budget is still viable, or if adjustments will be necessary. At December 31st, the expectation is that most budget categories will be at 50%, although this percentage may fluctuate based on timing of certain receipts and expenditures.

State Audit

California Government Code Section 8546.10 permits the California State Auditor ("State Auditor") to develop a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency, including a city, county, special district, or other publicly created entity, that the State Auditor identifies as being high risk for the potential of waste, fraud, abuse or mismanagement, or that has major challenges associated with its economy, efficiency, or effectiveness.

The City was contacted by the State Auditor on April 4, 2022. According to the State Auditor, the City exhibits certain risk factors including reliance on one-time revenues, upcoming challenges relating to high pension costs, and financial issues at the Richmond Housing Authority. The audit is to determine whether the City should be identified as a "high risk local agency" based on the State Auditor's criteria and, if so, what actions should be taken by the City. If the City is designated as "high risk" as a result of the audit, then it must submit a corrective action plan to the State Auditor and provide updates every six months regarding its progress in implementing the corrective action plan. As of the date hereof, the City has not been identified as a "high risk local agency" as a result of the audit, however, the State Auditor's website shows the City as "high risk."

Financial Policies and Practices

Financial Policies. The current financial policies of the City are summarized below. The City is in compliance with each policy. Each financial policy is subject to annual review and revision. Copies of the policies referenced below can be obtained from the City's website.

Cash Reserve Policy. In Fiscal Year 2004-05, the City Council adopted a policy to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses and established a $10 million General Fund contingency reserve target.

The City Council adopted a cash reserve policy (the "Cash Reserve Policy") that requires that the City maintain year-end contingency reserve balances in the General Fund, including CalPERS savings reserves but excluding departmental carryover, equal to a determined percentage of the next Fiscal Year's budgeted General Fund expenditures. City Council approval is required before any withdrawals are made from the cash reserve, and the City Council has discretion to use the cash reserve only for emergencies and not for on-going expenses. The Cash Reserve Policy permits the cash reserve to be temporarily reduced in times of an emergency with approval by the City Council, but requires that the cash reserve be restored in accordance with a stabilization policy laying out the plans for restoration of the cash reserve, in order to allow the City to build up its capacity to handle future short-term economic downturns or emergencies without cutting services.

In connection with the adoption of the Fiscal Year 2018-19 budget, the Cash Reserve Policy was amended to increase the minimum reserve from 7% to 15% of budgeted General Fund expenditures plus net transfers out for the following Fiscal Year. The cash reserve is shown as a component of unassigned fund balance within the General Fund. For Fiscal Year 2022-23, the cash reserve in the General Fund is estimated to be $45,562,126 (approximately 22.1% of Fiscal Year 2021-22 Adopted General Fund Budget expenditures plus net transfers out). See "DEMOGRAPHIC AND ECONOMIC INFORMATION–Economy–Future Development– Residential and Commercial Development–Residential."

Debt Policy. The City maintains a debt management policy (the "Debt Policy") pertaining to its financings. The Debt Policy is intended to guide the Finance Department in its debt issuance and includes components such as the financing approval process, selection of the method of sale for various types of debt issues, general bond structuring parameters, selection of financing team members, permitted investments, on-going debt administration and post-issuance tax compliance procedures for tax-exempt bonds and Build America Bonds. The Debt Policy limits aggregate debt service payments funded from General Fund sources to no more than 10% of General Fund revenues and sets forth detailed debt management and refunding practices. Payments on bonds that are tied to a specified revenue stream other than General Fund sources are not subject to this 10% limit. In addition, the Debt Policy requires that no more than 20% of the City's outstanding debt portfolio be comprised of unhedged short-term variable rate issues. The Debt Policy was most recently reviewed and adopted by the City Council on July 11, 2022.

Grant Management Policy. The City maintains a policy to establish an overall framework for the use and management of grant resources (the "Grant Management Policy"). This policy provides that: (i) aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements; (ii) the City should only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant work scope and provide necessary matching requirements (both cash and in-kind matches); indirect costs of administering grant programs be recovered to the maximum extent feasible; operating departments will have the primary responsibility for seeking out grant opportunities, preparing the applications and managing grant thee programs after award; and (iii) operating departments develop a simple system for tracking grant funding availability in their functional areas. The Grant Management Policy was most recently reviewed and adopted by the City Council in 2020.

Investment Policy. The City maintains an investment policy (the "Investment Policy") which provides guidelines for the investment and management of pooled funds of the City, including the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, Trust & Agency, Redevelopment, and other

Funds of the City (each as defined in the Investment Policy) that are accounted for in the City's Comprehensive Annual Financial Report. The Investment Policy establishes three criteria for selecting investment vehicles: safety, liquidity and yield. The Investment Policy states that an adequate percentage of the portfolio should be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements and that yield or "rate of return" on an investment should be a consideration only after the requirements of safety and liquidity are met. The Director of Finance is required to report monthly on the City's pooled and bond funds to the City Manager and City Council and to report quarterly on other investments, such as pension funds.

The Investment Policy prohibits investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, any security that could result in zero interest accrual if held to maturity, other than investments in authorized money market mutual funds, in companies involved in the manufacturing of tobacco and tobacco-related products, and in any funds in international financial instruments that benefitted from slavery.

The Investment Policy was most recently reviewed and approved by the City Council on January 11, 2022. A copy of the current Investment Policy is available on the City's website.

Swap Policy. The City is authorized under California Government Code Section 5922 to enter into interest rate swaps to reduce the amount and duration of rate, spread, or similar risk when used in combination with the issuance of bonds. The City maintains an interest rate swap policy (the "Swap Policy") regarding the utilization, execution, and management and related instruments. However, on April 20, 2021, the City adopted a debt policy which prohibits the use of interest rate swaps when issuing debt. As such, the SWAP policy relates only to interest rate swap agreements entered prior to April 20, 2021 and prohibits the City from that date forward from entering into swap agreements on currently held and future debt. The Policy does not prohibit the renegotiation of current swap agreement terms as long as the renegotiation does not involve entering into another swap agreement.

The Swap Policy was most recently reviewed and adopted by the City Council on January 18, 2022. A summary of the City's interest rate swap agreements as of July 1, 2022 is set forth in Table A-27.

OPEB Pension Benefits Funding Policy. The City's policy is to partially prefund the Other Post-Employment Benefits ("OPEB") paid pursuant to the City's participation in two plans, the City OPEB Plan administered through Public Agency Retirement System ("PARS") and Richmond Policy Officer's Association ("RPOA") administered by CalPERS by accumulating assets along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006. In July 2020, the City adopted an additional funding policy to place into two separate trusts established for the City's PARS and RPOA obligations respectively, an amount equal to half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. See "- Other Post-Employment Benefits" below. In July 2022, the City established a Section 115 trust to help fund the City's Pension and OPEB liability. See "-Section 115 Trust below."

Cyber Risk Policies. The City does not maintain a single cyber risk policy at this time. However, the City maintains several IT use and access policies to reduce the risk of cyberattacks and malware proliferation. The City continues to review these policies and actively train and test employees to comply with its use and access policies.

Capital Planning

Each year, the City adopts a five-year Capital Improvement Plan (a "CIP") containing a forecast of capital improvement needs and funds identified to meet those needs during the current Fiscal Year and the next four Fiscal Years. The CIP for Fiscal Years 2022-23 through 2026-27 identifies a total of approximately $130.1 million in capital projects. The Fiscal Year 2023 budget is $37.3 million across the many funds maintained by the City, which include enterprise funds and impact fee funds. Approximately $3 million is budgeted from the General Fund. The CIP also identifies approximately $242 million of unfunded capital improvement projects, which may

be undertaken if and when resources are identified. Such projects include enterprise funds of the City and other special funds. No General Fund borrowing for capital projects is expected at this time. The CIP is available on the City's website at www.ci.richmond.ca.us. The information contained in the CIP is not incorporated by this reference.

Financial Practices

Five-Year Financial Forecast. On May 28, 2019, the City Council received a presentation from PFM Group Consulting, LLC on the five-year budget forecast model (the "Financial Forecast") for the General Fund for Fiscal Years 2019-20 through 2023-24 to serve as a planning tool for the long term sustainability of the City and its employees. The Financial Forecast is designed to create a long-range view for strategic decision making, align financial capacity with long-term service obligations, identify structural budget issues, understand the major drivers of revenues and expenditures, evaluate long-term impacts of current decisions, and analyze the fiscal impacts of varying scenarios. The Financial Forecast includes an analysis of projected revenues, expenditures (including wage benefits and retirement obligations), reserves, capital projects and debt policies, and a review of fiscal policies. The Financial Forecast identifies several significant issues relevant to the long-term financial planning of the City: rising salary and pension costs, the decline in Measure T Settlement Payments by Chevron (see "–Major General Fund Revenues Sources–Utility Users Tax–Business License Act Tax ("Measure T"), the costs of certain programs, and negative fund balances in other non-General Fund government funds.

The Financial Forecast indicates that the City will need to address its projected finances by carefully examining its General Fund expenses, including transfers to other funds, staffing levels, compensation, and benefit levels.

The City is taking appropriate actions in its Fiscal Year 2022-23 budget with respect to its financial planning to address the issues raised in the Financial Forecast.

Structural Balance Guideline. In connection with its budget preparations for Fiscal Year 2022-2023, the City Council on April 20, 2021, adopted Guiding Fiscal Policies, that included a section on Guiding Budgeting Policies. The guidelines provide direction to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses.

Dissolution of the Richmond Community Redevelopment Agency

Prior to 2012, local governments in California were permitted, under certain circumstances, to form redevelopment agencies, which had the power to, among other things, establish "project areas" in areas deemed blighted, from which the redevelopment agency was entitled to the incremental *ad valorem* property tax receipts resulting from increases in assessed valuation from the year of establishment. Redevelopment agencies could incur indebtedness payable from this "tax increment" including bonds and other obligations related to its redevelopment purposes, subject to certain restrictions. The City's redevelopment agency was known as the Richmond Community Redevelopment Agency (the "Former Agency") and operated several project areas and incurred indebtedness, including publicly-issued bonds.

Pursuant to State legislation enacted Parts 1.8 and 1.85 to the California Health and Safety Code in 2011 referred to generally as the "Dissolution Act," and upheld by California Supreme Court decision, redevelopment agencies were formally dissolved effective February 1, 2012. The general financial impact of redevelopment agency dissolution was to restore the flow of the tax increment portion of *ad valorem* property taxes to the applicable local government and all other taxing entities entitled thereto, except as necessary to pay, or otherwise undertake to completion, "enforceable obligations" of the redevelopment agency. Redevelopment agencies were no longer able to incur indebtedness, except with respect to enforceable obligations or to refund former redevelopment agency indebtedness.

The Dissolution Act permitted each applicable local government to establish a successor agency for the purpose of honoring enforceable obligations and to, if desired, to assume housing obligations of the former

redevelopment agency. Each successor agency would assume the obligation of the former redevelopment agency. The City established itself as the successor agency to the Community Redevelopment Agency (known as the "Successor Agency to the Richmond Community Redevelopment Agency") and, as required by the Dissolution Act, appointed an oversight board to oversee these activities. While the City, as successor agency to the Former Agency, continues certain activities in former project areas, including housing obligations, it receives no significant tax increment other than that pledged to pay outstanding bonds of the Former Agency and with respect to certain housing obligations.

The City does not expect its administrative costs of serving as successor agency to the Former Agency to be significant and does not believe that any commitments of the Former Agency to community development projects or otherwise will have a negative impact of the City's finances.

Pursuant to the Section 34183(a)(1)(B) of the California Health and Safety Code, the portion of property taxes attributable to a property tax rate approved by the voters to make payments in support of pension programs or capital projects and programs related to the State Water Project (as defined in the Dissolution Act), and levied in addition to the 1% *ad valorem* tax, are allocated to, and when collected are paid into the fund of that taxing entity, unless the amounts are pledged as security for any indebtedness obligation to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by a former redevelopment agency and needed for repayment thereof. In connection with the Successor Agency's issuance of its Refunding Bonds, Series 2014A (Tax Exempt), Refunding Bonds, Series 2014B (Taxable), Refunding Bonds, Series 2021A and Series 2021B, Pension Tax Override Revenues generated in the former redevelopment project areas are included in the Redevelopment Property Tax Trust Fund ("RPTTF") and are available to the repayment of such bonds. In Fiscal Year 2021-22 the Successor Agency received approximately $5 million of Pension Tax Override Revenues, which were deposited into the RPTTF and then released to the City. In 2021, the Successor Agency issued its refunding bonds and projected that tax increment (excluding the Pension Tax Override Revenues) received by the Successor Agency would exceed debt service in each fiscal year ranging from 3.2x in Fiscal Year 2022-23 to 24.3x in Fiscal Year 2036-37. The final maturity of the Successor Agency's 2014 bonds is in Fiscal Year 2025-26, and the final maturity of the 2021 bonds is in Fiscal Year 2036-37. The Successor Agency did not need Pension Tax Override Revenues to meet its debt service obligations in Fiscal Year 2021-22, and the Successor Agency does not anticipate that Pension Tax Override Revenues will be needed in future years to pay debt service on any of its outstanding bonds.

Adopted Budgets. Table A-8 presents the City's Adopted and Revised Operating Budgets and the Mid-Year Budget Review for Fiscal Years 2020-21 and 2021-22, and the Adopted Operating Budget for Fiscal Year 2022-23.

Table A-8
City of Richmond
Summary of Revised and Actual Budget General Fund Revenues and Expenditures
For Fiscal Years 2020-21 through 2022-23

	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23
	Revised Budget	Actual	Revised Budget	Actual	Adopted Budget
Revenues:					
Property Tax	$ 44,065,406	$ 45,140,902	$ 45,233,561	$ 47,362,317	$ 46,056,962
Sales & Use Tax	44,379,717	48,998,406	51,993,736	45,149,351	55,282,200
Utility User Tax	44,562,759	45,240,705	46,522,663	46,810,921	49,963,589
Other Taxes	21,111,956	27,066,292	20,953,343	21,872,968	21,638,449
Licenses, Permits, & Fees	5,743,662	5,908,125	10,354,335	11,085,018	11,129,402
Fines & Forfeitures	641,966	454,778	468,897	374,429	475,275
Use of Money & Property	236,079	105,320	236,079	168,426	236,079
Charges for Services	3,726,555	4,057,864	3,424,459	3,477,242	3,571,292
Other Revenue	197,296	403,034	1,473,927	743,529	187,500
Rental Income	855,348	699,301	747,268	751,615	874,506
State and Local Taxes	87,405	81,571	90,000	127,228	125,000
State Grant Revenue	500,952	421,184	187,878	192,438	175,000
Other Grant Revenue	167,856	300,938	153,569	282,254	253,569
Proceeds from Sale of Property	70,215	71,458	100,000	6,788	100,000
Loan/Bond Proceeds	-	-	36,400	93,800	-
Operating Transfers – In	9,267,601	9,454,780	10,204,224	9,835,308	16,563,424
Total Revenues	$175,614,774	$188,404,657	$192,180,338	$188,333,633	$206,632,248
Expense:					
Salaries & Wages	72,576,831	69,477,203	75,783,748	70,794,766	78,761,868
Payroll/Fringe Benefits	60,511,340	60,032,737	62,143,352	59,833,933	66,929,804
Professional & Other Admin Services	10,336,606	7,956,432	17,063,733	9,753,690	16,977,138
Other Operating	5,588,174	5,348,275	7,222,218	5,489,125	7,970,902
Utilities	4,466,361	4,459,855	5,009,003	4,691,141	5,399,957
Equipment & Contractual Services.	2,324,774	1,830,319	2,561,348	2,050,397	2,731,448
Provision for Insurance Loss	13,343	12,343	27,673	26,673	25,725
Cost Pool	13,274,926	13,274,926	14,455,436	14,130,436	15,277,766
Asset & Capital Outlay	1,592,474	850,168	1,451,585	1,142,740	3,172,136
Debt Service Expenditures	1,049,749	1,047,339	1,065,359	1,054,059	1,037,009
A87 Cost Plan Reimbursement	(3,516,104)	(3,459,322)	(3,516,104)	(3,471,526)	(3,531,610)
Grant Expenditures	140,279	147,898	82,500	87,413	2,500
Operating Transfers – Out	6,579,514	16,631,247	12,801,419	8,204,406	11,877,605
Total Expense	$174,938,266	$177,609,420	$196,151,271	$173,787,254	$206,632,248
Operating Surplus/(Deficit)	$ 676,508	$ 10,795,237	$ (3,970,933)	$ 14,546,379	-

Source: City of Richmond, Finance Department.

Financial and Accounting Information

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and the standards established by the Governmental Accounting Standards Board (GASB). On a quarterly basis, a report is prepared for the City Council which reviews fiscal performance to date against the budget and recommends any necessary changes. Combined financial statements are produced following the close of each fiscal year.

The City Council employs an independent certified public accountant, who, at such time or times as specified by the City Council, at least annually, and at such other times as they determine, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, the independent accountant submits a final audit and report to the City Council. The City's complete audited financial report for Fiscal Year 2020-21 is attached as APPENDIX B–"THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021," and is also available on the City's website. Neither the City's independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the projected financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

The accounts of the City 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 that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major General Fund Revenue Sources

Following is a discussion of the City's principal General Fund revenue sources: utility user taxes, sales and use taxes, property taxes, and other charges, taxes, licenses, permits, and fees. A summary of the audited major sources for Fiscal Years from 2016-17 through 2020-22 and estimated actuals for Fiscal Year 2021-22 is set forth below.

Table A-9
City of Richmond
Summary of Estimated Major General Fund Tax Revenues
Fiscal Years 2016-17 through 2021-22

	2017	2018	2019	2020	2021	2022[4]
Property Taxes	$36,970,268	$38,961,021	$43,165,907	$44,142,773	$45,140,902	$47,362,317
Sales Taxes	41,620,188	44,474,973	47,659,480	44,537,156	48,998,406	51,993,736
Utility User Fees[1]	44,966,488	46,079,755	45,905,936	45,552,523	45,240,705	46,522,663
Other Taxes[2]	12,566,579	12,413,128	14,020,347	15,619,151	27,066,292	25,372,968
Licenses, Permits and Fees[3]	7,782,744	7,361,045	6,933,038	6,770,038	5,908,125	11,070,023

(1) Includes utility user tax on electricity, gas, cable tv, telecommunications, UUT tax settlement, and maximum cap amount.
(2) Includes documentary transfer tax, hotel tax, and franchise fees
(3) Includes business license taxes, fire department permits, community services program fees, and Police department fees.
(4) Estimated actuals.
Source: City of Richmond.

Property Taxes

Pursuant to Proposition 13, the City is entitled to levy its base 1% of the assessed value of all taxable property within the City. Additionally, pursuant to a voter-approved Pension Tax Override, the City is entitled to levy 0.14% of the assessed value of all taxable property within the City solely to fund pre-1978 pension benefits.

County Property Tax Collection Process and Assessed Valuation. The City uses the facilities of the County for the assessment and collection of property related taxes for City purposes. The assessed valuation of property is established by the County Assessor and reported at 100% of the full cash value as of January 1, except for public utility property, which is assessed by the State Board of Equalization. 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.

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

The California Community Redevelopment Law authorized redevelopment agencies to receive the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, the other local taxing authorities realized tax revenues from such properties only on the base-year valuations, which were frozen at the time a redevelopment project area was created. The tax revenues which resulted from increases in assessed valuations flowed to the redevelopment areas. The Dissolution Act and dissolved all redevelopment agencies, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of those dissolved redevelopment agencies and to administer the dissolution and wind down of the dissolved redevelopment agencies. See "–Dissolution of the Richmond Community Redevelopment Agency."

All property tax revenues that would have been allocated to redevelopment agencies, including the Former Agency, are allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the "successor agency" to pay indebtedness and other "enforceable obligations" (as defined in the Dissolution Act) and certain administrative costs. Any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies.

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

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in market value. A decline in assessed value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. Additionally, large property tax payers, as a matter of regular business practice, will appeal the assessed value of real property.

"Secured" property is real property which in the opinion of the County Assessor can serve as a lien to secure payment of taxes. "Utility" property is any property of a public utility which is assessed by the State Board of Equalization rather than the County Assessor, and which is also "secured" property.

The table below summarizes the assessed valuation of taxable property in the City for Fiscal Years 2017-18 through 2021-22. Table A-10 reflects the assessed valuation as determined by the County Assessor as of July 1 of each Fiscal Year, which value determines the property tax revenues of the City as reported for that Fiscal Year.

Table A-10
City of Richmond, California
Assessed Valuation of Taxable Property
Fiscal Years 2018-19 through 2022-23
(As of July 1)
(In Thousands)

	Local Secured	Utility	Unsecured	Total
2017-18	$13,176,583,825	$5,164,386	$ 994,374,563	$14,176,122,774
2018-19	14,280,416,383	4,544,484	1,043,273,227	15,328,234,094
2019-20	14,725,918,439	4,529,337	1,058,130,117	15,788,577,893
2020-21	15,382,739,011	4,471,704	1,075,562,973	16,462,773,688
2021-22	15,442,390,893	5,151,680	1,040,732,188	16,488,274,761

Sources: California Municipal Statistics.

Teeter Plan. The City is located within the County, who operates a "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan."

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

The valuation of property is determined as of January 1 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.

The County can elect to terminate its Teeter Plan for subsequent Fiscal Years, in which case the City would receive only the taxes and assessments actually collected and delinquent amounts when and if received. The County can also elect to terminate its Teeter Plan if more than 3% of the total tax levy is delinquent. The County has never terminated its Teeter Plan and has not informed the City of any plans to terminate its Teeter Plan.

The City receives its entire secured tax levy amount each year under the Teeter Plan. A history of tax levies and delinquencies for the last five Fiscal Years is shown in Table A-11.

Table A-11
City of Richmond
Secured Tax Levies and Delinquencies[1]
Fiscal Years 2016-17 through 2020-21

Fiscal Year Ended June 30	Total Current Fiscal Year Tax Levy[1]	Amount Delinquent as of June 30	Percent Current Levy Delinquent June 30
2016-17	$38,439,744.00	$264,287.00	0.69%
2017-18	39,902,627.00	242,530.00	0.61
2018-19	43,080,519.80	277,194.52	0.64
2019-20	44,251,629.56	361,643.66	0.82
2020-21	46,135,933.54	328,255.34	0.71

(1) All taxes collected by the County within the City.
Source: California Municipal Statistics, Inc.

Property Tax Receipts. The base 1% property tax receipts collected for the City by the County are set forth in Table A-12 below. In addition, pursuant to the voter-approved Pension Tax Override, the City is entitled to levy and collect 0.14% of the assessed value for all taxable property within the City to pay for pension costs. See "Pension Tax Override" below.

In preparing its annual budgets, the City forecasts property taxes based on each of the specific categories of receipts (secured and unsecured, current and delinquent receipts, supplemental, and State replacement funds). Prior to the Statewide dissolution of redevelopment agencies, current receipts were derived from the County Assessor's estimate of growth in assessed valuation, adjusted for estimates in growth for redevelopment project areas. Estimates of other property tax receipts are primarily based on historical collections.

Table A-12
City of Richmond
Property Tax Receipts[1]
Fiscal Years 2016-17 through 2020-21

	Property Tax		
Fiscal Year	Receipts	Percentage of Change	Percentage of General Fund Revenues[2]
2016-17	$36,970,269	0.0%	23.9%
2017-18	38,961,021	5.0	24.8
2018-19	43,165,908	10.8	26.0
2019-20	44,142,773	2.3	27.9
2020-21	45,140,902	2.3	25.2
2021-22	45,233,561	0.2	24.9

(1) Excludes *ad valorem* property tax override revenues available to pay certain pension obligations of the City. See "CITY DEBT SUMMARY–Outstanding Pension Obligations."
(2) Excludes transfers in.
Sources: The City of Richmond Audited Financial Statements for Fiscal Years, 2016-17 through 2020-21.

For Fiscal Year 2021-22, the City estimates that property tax receipts collected are approximately $45.2 million, representing an approximately 25% of estimated General Fund revenues (excluding transfers in).

Pension Tax Override Revenues. The City has levied and continues to levy an *ad valorem* property tax, at the rate of 0.14% of the assessed value of all taxable property within the City (of which the net to the City following deduction of County costs is approximately 0.12%), which is available solely to pay for the obligations of retirees and their eligible dependents who are part of the Police and Firemen's Pension Plan, the Garfield Plan, the General Pension Plan, as well as other pre-1978 benefits approved for general, safety, and miscellaneous employees enrolled in CalPERS (the "Pension Tax Override"). The Pension Tax Override was approved by the voters of the City prior to July 1, 1978. Pension Tax Override revenues, as received, are required to be deposited in the Secured Pension Override Fund. The Pension Tax Override revenues are not General Fund revenues of the City. The Pledged Pension Tax Override Revenues are pledged towards the payment of debt service on the Series 2022 Bonds and Additional Bonds up to the applicable Secured Annual Debt Service. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" and "APPENDIX D – "THE INDENTURE AND FIRST SUPPLEMENT – Appendix N." The table below shows Pension Tax Override receipts for Fiscal Years 2017-18 through 2021-22.

Table A-13
City of Richmond
Pension Tax Override Receipts
Fiscal Years 2017-18 through 2021-22

	Pension Tax Override	
Fiscal Year	**Receipts**	**Percentage of Change**
2017-18	$20,498,648	-
2018-19	22,077,896	7.7%
2019-20	22,512,891	2.0
2020-21	23,476,839	4.3
2021-22[(1)]	23,193,619	-1.2

(1) Estimated actuals.
Source: The City of Richmond

Largest Taxpayers. Set forth in Table A-14 are the 10 largest secured taxpayers in the City for Fiscal Year 2020-21, based on net assessed valuations within the City.

Table A-14
City of Richmond
Largest Property Taxpayers
Fiscal Year 2020-21
($ in 000's)

		2020-2021		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Chevron USA Inc.	Industrial	$ 3,489,775	1	21.32%
Guardian KW Hilltop LLC	Residential	209,287	2	1.28
Kaiser Foundation Hospitals	Industrial	91,884	3	0.56
LIPT Giant Road Inc.	Industrial	89,226	4	0.55
Richmond Essex, LP	Residential	81,861	5	0.50
Centerpoint Properties Trust	Industrial	56,312	6	0.34
Pacific Atlantic Terminals LLC	Industrial	54,639	7	0.33
Phillips 66 Company	Industrial	51,218	8	0.31
2930 Technology Court LLC	Institutional	50,870	9	0.31
KM Phoenix Holdings LLC	Industrial	50,412	10	0.31
Subtotal		$ 4,225,484		25.81%
Total Net Assessed Valuation: Fiscal Year 2020-2021		$16,371,402		

Source: The City of Richmond Audited Financial Statements for Fiscal Year ended June 30, 2021.

There can be no assurance any large property owner will not relocate outside of the City or file property tax appeals in the future which could significantly reduce the amount of property tax revenues available to the City. Certain of these taxpayers may own property located in one or more redevelopment areas of the City and the full amount of property taxes paid on such parcels may not contribute to the City's General Fund.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the County Assessment Appeals Board (the "Appeals Board") for a hearing and resolution. Hearings on appeals generally are expected to occur within two years of the filing date, although waivers and extensions are available. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Property tax assessment appeals were filed by Chevron for the years 2004 through 2012 challenging the assessed value of its refinery. Chevron disagreed with the determinations by the Appeals Board and filed three separate actions in Contra Costa Superior Court.

In Fiscal Year 2013-14, although assessed valuation Countywide increased approximately 3.5% ($4.87 billion), the assessed valuation within the City decreased by approximately 14.6% ($1.9 billion), most of which (approximately $1.1 billion or approximately 60%) was attributable to the removal from the roll of a parcel owned by Chevron that was assessed twice and the temporary reduction in assessed value of the Refinery facilities (described below) following a fire that occurred on August 6, 2012.

Sales and Use Taxes.

General. The sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The use tax is an excise tax imposed on a person for the storage, use or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes (collectively, "Sales Tax") imposed within the boundaries of the City are distributed by the State to various agencies as shown below in Table A-15. The total Sales Tax rate for the City as of April 1, 2022 is 9.25% and is allocated in the table below.

Table A-15
City of Richmond
Composition of Sales Tax Rate
(As April 1, 2022)

Taxing Entity	Rate
State[(1)]	7.25%
Regional – San Francisco Bay Area Rapid Transit District	0.50
Regional – Contra Costa County Transportation Authority	0.50
Regional – Contra Costa County – Measure X[(2)]	0.50
Local – City of Richmond – Measure Q[(3)]	0.50
Local – City of Richmond – Measure U[(4)]	0.50
TOTAL	9.75%

(1) Includes 1.00% allocated to local government for discretionary use and 0.25% allocated to county transportation funds.
(2) The authorization to collect this tax was approved by a majority of County voters in November 2020 and Continues until repealed.
(3) See "-Measure Q" below.
(4) See "-Measure U" below.
Source: California State Board of Equalization.

Measure Q. At the November 2004 General Election a majority of the voters approved a ballot measure imposing a one-half cents increase in the Sales Tax to restore public services, such as police, fire, libraries, and parks; to provide adequately competitive salaries to city employees; and for other governmental purposes as determined from time to time by the City Council. Measure Q became effective on April 1, 2005 and there is no expiration date for Measure Q.

Measure U (2014). At the November 2014 General Election, a majority of the voters approved a ballot measure imposing a one-half cent increase in the Sales Tax to maintain and enhance essential City services, such as public safety, public health and wellness programs and street paving Measure U became effective on April 1, 2015 and there is no expiration date for Measure U.

Table A-16 shows Sales Tax receipts, including vehicle license fees (the "VLF") and their respective percentage of General Fund revenues (excluding transfers in) from Fiscal Year 2017-18 through 2021-22.

Table A-16
City of Richmond
Sales Tax Receipts
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Sales Tax Receipts[1]	% Change	Percentage of General Fund Revenues[2]	GF Revenues Minus Op Transfer-In	
2017-18	$44,474,973	-	28.3%	-	
2018-19	47,659,481	7.160%	28.7	$166,077,293	Actual
2019-20[3]	44,537,156	-6.551	27.2	163,650,253	Actual
2020-21	48,998,406	10.017	27.4	178,949,877	Actual
2021-22[4]	51,993,736	6.113	28.6	181,976,114	Revised Budget

(1) Includes VLF as the City's financial management system and annual comprehensive financial report combine Sales Tax and VLF revenues.
(2) Excludes operating transfers in.
(3) Decline is attributable to reduction in sales due to COVID-19.
(4) Estimated actuals.
Sources: The City of Richmond Audited Financial Statements for Fiscal Years 2017-18 through Fiscal Year 2021-22; the City of Richmond.

For Fiscal Year 2021-22, the City estimates that sales tax receipts collected are approximately $51.9 million, representing approximately 28.6% of estimated General Fund revenues (excluding transfers in).

Table A-17 sets forth a history of taxable sales for the City for calendar years 2017 through 2021 (the most recent annual data available).

Table A-17
City of Richmond
Taxable Sales
($ in thousands)[1]

	2017	2018	2019	2020	2021[2]
Motor Vehicle and Parts Dealers	$ 307,788	$ 274,929	$ 273,230	$ 237,175	$ 271,886
Home Furnishings and Appliance Stores	19,648	37,773	27,803	18,727	20,564
Building and Material and Garden Equipment and Supplies Dealers	81,334	84,094	87,283	89,296	94,138
Food and Beverage Stores	42,687	46,132	49,677	50,421	49,928
Gasoline Stations	242,862	282,776	240,497	133,391	169,424
Clothing and Clothing Accessories Stores	33,366	33,059	31,633	15,279	25,622
General Merchandise Stores	211,241	266,163	270,491	247,263	268,511
Food Services and Drinking Places	86,982	89,319	93,858	69,137	83,518
Other Retail Group	52,671	59,630	626,886	72,006	100,102
SUBTOTAL RETAIL AND FOOD STORES	$1,078,579	$1,173,878	$1,137,164	$ 932,700	$1,083,696
All Other Outlets	318,752	400,436	339,151	341,112	344,556
TOTAL ALL OUTLETS	$1,397,331	$1,574,314	$1,476,315	$1,273,812	$1,428,253

(1) Columns may not add due to rounding.
(2) Most recent annual data available.
Source: California Department of Tax and Fee Administration ("CDTFA"). CDTFA reports taxable sales on a calendar year basis.

The City receives revenue from the State consisting of the VLF and property tax in lieu of VLF (also known as the "VLF Backfill"). The City receives additional property tax to replace VLF revenue that were

reduced when the State repealed the State general fund backfill for the reduction in the VLF. For the last five Fiscal Years, this source of revenue.

Utility Users Tax

General. The City collects a tax (the "Utility Users Tax") from utility users within the City's boundaries. Such users are charged a tax based on a percentage of the total bill. A tax equal to 10% is charged for electricity and gas services; 9.5% for telecommunications services, including wired and wireless phone services and text messages; 9.0% for prepaid wireless services; and 5% for video and cable television services. The tax is not applicable to State, County, or City agencies, insurance companies or banks. The Richmond Municipal Code Section 13.52.100 provides that any electric service user may annually elect to pay a maximum Utility Users Tax (the "Maximum UUT") that is calculated as the base amount of $1,148,137.54 for each percent of tax imposed for any tax year, which base amount is then adjusted annually by that percentage which is 90% of the total percentage of change in the United States Department of Labor, Bureau of Labor Statistics' Gas (piped) and Electric Consumer Price Index For All Consumers Urban for the San Francisco/Oakland/San Jose Area calculated on the basis of the two consecutive and most recently completed years for which data is available from the United States Department of Labor. In order to elect to pay the Maximum UUT, a user of the electric service must enter into an agreement with the City Tax Administrator prior to the commencement of the tax year to pay the maximum tax liability directly to the City during the tax year. No portion of the Maximum UUT is refundable in the event the service user subsequently determines that its tax liability under this chapter would have been less than the Maximum UUT calculated as described above. In Fiscal Year 2021-22, the UUT, along with Measure T settlement payments as described below, are estimated to constitute approximately 25.57% of General Fund revenues (excluding transfers in).

Chevron. The Utility Users Tax includes amounts paid by Chevron pursuant to two separate revenue streams related to the Chevron Refinery: (i) Utility Users Tax payments (described above), and (ii) scheduled settlement payments in connection with the Measure T Tax Settlement Agreement. See "*–Business License Act Tax ("Measure T")*." These two Chevron-related revenue streams account for more than 65% of the Utility Users Tax as a whole.

Business License Act Tax ("Measure T"). On November 4, 2008, the voters of the City approved Measure T imposing a tax on manufacturing businesses effective January 1, 2009 in an amount equal to the greater of: (i) the tax that would be paid by other general businesses, which is primarily based on the number of employees; or (ii) a flat fee equal to 0.25% of the value of the raw materials used in the manufacturing process.

Chevron filed suit in Contra Costa Superior Court (*Chevron v. City of Richmond*) alleging that Measure T violated: (i) the commerce clause of the U.S. Constitution and parallel principles in the State Constitution by being not fairly related to the services provided by the City, by burdening commerce and by other means, (ii) State laws that ban taxes on business inventory, and (iii) State regulations on local sales and use taxes. The City continued to collect the tax and held such amounts in reserve pending resolution of the litigation.

Following a trial in which the court invalidated Measure T as a violation of the commerce clause and the Bradley Burns Act (which allows local governments to collect a 1% sales tax), in December 2009, the City was ordered to refund the taxes Chevron paid under Measure T and pay $1.2 million in prejudgment interest. In February 2010, the City refunded the taxes collected in the amount of $20.9 million but did not pay the prejudgment interest. On March 9, 2010, the City filed an appeal.

On May 11, 2010, the City Council approved execution of a settlement agreement (the "Measure T Settlement Agreement") with Chevron to resolve the remaining Measure T issues and other outstanding matters that requires: (i) the City to dismiss its appeal of the trial court decision invalidating Measure T, and (ii) Chevron to: (a) waive the Measure T prejudgment interest; (b) agree not to submit a proposed initiative that would amend the Utility Users Tax; (c) agree to pay to the City a total of $114 million over 15 years ($10 million in each of Fiscal Years 2010-11 and 2011-12; $13 million in each of Fiscal Year 2012-13 through 2014-15; $7 million in

each of Fiscal Year 2015-16 through 2018-19, and $4 million in each of Fiscal Year 2020-21 through 2024-25) in addition to its liability to pay Utility Users Tax; (d) continue to make the payments under the Measure T Settlement Agreement if a new tax measure is enacted by the voters during the term of the settlement agreement that would otherwise increase Chevron's tax liability; and (e) affirm its Community Benefits Agreement obligations with respect to support for providing fence line air quality monitoring and collection and Greenprint transportation funding in the amount of $2 million payable in three equal installments commencing July 1, 2010, in connection with the court invalidating the approval by the City of the Chevron Hydrogen Renewal Project. In the event that a force of nature substantially destroys the Chevron refinery, the Measure T Settlement Agreement will terminate. Upon the sale of the refinery, either the City or Chevron could elect to terminate the Measure T Settlement Agreement. Chevron has timely made all payments to date. In 2025, any of Chevron or the City, or the voters of the City by initiative, have the option to call an election to eliminate that Maximum Tax Payable provision of the Measure T Settlement Agreement.

Business Tax (Measure U) (2020).

On November 3, 2020, voters within the City approved changes to the business tax calculation methodology set forth in Measure T to be based on gross receipts in the City of Richmond instead of the methodology set forth in Measure T. Measure U, *which is separate and distinct from the City's Measure U 2014 half cent sales tax*, became effective on January 1, 2022. Businesses that are issued a new business license or renew a business license on or after January 1, 2022 will be subject the business tax pursuant to Measure U and will no longer be subject to the payment of the Measure T business tax. The new model calculates the business tax based on the amount of gross receipts (total amount of money received in connection with any sale) in the City by the business and then charges a specific percentage based on the type of business and the amount of revenue generated. The tax to businesses is based on a range from 0.075% to 1.395% of gross receipts. The new business tax rates under the Measure U became effective on January 1, 2022. From January 1, 2022 through June 30, 2022, the City has collected $7.4 million in revenues through the Measure U business tax.

Utility Users Tax Receipts and Settlements. Table A-18A shows Utility Users Tax, the Measure T Settlement receipts received from Chevron, and the respective aggregate percentage of General Fund revenues (excluding transfers in) from these sources from Fiscal Year 2017-18 through Fiscal Year 2021-22. Table A-18B shows the top 10 Utility Users Taxpayers in alphabetical order Fiscal Year 2021-22.

Table A-18A
City of Richmond
Utility Users Tax Receipts and Measure T Settlement
Fiscal Years 2017-18 through 2021-22

Fiscal Year	UUT Receipts	Measure T Settlements	Total	% Change	Percentage of General Fund Revenues†
2017-18	$39,079,755	$7,000,000	$46,079,755	2.48%	29.33%
2018-19	$38,905,936	$7,000,000	$45,905,936	-0.38%	27.64%
2019-20	$38,552,523	$7,000,000	$45,552,523	-0.77%	27.84%
2020-21	$41,240,705	$4,000,000	$45,240,705	-0.68%	25.28%
2021-22(1)	$42,522,663	$4,000,000	$46,522,663	2.83%	25.57%

† Excludes transfers in.
(1) Estimated actuals.
Sources: City of Richmond Finance Department.

For Fiscal Year 2021-22, the City estimates that utility user tax receipts and Measure T Settlement payments collected are approximately $46.5 million, representing approximately 25.57% of estimated General Fund revenues (excluding transfers in).

Table A-18B
City of Richmond
Top Ten Utility Users Taxpayers
(Alphabetical Order)
Fiscal Year 2021-22

Taxpayer	Type of Business (A)
Chevron	Industrial
Comcast	Cable
Constellation New Energy	Utility
Direct Energy	Utility
GTE Mobilnet of California Ltd	Telecommunications
Marin Clean Energy	Utility
New Cingular Wireless	Telecommunications
Pacific Bell	Telecommunications
PG&E	Utility
T-Mobile	Telecommunications

Other Taxes. Other taxes consist primarily of the documentary transfer taxes; electricity, heat and power, garbage, gas, gas pipeline, and transfer station franchise fees; and transient occupancy taxes. The Fiscal Year 2021-22 Mid-Year Budget Review estimates that the City will collect approximately $21.0 million from these sources, representing approximately 10.9% of General Fund revenues (excluding transfers in).

See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A" in the front of this Official Statement.

Documentary Transfer Tax. In November 2018, the voters within the City passed Measure H which authorized the City to collect a tax (the "Documentary Transfer Tax") on all transfers by deeds, instruments, writings or any other document by which lands, tenements, or other interests in real property are sold. Measure H called for a new tiered calculation for the Documentary Transfer Tax. The tax rate goes up based on the sale price of the property. The rate of 0.70% did not change for sales under $1 million, but for sales from $1 million and above the rates changed accordingly:

Measure H				
Sale Price	$1 to $999,999	$1M to $2,999,999	$3M to $9,999,999	$10M and above
Amount per $1,000	$7.00	$12.50	$25.00	$30.00
Rate	0.70%	1.25%	2.50%	3.00%

Even before the new tiered system, the Documentary Transfer Tax was one of the most volatile of revenue streams for the City. A few sales can have a dramatic impact on the General Fund. In FY2017-18, before the new tiered rate structure was approved and put in place, the transfer tax collected totaled $6.5 million. In FY2018-19, with half a year a year of the rate structure, the tax collected went up to $8.0 million. In FY2019-20 it went up modestly to $8.7 million. Finally, in FY2020-21, due to a few very large sales it increased significantly to $19.9 million.

For Fiscal Year 2021-22, the City has collected approximately $18.6 million from this source, representing approximately 9.7% of General Fund revenues (excluding transfers in).

Charges for Services. This source of revenue represents amounts charged by City departments (primarily Fire and Police) and the Department of Infrastructure Maintenance and Operations for services provided to third

parties. The City estimates that for Fiscal Year 2021-22 the City has collected approximately $3.4 million from this source, representing approximately 1.8% of General Fund revenues (excluding transfers in).

Licenses, Permits, and Fees. Other sources of City revenues include business license tax, fire department permits, community services program fees, and police department fees. The City estimates that for Fiscal Year 2021-22 the City has collected approximately $11.1 million from this source, representing approximately 5.9% of General Fund revenues (excluding transfers in).

City Employees; Collective Bargaining

The following table shows the number of full time employees for Fiscal Years 2017-18 through 2021-22. For Fiscal Year 2022-23, the City has budgeted 710.9 permanent, full-time equivalent positions. The City currently employs 706 full-time equivalent positions.

Table A-19
City of Richmond
Full-Time Equivalent Positions
Fiscal Years 2017-18 through 2021-22

Fiscal Year	FTE Positions
2017-18	722.7
2018-19	733.2
2019-20	669.5
2020-21	680.5
2021-22	706.1[(1)]

(1) Based on Mid-year Revised Budget for Fiscal Year 2021-22.
Source: City of Richmond.

The City's employees are currently represented by six collective bargaining units, as follows: Fire Fighters, Fire Management, General, Management, Police Management and Police Officers. Table A-20 summarizes the employees represented by labor organizations. These six organizations cover approximately 96.9% of all City employees.

Table A-20
City of Richmond
Summary of Labor Agreements

Employee Representation Organization[1]	Employee Members	Contract Expiration	Negotiated Changes to Future Compensation
Fire Fighters I.A.F.F., Local 188[2]	78	June 30, 2022	TBD
Fire Management, RFMA[2]	45	June 30, 2022	TBD
General (Part time), S.E.I.U. Local 1021	127	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
General (Full time), S.E.I.U. Local 1021	231	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Management, IFPTE Local 21	100	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Police Management Association[2]	7	December 31, 2022	TBD
Police Officers Association[2]	114	June 30, 2022	TBD
Executive Management	28	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Total	690		

(1) As of January 1, 2013, all new hires became subject to PEPRA requirements. See "–Pension Plans–Pension Reform."
(2) In negotiation.
Source: City of Richmond, Human Resources Department.

Pension Plans

The City contributes to a multiple-employer defined benefit retirement plan ("PERF") administered by the California Public Employees' Retirement System ("CalPERS") as well as three separate City-administered, single-employer, defined-benefit pension plans, being the General Pension Plan, the Police and Firemen's Pension Plan and the Garfield Pension Plan. **CalPERS does not manage any of the three separate City-administered pension plans.** For information regarding the three City-administered plans, see *"–City Administered Pension Plans*." The following information is based upon the City's ACFR for Fiscal Year 2020-2021 and the CalPERS 2020 Actuarial Valuation. Since that time, CalPERS has provided the 2021 Actuarial Valuation for each of the Miscellaneous Plan and the Public Safety Plan and such valuations are shown in APPENDIX G.

California Public Employees' Retirement System. *The following information concerning CalPERS and PERF has been obtained from publicly available information on the CalPERS and State Treasurer websites. The City believes such information to be reliable, however the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

CalPERS does not prepare department specific information for its members. The following information related to the City includes costs for all City departments, including those funded by the General Fund.

The City contributes to PERF, a multiple-employer, public employee, defined benefit, pension plan. PERF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

In July, 2021, prior to the delivery by the City's outside auditor of the City's 2021 ACFR, the City received its annual actuarial reports based on CalPERS' June 30, 2020 valuation, which set forth the City's Employer Contributions for Fiscal Year 2022-23. Based on CalPERS' June 30, 2020 valuation, for the Miscellaneous Plan, the City's required contribution for Fiscal Year 2022-23 was $15.95 million, and for the Safety Plan, the City's required contribution was $25.54 million.

On November 17, 2021, the CalPERS Board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions for public agencies. In addition, the CalPERS Board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

In July, 2022, the City received the City received its annual actuarial reports based on CalPERS' June 30, 2021 valuation, which incorporate the various actuarial changes discussed in the prior paragraph and which establish the City's required contributions for FY 2023-24. Based on CalPERS' June 30, 2021 valuation, the City's projected employer contributions for Fiscal Year 2023-24 are $14.52 million for the Miscellaneous Plan and $24.76 million for the Safety Plan. See Appendix G for the complete actuarial reports received by the City in July, 2022, based on CalPERS' June 30, 2021 valuation.

Plan Descriptions. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees of the City hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% at age 55 Benefit Formula or the Safety Plan under the 3.0% at age 50 (Police) or 3.0% at age 55 (Fire) Benefit Formula. PEPRA is applicable to employees new to CalPERS and hired after December 31, 2012. Employees at the City hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% at age 62 Benefit Formula or the 2.7% at age 57 (Police and Fire) Benefit Formula.

The Plans' provisions and benefits in effect as of June 30, 2021, are summarized as follows:

	Miscellaneous	
Hire Date	**Prior to January 1, 2013**	**On or After January 1, 2013**
Benefit formula	2.7% @55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 – 67
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	13.42%	13.42%
Required UAL Contribution (FY 2021-22)	$10,090,307	

Hire Date	**Safety – Police Prior to January 1, 2013**	**Safety – Fire Prior to January 1, 2013**	**Safety – Police and Fire On or after January 1, 2013**
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 – 55	50 – 57
Monthly benefits as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	2.4% to 3.0%	12.50%
Required employer contribution rates	22.447%	9.00%[(1)]	22.447%
Required UAL Contribution (FY 2021-22)		$14,418,684	

(1) Effective July 1, 2015, Safety (Police and Fire) employees hired prior to January 1, 2013 pay 3% of the employer's required contribution. Therefore, the required employer contribution rate is 19.447% and required employee contribution rate is 12%.

Beginning in Fiscal Year 2015-16, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability ("UAL"). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for Fiscal Year 2021-22 were $10,090,307 and $14,418,684, respectively, as noted in the table above.

Employees Covered. As of the June 30, 2019 actuarial valuation date and the June 30, 2020 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2019	**June 30, 2020**	**June 30, 2019**	**June 30, 2020**
Inactive employees or beneficiaries currently receiving benefits	958	976	517	532
Inactive employees entitled to but not yet receiving benefits	523	553	81	86
Active employees	459	428	243	232
Total	1,940	1,957	841	850

As of June 30, 2021, the City had 413 active employees in the Miscellaneous Plan and 220 active employees in the Safety Plan.

Contributions. The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined annually by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued

liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For Fiscal Years 2020-21 and 2021-22, the actuarially determined contributions for the Miscellaneous Plan were $14,612,575 and $13,942,560, respectively, and for the Safety Plan was $21,598,699 and $20,744,824, respectively, and are budgeted at $16,293,156 for the Miscellaneous Plan and $24,213,742 for the Safety Plan for Fiscal Year 2022-23. See "Table A-25 City of Richmond Actuarial Determined Contribution" below.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous[(1)]	Safety[(1)]
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality	Derived using CalPERS' membership data for all funds	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	Contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate. The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund ("PERF") will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

For additional information regarding the CalPERS plans see APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 10 – Defined Benefits Pension Plans."

Changes in Net Pension Liability. The changes in the Net Pension Liability as of the June 30, 2020 Measurement Date for each Plan follows:

Table A-21
City of Richmond
Changes in the Net Pension Liability
Miscellaneous and Safety Plans
(CalPERS)

Miscellaneous Plan:	**Increase (Decrease)**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2019 Measurement Data	$ 504,296,912	$373,530,332	$130,766,580
Changes in the year:			
Service Cost	$ 7,529,439	-	$ 7,529,439
Interest on the total pension liability	34,974,846	-	34,974,846
Differences between actual and expected experience	(4,393,691)	-	34,974,846
Contribution – employer	-	13,778,755	(13,778,755)
Contribution – employees	-	2,749,990	(2,749,990)
Net investment income	-	18,237,576	(18,237,576)
Administrative expenses	-	(526,586)	526,586
Benefit payments, including refunds of employee contributions	(29,018,486)	(29,018,486)	-
Net changes	$ 9,092,108	$ 5,221,249	$ 3,870,859
Balance at June 30, 2020 Measurement Date	$ 513,389,020	$378,751,581	$134,637,439

Safety Plan:	**Increase(Decrease)**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2019 Measurement Date	$ 676,597,009	$469,826,178	$206,770,831
Changes in year:			
Service cost	$ 10,958,278	-	$ 10,958,278
Interest on the total pension liability	47,218,257	-	47,218,257
Differences between actual and expected experience	(2,189,929)	-	(2,189,929)
Contribution – employer	-	19,362,087	(19,362,087)
Contribution – employees	-	4,232,707	(4,232,707)
Net investment income	-	22,875,702	(22,875,702)
Administrative expenses	-	(662,340)	662,340
Benefit payments, including refunds of employee contributions	(38,982,005)	(38,982,005)	-
Net changes	$ 17,004,601	$ 6,826,151	$ 10,178,450
Balance at June 30, 2020 Measurement Date	$ 693,601,610	$476,652,329	$216,949,281
Totals – Miscellaneous and Safety Plans	$1,206,990,630	$855,403,910	$351,586,720

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	**Safety**
1% Decrease	6.15%	6.15%
Net Pension Liability	$196,335,201	$305,868,453
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$134,637,439	$216,949,281
1% Increase	8.15%	8.15%
Net Pension Liability	$ 83,177,322	$143,617,664

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

City Administered Pension Plans. The City administers three closed single-employer defined benefit pension plans which are funded entirely by City contributions: the Police and Firemen's Pension Plan, the Garfield Pension Plan, and the General Pension Plan (collectively, the "City Plans"). The General Pension Plan, a defined benefit pension plan, funds retirement and other benefits payable to 12 former City employees (or their beneficiaries) who are not covered by CalPERS. The Police and Firemen's Pension Plan is a defined benefit pension plan covering the 98 police and fire personnel employed by the City prior to October 1964. The Police and Firemen's Pension Plan is closed to new members, and substantially all of its current members are retired. Funding for the Police and Firemen's Pension Plan is provided from the Pension Reserve Trust Fund. Under the third plan, pursuant to a contractual agreement, the City maintains the Garfield Pension Plan to fund defined retirement and other benefits due to a retired Chief of Police of the City. For additional information regarding the City Administered Pension Plans, including investment policies, net pension liability, expenses and financial statements see APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 11 – DEFINED BENEFIT PENSION PLANS Other City Pension Plans."

These City Plans provide retirement, disability, and death benefits based on the employer's years of service, age and final compensation. Benefit provisions for the City Plans are established by City Ordinance. No separate financial statements are issued for these City Plans.

Pension Tax Override Revenues. The City has levied and continues to levy an *ad valorem* property tax, at the rate of 0.14% of the assessed value of all taxable property within the City (of which the net to the City following deduction of County costs is approximately 0.12%), which is available solely to pay for the obligations of retirees and their eligible dependents who are part of the Police and Firemen's Pension Plan, the Garfield Plan, the General Pension Plan, as well as other pre-1978 benefits approved for general, safety, and miscellaneous employees enrolled in CalPERS (the "Pension Tax Override"). The Pension Tax Override was approved by the voters of the City prior to July 1, 1978. Pension Tax Override revenues, as received, are required to be deposited in the Secured Pension Override Special Revenue Fund. The Pension Tax Override revenues are not General Fund revenues of the City. An estimated summary of Pension Tax Override revenues received in Fiscal Year 2020-21, the pension obligations paid, and the surplus, if any, remaining for payment of certain other pension obligations is presented in the table below.

Fiscal Year 2020-21 Pension Tax Override Revenues

Total Pension Tax Override Received	$23,193,619
Less: Series 2005 Bonds Intercept (Pension Tax Override Portion Only)[(1)]	12,659,853
Less: Series 1999A Bonds Debt Service[(2)]	1,092,338
Less: Legacy Plan Pension Costs[(3)]	64,820
Surplus Transferred to General Fund to pay Pension Costs[(2)]	9,376,608

(1) To be advanced refunded with a portion of the Series 2022 Bonds.
(2) To be defeased concurrently with the issuance of the Series 2022 Bonds.
(3) Represents the annual required contributions for the Police and Firemen's, the Garfield, and the General Pension Plans. "FINANCIAL OPERATIONS–Pension Plans."
(4) Surplus amounts are applied to pay other pension obligations of the City approved by the voter prior to July 1, 1978. Any deficit is payable from the General Fund.
Source: City of Richmond, Finance Department.

See also "CITY DEBT SUMMARY–Outstanding Pension Obligations."

The changes in net pension liability for the City Plans for Fiscal Year 2020-21 is presented below:

Table A-22
City of Richmond
Changes in the Net Pension Liability
All City Pension Plans

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2020	$ 303,693	$ 297,069	$ 6,624
Changes in the year:			
Interest on the total pension liability	$ 4,877	-	$ 4,877
Differences between actual and expected experience	51,995	-	51,995
Changes in assumptions	10,397	-	10,397
Net investment income	-	1,984	(1,984)
Benefit payments, including refunds of employee contributions	(50,048)	(50,048)	-
Net changes	17,221	(48,064)	65,285
Balance at June 30, 2021	$ 320,914	$ 249,005	$ 71,909
Plan fiduciary net position as a percentage of the total pension liability			77.59%
Total – Net Pension Liability	$10,801,760	$14,455,878	$(3,654,118)

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

Other Post-Employment Benefits

In addition to the retirement and pension benefits described above, the City provides OPEB for medical and dental. The City has two Other Post-Employment Benefits ("OPEB") plans, one for general employees of the City and one specifically for those who are members of the RPOA. In order to qualify for these benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that varies by employment classification. In addition, certain eligibility rules and contribution requirements apply for future retirees, followed by current retirees as specified in City ordinances. For information regarding the eligibility rules and contribution requirements for each bargaining unit, see APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 12 – Other Postemployment Benefits."

City OPEB Plan

Funding Policy. During Fiscal Year 2007-08, the City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple employer trust administered by PARS. The balance in the City's PARS trust account for the City OPEB Plan as of June 30, 2022 was $31,123,968.58. PARS issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the PARS financial report may be obtained from the Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

The City's policy for the City OPEB Plan is to partially prefund these benefits by accumulating assets with PARS discussed above, along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006. In July 2016, the City adopted an additional funding policy to place into the PARS trust half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. The City did not make any additional transfers to the PARS trust during Fiscal Year 2020-21. The City administers City OPEB Plan trust. As of the June 30, 2019 valuation date, membership in the City OPEB plan consisted of 1,136 members (485 active employees electing coverage, 31 active employees waiving coverage, and 620 retiree and beneficiaries receiving benefits).

The City's employer contribution for the City OPEB plan was $2,047,000 for Fiscal Year 2021-22 and is budgeted at $1,757,000 for Fiscal Year 2022-23.

RPOA OPEB Plan.

A new Richmond Police Officers Association (RPOA) contract was implemented on January 17, 2017. The new RPOA plan includes members who were actively employed as of the January 17, 2017 contract date. The RPOA members were transferred from the City OPEB Plan to the new RPOA OPEB Plan during fiscal year 2019. The California Employers' Retiree Benefit Trust (CERBT) issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

The RPOA plan has assets designated for OPEB. These assets are invested in California Employers' Retiree Benefit Trust (CERBT) Strategy 2, which is a qualified irrevocable trust. Annual contributions by the City are made on an ad hoc basis as funds are available. Benefit payments are not expected to be made from the trust in the near future. The City currently pays the annual retiree benefit payments using its General Fund resources plus the annual active member contributions. As of Fiscal Year 2018-2019, the City established a new OPEB Trust for the RPOA active and future members as of January 17, 2017. As of the June 30, 2019 valuation date, membership in the RPOA OPEB plan consisted of 157 members (145 active employees electing coverage, 2 active employees waiving coverage, and 10 retiree and beneficiaries receiving benefits).

The City's employer contribution for the RPOA OPEB plan was $2,047,000 for Fiscal Year 2021-22 and is budgeted at $1,757,000 for Fiscal Year 2022-23.

The balance in the CERBT trust account for the RPOA Plan was $6,307,879 as of June 30, 2021.

Actuarial Assumptions. The total OPEB liability for each plan was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2021 using standard update procedures.

The City OPEB Plan valuation used the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

	City OPEB Plan Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.75%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study
Healthcare Cost Trend Rates:	
Health – Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years
Health – Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

The long-term expected rate of return on the City OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current assumed invest rate of return is 5.75%.

The RPOA OPEB plan valuation used the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

	RPOA OPEB Plan Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
CM Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.50%
Index Rate for 20 year, tax exempt municipal bonds	1.92%
Mortality	Based on assumptions for Public Agency Police members published in the December 2017 CaIPERS Experience Study.
Healthcare Cost Trend Rates:	
Health - Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years

Health - Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

Discount rate - The discount rate used to measure the total City OPEB liability was 5.75% for the City OPEB Plan and 5.50% for the RPOA OPEB Plan. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on City OPEB plan investments was applied to all periods of projected benefit payments to determine the total City OPEB liability.

Changes in Net OPEB Liability for the City OPEB Plan. The changes in the net OPEB liability for the City OPEB Plan is as follows:

	Total OPEB Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balance at June 30, 2021	$120,302,967	$22,861,318	$97,441,649
Changes Recognized for the Measurement Period:			
Service Cost	2,072,961	-	2,072,961
Interest on the total OPEB liability	6,846,932	-	6,846,932
Differences between expected and actual experience [1]	(140,135)	-	(140,135)
Changes of assumptions	1,173,106	-	1,173,106
Contributions from the employer	-	9,515,699	(9,515,699)
Contributions from the employee	-	623,088	(623,088)
Net investment income	-	6,562,745	(6,562,745)
Administrative expenses	-	(111,868)	111,868
Benefit payments[2]	(7,011,178)	(7,011,178)	-
Net change.	$ 2,941,686	$ 9,578,486	$ (6,636,800)
Balance at June 30, 2021	$123,244,653	$32,439,804	$90,804,849

(1) Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.

(2) Benefit payments are comprised of $4,503,989 explicit subsidy payments to retirees and $2,507,189 implicit subsidy costs incurred during the measurement period ending June 30, 2021.

Changes in Net OPEB Liability for the RPOA OPEB Plan. The changes in the net OPEB liability for the RPOA OPEB Plan is as follows:

	Total OPEB Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balance at June 30, 2021	$25,981,762	$4,170,603	$21,811,159
Changes Recognized for the Measurement Period:			
Service Cost	1,871,012	-	1,871,012
Interest on the total OPEB liability	800,939	-	800,939
Differences between expected and actual experience [1]	10,367	-	10,367
Changes of assumptions	(9,082,375)	-	(9,082,375)
Contributions from the employer	-	1,028,868	(1,028,868)
Contributions from the employee	-	453,163	(453,163)
Net investment income	-	935,134	(935,134)
Administrative expenses	-	(2,612)	2,612
Benefit payments[2]	(277,277)	(277,277)	-
Net change.	$ (6,677,334)	$2,137,276	$(8,815,574)
Balance at June 30, 2021	$19,304,428	$6,307,879	$12,996,549

(1) Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.

(2) Benefit payments are comprised of $199,362 explicit subsidy payments to retirees and $77,645 implicit subsidy costs incurred during the measurement period ending June 30, 2021.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates. The following presents the net OPEB liability of both plans, as well as what the net OPEB liabilities would be if it were calculated using the discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

City OPEB Plan:

Net OPEB Liability/(Asset)		
	Current	
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.75%	5.75%	6.75%
$105,088,635	$90,804,849	$78,834,871

RPOA OPEB Plan

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.50%	5.50%	6.50%
$15,893,234	$12,996,659	$10,610,378

The following presents the net OPEB liability of both Plans, as well as what the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

City OPEB Plan

Net OPEB Liability/(Asset)		
	Current Healthcare Cost Trend Rates Various - See Assumptions Above	
1% Decrease		1% Increase
$79,021,375	$90,804,849	$104,891,041

RPOA OPEB Plan

Net OPEB Liability/(Asset) Healthcare Cost Trend		
	Current Healthcare Cost Trend Rates Various - See Assumptions Above	
1% Decrease		1% Increase
$11,122,153	$12,996,549	$15,503,624

Section 115 Trust

On July 19, 2022, the City Council authorized the establishment of a new and separate Section 115 Trust for Pension and OPEB liabilities. The City has not currently funded this Section 115 Trust and will evaluate its future contributions to the Section 115 trust.

Risk Management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation in 1976. In July 2009 the City joined the California Joint Powers Risk Management Authority (CJPRMA) for general liability and employment practices coverage. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

Excess coverage for the risk categories excluding inverse condemnation is provided by policies with various commercial insurance carriers. Self-insurance and insurance company limits are as follows:

Type of Coverage	Self-Insurance/Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	Earthquake 5% of total insured value of each building; minimum $100,000 All others: $25,000	$50,000,000 inclusive of deductible	Various
Crime/Employee Dishonesty	$2,500 per claim	$15,000,000 inclusive of deductible	National Union Fire Insurance Company
Property	$100,000 per claim; except flood zones A & V that have a deductible of $250,000	$400,000,000 inclusive of deductible $100,000,000 limit for flood all zones, except zones A & V, which have a limit of $50,000,000	Various
Boiler and Machinery	$100,000 per claim	$100,000,000 inclusive of deductible	Various
Port Liability	$25,000 per claim	$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	$1,000,000 per occurrence; $2,000,000 aggregate	Evanston Insurance
Excess Workers' Compensation	$750,000 per claim	Statutory limit	Various
Student Volunteer	N/A	$50,000 limit	Ace American
Pollution Liability – Policy 1	$250,000 per claim	$20,000,000 inclusive of deductible	ACE – Illinois-Union
Pollution Liability – Policy 2	$75,000 per claim	$5,000,000 limit	Illinois-Union
Cyber Liability	$100,000 per claim	$2,000,000 limit	Lloyds of London

CJPRMA

The CJPRMA provides coverage against the following types of loss risks under the terms of a joint powers agreement with the City as follows:

Type of Coverage (Deductible)	Coverage Limits
Property ($100,000)	$5,000,000
Liability ($500,000)	40,000,000
Employment Practices ($500,000)	5,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. On such claims the City's deductible is $750,000. The City paid contributions of $1,274,804 for the year ended June 30, 2021. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit, and the City retains a self-insured retention of $750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of $383,262 for the year ended June 30, 2021. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

Housing Authority Insurance Group

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost.

The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

Property	Annual Premium	Deductible
Nevin Plaza (#1)	$26,780	$25,000
Nystrom Village	16,104	25,000
Administration Office	1,655	25,000
Hacienda	61,950	25,000

All of the Housing Authority properties are included in the general liability coverage under the CJPRMA program.

Liability for Self-Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and includes amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2021, the estimated claims payable of $44,392,339 consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves Internal Service Fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3% and an 80% confidence level. The undiscounted claims totaled $46,630,000 at June 30, 2021. Changes in the claims liabilities for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Claims liabilities, beginning of year	$43,240,367	$44,577,999
Current year claims	12,779,000	11,420,000
Change in prior year claims	(395,339)	(2,670,407)
Claim payments	(7,102,138)	(6,813,811)
Legal, administrative and other expenses	(4,129,551)	(3,273,414)
Claims liabilities, end of year	$44,392,339	$43,240,367
Claims liabilities, due in one year	$13,033,895	$12,438,015

For the years ended June 30, 2021 and 2020 the amount of settlements did not exceed insurance coverage.

Litigation and Other Commitments

Land Disposition Litigation (Point Molate). The City obtained the subject property (400 acres including tidal and submerged real property) (the "Property") for nominal consideration in 2003 as part of a U. S. naval base closure. In March 2012, a developer and an associated tribal entity (collectively "Developer A") filed a complaint in Federal Court against the United States of America and the City and other individuals contending breach of contract related to a Land Disposition Agreement between Developer A and the City for the development of the Property. When the project was blocked by a citizen vote, Developer A sought damages of $30 million as well as lost profits of over $750 million. The City received a favorable judgment on the matter, but an appeal by Developer A resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint.

After extensive litigation, the parties negotiated to obtain a Judgment and Amended Judgment under which the City would pay no damages and the Developer A claims were dismissed, but City had thirty (30) months to find a developer to purchase and develop the developable areas of the Property, and if unsuccessful, Developer A would then have five (5) years to do so.

Thereafter, the City timely entered into a Development Agreement ("DA") and a Land Disposition Agreement ("LDA") with Developer B which provided a $45 million purchase price to be evenly split between the City and Developer A under the Amended Judgment. Under the terms of the Amended Judgment, future proceeds from the sale of the property were to be shared equally between the City and Developer A. However, this transaction did not close and further litigation has ensued. On March 18, 2022, the City determined not to adopt a community facilities district ("CFD") to finance infrastructure due to General Fund impacts, and on May 21, 2022 determined not to proceed with closing due to Developer B not complying with the conditions for closing. On May 27, 2022, Developer B filed a lawsuit against the City alleging breach of the LDA.

Current legal actions include (i) CEQA action by citizen group against Developer B approvals (judgment for Project at Court of Appeal level); (ii) Developer B seeking permanent injunction after a TRO issued in favor of Developer B restraining sale by City to Developer A and seeking in excess of $20 million in damages from the City, and (iii) oversight by Federal Court of enforcement of Amended Judgment. Developer A is likely to pursue rights in Amended Judgment to have title to developable parcels transferred to Developer A pursuant to the Amended Judgment. Accordingly, there are two developers each seeking title to Property and whichever is unsuccessful will likely pursue claims against City. Accordingly, the City may be negatively impacted should the courts rule against the City; however any such impact cannot be determined at this time as the litigation remains active. Accordingly, if the above-referenced cases, or others related to the development, are finally adjudicated by the courts against the City, the financial impact on the City could be substantial and materially adverse.

Richmond Housing Authority. In Spring 2022, the Richmond Housing Authority ("RHA") was contacted by the Internal Revenue Service ("IRS") regarding unpaid back-up withholding to vendors of the RHA for which RHA did not have taxpayer identification numbers for tax years 2018 and 2019. As currently calculated by the IRS, the amount of liability could be as high as $1.6 million. RHA is in the process of responding to the IRS to reduce the tax liability.

CITY DEBT SUMMARY

General Obligation Bond Debt

The City has no outstanding general obligation bonds.

The City does not currently anticipate issuing any general obligation bonds in the next five Fiscal Years.

Tax and Revenue Anticipation Notes

The City has no outstanding notes and has not issued any notes since Fiscal Year 2014-15.

The City does not expect to issue notes for Fiscal Year 2022-23.

Outstanding General Fund and Lease Obligation Debt

The City may enter into long-term lease obligations such as certificates of participation or lease revenue bonds without first obtaining voter approval. The City has entered into various lease arrangements under which the City must make annual lease payments for its use and occupancy of public buildings or acquisition of equipment necessary for City operations.

Table A-23 summarizes the outstanding obligations payable from or backed by the General Fund of the City as of June 30, 2022. The City has never failed to pay principal of or interest on any debt or lease obligation when due nor made any draws on debt service reserves. The table below excludes the payments due on any interest rate SWAP agreement, and such payments are further discussed in this Appendix A under "Interest Rate Swap Agreements."

Table A-23
City of Richmond
Outstanding General Fund Obligations
As of June 30, 2022

Issuer/Issue	Projects	Amount Outstanding	Final Maturity	% Payable from the General Fund
Payable from General Fund				
Richmond Joint Powers Financing Authority Lease Revenue Bonds Series 2016	Civic Center	$ 26,060,000	2038	100%
Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2019A	Refunding Bonds	$ 59,350,000	2038	100%
Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2019[(2)]B	Refunding Bonds	$ 8,330,000	2024	100%
California Energy Commission Loan (2012)	Replace Streetlights with New LED Lights	$ 404,501	2027	100%
Holman Capital Corporation #5 (2012)	West Contra Costa Family Justice Center & Fire Truck	$ 1,988,030	2029	100%
BancAmerica Merrill Lynch (2013)	Finance the Purchase of Streetlights from PG&E and Associated Upgrades	$ 2,354,039	2028	100%
Qualified Energy Conservation Lease (2010)	Fund Energy Efficiency and Streetlight Upgrades	$ 2,354,089	2028	100%
Total All Payable from General Fund		$103,027,460		
Backed by General Fund				
City of Richmond Taxable Pension Funding Bonds, Series 2005B-1 and Series 2005 B-2*[(1)]	Pension costs	$147,867,000	2034	
Total All Backed by General Fund		$250,894,460		

* Will be refunded by the Series 2022 Bonds.
(1) Varies annually depending on receipts of Pension Tax Override Revenues.
(2) Varies annually depending on port revenues.
Source: City of Richmond, Department of Finance.

Interest Rate Swap Agreements

In 2007, the City entered into an interest rate swap agreement in connection with the Series 2005B Bonds (the "2007 Swap Agreement") with JPMorgan Chase Bank, NA ("JPM"). Subsequent to the City's entry into the 2007 SWAP Agreement, Moody's downgraded the City's issuer rating to "Ba1" which resulted JPM declaring an event of termination under the 2007 Swap Agreement and exercised its right to demand immediate payment of an approximately $31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 SWAP Agreement. The City entered into two new interest rate swaps pursuant to an ISDA Master Agreement, together with the schedules and confirmations thereto (the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"), pursuant to which the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest. The portion of the 2016 Swap Agreement relating to the Series 2005 B-2 Bonds is subject to mandatory termination on August 1, 2023. The current estimated Termination Fees owed by the City is $21,991,660.00. **In connection with the issuance of the Series 2022 Bonds, the City intends to terminate both swaps, the cost of which will be funded from a portion of the proceeds of the Series 2022 Bonds**. Table A-24 summarizes the City's swap agreements as of July 1, 2022. For a summary of the Swap Policy adopted by the City, see "FINANCIAL OPERATIONS – Financial Policies and Practices – Financial Policies–Swap Policy."

Table A-24
Summary of City Interest Rate Swap Agreements

Associated Bonds/ Payment Source	Effective Date/ Expiration Date	Initial/ Current Notional Amount	Counterparty/ Guarantor	Counterparty/ Guarantor Credit Ratings (Moody's/ S&P/Fitch)	Rates		Index	Market Rate/ Market Termination Value to City
General Fund:								
City of Richmond Taxable Taxable Pension Fund Bonds Series 2005 B-1	02/01/2016/ 08/01/2023	$ 66,070,476/ $ 17,911,476	Royal Bank of Canada	Aa1/AA-/AA-	Pay Receive:	5.5795% 3.000	100% US 0001 M Index	$ (124,660.00)
City of Richmond Taxable Pension Funding Bonds Series 2005 B-2	02/01/2016/ 08/01/2023	$127,990,254/ $127,990,254	Royal Bank of Canada	Aa1/AA-/AA-	Pay: Receive:	5.6650% 2.9000%	100% US 0001 M Index	(21,867,000)
TOTAL								($21,991,660.00)

Source: The City of Richmond.

City Overlapping and Bonded Debt

The estimated direct and overlapping bonded debt of the City as of August 1, 2022, is shown in Table A-28 below. The information in Table A-25 has been provided by California Municipal Statistics, Inc. and the City has not independently verified the information in the table below and does not guarantee its accuracy.

Table A-25
City of Richmond
Statement of Direct and Overlapping Debt
as of August 1, 2022

2021-22 Assessed Valuation: $16,488,274,761

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt August 15, 2022
Bay Area Rapid Transit District	1.853%	$ 46,033,801
Contra Costa Community College District	7.068	38,097,580
West Contra Costa Unified School District	45.625	542,198,093
West Contra Costa Healthcare District Parcel Tax Obligations	43.032	18,503,760
East Bay Regional Park District	2.959	5,462,018
City of Richmond Community Facilities District No. 1998-1	100.000	1,775,000
City of Richmond 1915 Act Bonds	100.000	4,530,000
California Statewide Community Development Authority 1915 Act Bonds	100.000	1,402,835
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$ 658,003,087
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	7.045%	$ 15,816,025
Alameda-Contra Costa Transit District Certificates of Participation	5.558	623,608
West Contra Costa Unified School District Certificates of Participation	45.625	2,586,938
City of Richmond General Fund Obligations	**100.000**	**93,755,000**[1]
City of Richmond Pension Obligation Bonds	**100.000**	**147,972,000**[1][2]
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$260,753,571
Less: Contra Costa County general fund obligations supported by revenue funds		4,064,481
City of Richmond obligations supported by port revenues		**8,330,000**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 248,359,090
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	100.000%	$ 43,058,404
GROSS COMBINED TOTAL DEBT		$ 961,815,062[3]
NET COMBINED TOTAL DEBT		$ 949,420,581

Ratios to 2021-22 Assessed Valuation:
Total Overlapping Tax and Assessment Debt:.....3.99%
Gross Total Direct Debt ($241,727,000):.....1.47%
Net Total Direct Debt ($233,397,000):.....**1.42%**
Gross Combined Total Debt: 5.83%
Net Combined Total Debt:.....5.76%

Ratios to Redevelopment Successor Agency Incremental Valuation ($3,692,257,204):
Total Overlapping Tax Increment Debt: 1.17%

(1) Excludes issue to be sold.
(2) Includes accreted interest.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

APPENDIX B

THE CITY OF RICHMOND
AUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2021

[THIS PAGE INTENTIONALLY LEFT BLANK]

The City of

Richmond California

Annual Comprehensive Financial Report

For The Year Ended

June 30, 2021

City of Richmond

California

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Prepared by the Finance Department

Belinda Brown

Finance Director/Treasurer

This Page Left Intentionally Blank

City of Richmond
Annual Comprehensive Financial Report
For the year ended June 30, 2021
Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i
Letter of Transmittal v
Organizational Chart xi
List of Elected and Appointed Officials xii

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 5

Basic Financial Statements:

Government-wide Financial Statements:
Statement of Net Position 24
Statement of Activities 26

Fund Financial Statements:

Governmental Fund Financial Statements:
Balance Sheet – Governmental Funds 31
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position 32
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 33
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities 34

Proprietary Fund Financial Statements:
Statement of Net Position – Proprietary Funds 36
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 38
Statement of Cash Flows – Proprietary Funds 40

Fiduciary Fund Financial Statements:
Statement of Fiduciary Net Position – Fiduciary Funds 43
Statement of Changes in Fiduciary Net Position – Fiduciary Funds 44

Notes to Basic Financial Statements 47

City of Richmond
Annual Comprehensive Financial Report
For the year ended June 30, 2021
Table of Contents

Page

Required Supplemental Information:

Budget and Budgetary Accounting....177
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:
General Fund....179
Community Development and Loan Programs Special Revenue Fund....180
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan....182
Schedule of Contributions – Miscellaneous Plan....184
Schedule of Changes in the Net Pension Liability and Related Ratios – Safety Plan....186
Schedule of Contributions – Safety Plan....188
Schedule of Changes in the Net Pension Liability and Related Ratios:
General Pension Plan....190
Police and Firemen's Pension Plan....192
Garfield Pension Plan....194
Schedule of Contributions:
General Pension Plan....196
Police and Firemen's Pension Plan....196
Garfield Pension Plan....196
Schedule of Investment Returns:
Police and Firemen's Pension Plan....197
General Pension Plan....197
Garfield Pension Plan....197
Other Post-Employment Benefits Plan Schedules - OPEB Plan:
Schedule of Changes in the Net OPEB Liability and Related Ratios....198
Schedule of Plan Contributions....199
Schedule of Investment Returns....199
Other Post-Employment Benefits Plan Schedules -RPOA Plan:
Schedule of Changes in the Net OPEB Liability and Related Ratios....200
Schedule of Plan Contributions....201

Supplementary Information:

Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds....208
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds....212

City of Richmond
Annual Comprehensive Financial Report
For the year ended June 30, 2021
Table of Contents

Page

Supplementary Information (Continued):

Schedules of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual:
Nonmajor Governmental Funds:
State Gas Tax Fund 216
General Purpose Fund 217
Paratransit Operations Fund 218
Employment and Training Fund 219
Public Safety Fund 220
Lighting and Landscaping Districts Fund 221
Developer Impact Fees Fund 222
Secured Pension Override Fund 223
Richmond Neighborhood Stabilization Corporation Fund 224
Rent Control Fund 225
Cost Recovery Fund 226
Environmental and Community Investment Agreement Fund 227
2005 Pension Obligation Bonds Fund 228
General Debt Service Fund 229
Civic Center Debt Service Fund 230
General Capital Improvement Fund 231
Measure C/J Fund 232
Harbor Navigation Fund 233

Combining Statements of Net Position – Nonmajor Enterprise Funds 235
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds 236
Combining Statement of Cash Flows – Nonmajor Enterprise Funds 237
Combining Statement of Net Position – Internal Service Funds 239
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds 240
Combining Statement of Cash Flows – Internal Service Funds 241
Combining Statement of Fiduciary Net Position – Pension Trust Funds 244
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds 245
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds 246
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds 247
Sub-Combining Statement of Fiduciary Net Position – Successor Agency to the Richmond Community Redevelopment Agency 248
Sub-Combining Statement of Changes in Fiduciary Net Position – Successor Agency to the Richmond Community Redevelopment Agency 250
Combining Statement of Fiduciary Net Position – Custodial Funds 254
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds 256

City of Richmond
Annual Comprehensive Financial Report
For the year ended June 30, 2021
Table of Contents

Page

STATISTICAL SECTION

Net Position by Component Last Ten Fiscal Years 264
Changes in Net Position Last Ten Fiscal Years 266
Fund Balances of Governmental Funds Last Ten Fiscal Years 268
Changes in Fund Balance of Governmental Funds Last Ten Fiscal Years 270
Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years 272
Property Tax Rates – All Overlapping Governments Last Ten Fiscal Years 274
Principal Property Tax Payers Current Year and Nine Years Ago 276
Property Tax Levies and Collections Last Ten Fiscal Years 277
Utility Users Tax Collections Last Ten Fiscal Years 278
Utility Users Tax Direct Rates On Charges For Services Last Ten Fiscal Years 279
Top Ten Utility Users Taxpayers 280
Ratio of Outstanding Debt by Type Last Ten Fiscal Years 281
Revenue Bond Coverage 1999, 2006, 2008, 2010A, 2010B, 2017A and 2019B Wastewater Revenue Bonds Last Ten Fiscal Years 282
Revenue Bond Coverage 1996, 1999, 2004, 2007 and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds Last Ten Fiscal Years 283
General Bonded Debt – Pension Obligation Bonds Last Ten Fiscal Years 284
Bonded Debt Pledged Revenue Coverage Tax Allocation Bonds and Refunding Bonds Last Ten Fiscal Years 285
Computation of Direct and Overlapping Debt 286
Computation of Legal Bonded Debt Margin 287
Demographic and Economic Statistics Last Ten Calendar Years 288
Principal Employers Current Year and Nine Years Ago 289
Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years 290
Operating Indicators by Function/Program Last Ten Fiscal Years 291
Capital Asset Statistics by Function/Program Last Ten Fiscal Years 292

FINANCE DEPARTMENT

450 CIVIC CENTER PLAZA
RICHMOND, CA 94804
(510) 620-6740

December 31, 2021

Citizens of the City of Richmond
The Honorable Mayor and
Members of the City Council

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Richmond, California (City). The Finance Department has prepared this report to present the financial position and the results of the City's operations for the fiscal year ended June 30, 2021, and the cash flows of its proprietary fund types for the year then ended. The basic financial statements and supporting schedules have been prepared in compliance with Article IV, Section 1(b)3 of the City Charter, with California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City Council is required to adopt an initial budget for the fiscal year 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 City Council. Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations.

The City's financial statements have been audited by an independent auditing firm of licensed certified public accountants. The objective of the independent audit was to provide reasonable

assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2021, but with a disclaimer of opinion for business-type activities as it relates to the Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units, as the financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2021. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

The City has defined its reporting entity in accordance with GAAP that provide guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. This ACFR presents information on the activities of the city and its component units.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City's three discretely presented component units are RHA Properties, RHA Housing Corporation and RHA RAD LLC. Please see note 1 for a detailed discussion of the financial reporting entity.

The City's component units and assessment districts are as follows: the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Surplus Property Authority and Harbor Navigation, Country Club Vista and Atlas Interchange Special Assessment Districts. The City also has one inactive component unit, Richmond Parking Authority.

Profile of the Government

The City of Richmond was chartered as a city in 1909, and is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north), spanning 32 total miles of shoreline. The City's total area is 56.1 square miles, 33.8 of which is land area and 22.3 water area. Richmond is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes from Richmond by freeway; Oakland is 20 minutes; San Jose is approximately one hour's drive to the south and Sacramento, the state capitol, is approximately 90 minutes to the east. Central Marin County is 15 minutes from Richmond directly across the Richmond-San Rafael Bridge. Freeways provide direct access from Richmond to major new growth areas along Interstate 80 north and east to Vallejo, Fairfield and Sacramento; along Interstate 680 in central Contra Costa County; and south along Interstate 880 to the San Jose area.

Richmond's population is 111,785. The population within a 30-mile radius of Richmond is over 3.7 million, and within a 70-mile radius is approximately 7.8 million. Richmond is located on the western shore of Contra Costa County, and is the largest city in the "West County" region consisting of five cities: Richmond, El Cerrito, San Pablo, Hercules and Pinole.

The City of Richmond provides a full range of municipal services, including police and fire protection, construction and maintenance of highways, streets and infrastructure, library services, storm water and municipal sewer systems, wastewater treatment facility and the administration of recreational activities and cultural events. The City also operates the Richmond Memorial Convention Center and the Port of Richmond.

The City Council is the governing body of the City and has six members elected at-large to alternating 4-year terms. The Mayor is elected at large and is a seventh member of the City Council. The City of Richmond is a Council-Manager form of government. The City Manager, appointed by the Mayor and Council, has administrative authority to manage administrative and fiscal operations of the City. In addition to the City Manager, the City Attorney, City Clerk and Investigative Appeals Officer are appointed by the Mayor and Council.

The mission of the City of Richmond is:

The City of Richmond provides services that enhance economic vitality, the environment and the quality of life of our community.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The City's allocated amount was $27.7 million. The City received the first installment in the amount of $13.8 million in August 2021 and the second installment is to be received in July 2023.

COVID-19 pandemic is still having significant impacts on the City of Richmond's tax revenues. Revenue reduction reflected in Transient Occupancy Tax (TOT), and fees and rentals collected by both the Police Department and Community Services. The TOT decreased 43% in FY2020-21 compared to FY2019-20. When compared to FY2018-19, a full year pf pre-pandemic activity, the decrease is 56%. Due to facility closures and changes to other activities, some departments saw significant decreases to revenue collected for either services provided or rental of facilities. For example, Community services saw a decrease of 60% for recreation program fees collected in FY2020-21, compared to FY2019-20. When compared to FY2018-19, the decrease is 70%. Revenue collection and projections for fiscal year 2022 have been budgeted conservatively and will require close monitoring and review.

Significant Events and Accomplishments

The City of Richmond is committed to providing excellent municipal services to its diverse residents and visitors. Highlights of the City's activities and accomplishments for the fiscal year ended June 30, 2021 include the following:

Library and Community Services:

Community Services Department (CSD)

- The Recreation Department's Camp Achieve was featured on the cover of Western Cities Magazine in the August 2020 issue.
- The Recreation Department started an in-person after school program at the Richmond Recreation Complex from March 2021 - June 2021. The program offered: social interaction, games, sports (including tennis), art projects, homework assistance, snacks, and meeting new friends.

Employment and Training Department

- EDD awarded Richmond $274,300 of the total $1.8 million award to improve career pathways for English Language Learners. The Richmond Workforce Development Board was selected through a competitive selection process to implement programs that develop critical job skills that English Language Learners (ELL) need to enter careers in growing local industries.

Library – Literacy for Every Adult Program (LEAP)

- LEAP makes a positive difference in the lives of individual people and in the community at large. During this fiscal year, LEAP has aided 14 individuals in earning their GED or High School Diploma. This success is despite the challenges of COVID, the difficultly of remote learning, and the economic hardships placed on our students.

Public Works:

Water Resource Recovery Department

- The City of Richmond's Water Resource Recovery Department administers the Sewer Lateral Grant Program. The program reimburses eligible homeowners in the Richmond Municipal Sewer District (RMSD No. 1) for some of the cost to replace their sewer lateral.

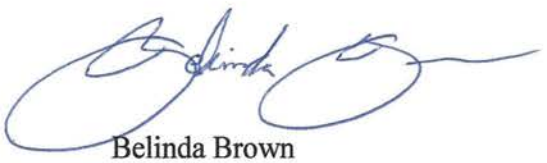
ACKNOWLEDGEMENTS

The preparation of this ACFR represents the culmination of a concerted team effort by the entire staff of the Finance Department. They should be commended for their professionalism, dedication, efficiency, and their personal commitment and determination demonstrated through long days of focused attention to produce this exemplary document.

In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information that accompanies each annual audit. The role of Badawi & Associates, Certified Public Accountants, should also be acknowledged as a significant contribution to a fine product.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support for the pursuit of excellence in all realms of professional endeavors.

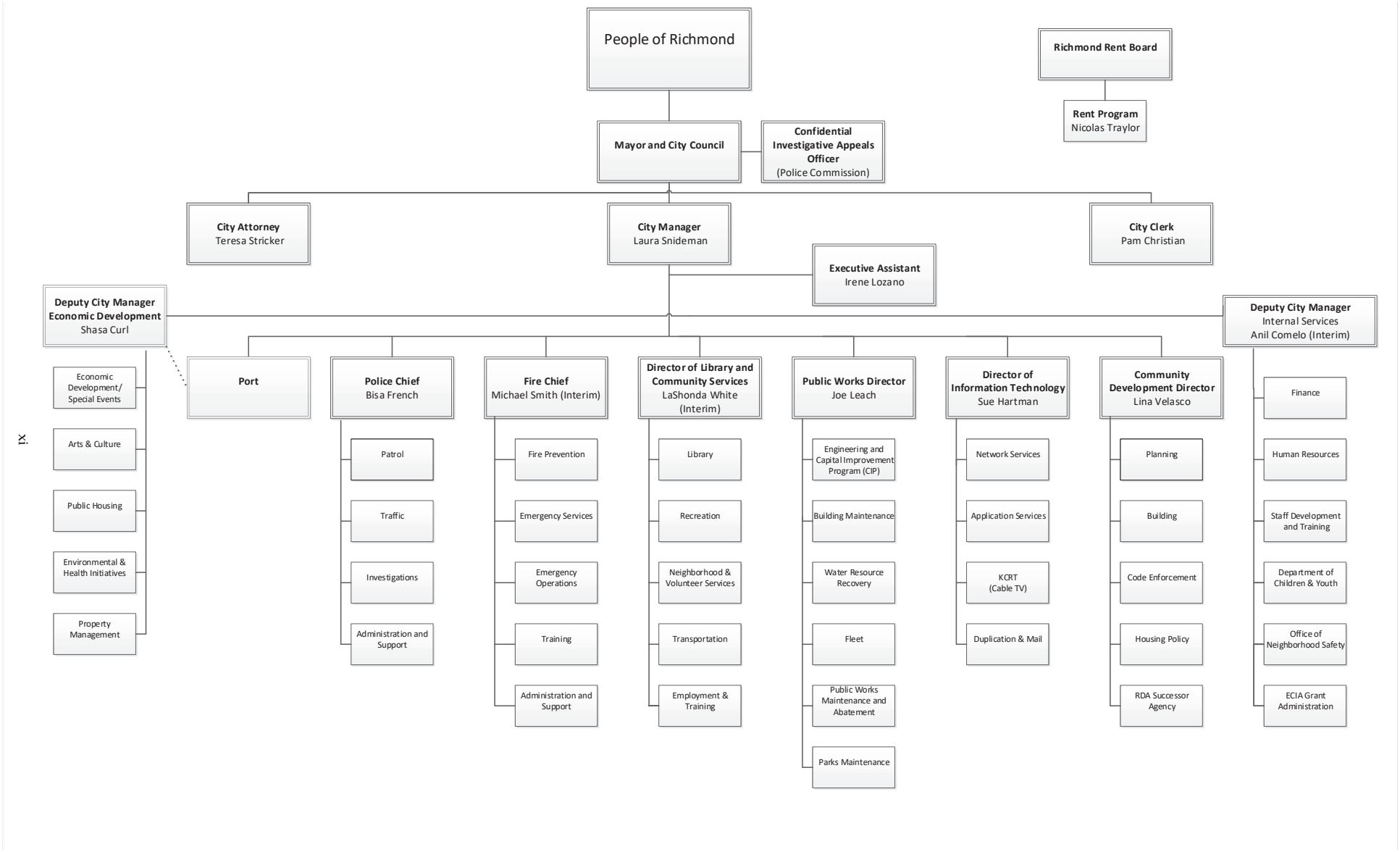
Respectfully submitted,



Belinda Brown
Finance Director/Treasurer

This page intentionally left blank.

Organizational Chart



CITY OFFICIALS

JUNE 30, 2021

CITY COUNCIL

Mayor	Tom Butt
Vice Mayor	Demnlus Johnson III
Councilmember	Nathaniel Bates
Councilmember	Claudia Jimenez
Councilmember	Eduardo Martinez
Councilmember	Gayle McLaughlin
Councilmember	Melvin Willis

ADMINISTRATION AND EXECUTIVE MANAGEMENT

City Manager	Laura Snideman
Deputy City Manager, Economic Development	Shasa Curl
Deputy City Manager, Internal Services (Interim)	Anil Comelo
City Attorney	Teresa Stricker
City Clerk	Pamela Christian
Community Development Director	Lina Velasco
Director of Information Technology	Sue Hartman
Director of Library and Community Services (Interim)	LaShonda White
Finance Director	Belinda Brown
Fire Chief (Interim)	Michael Smith
Human Resources Director (Interim)	Marc Fox
Police Chief	Bisa French
Public Works Director	Joe Leach
Rent Control Executive Director	Nicolas Traylor

BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Richmond
Richmond, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richmond, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements. We were engaged to audit the financial statements of the discretely presented component units as of and for the year ended June 30, 2021. These financial statements collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 financial statements are free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to provide a basis for an audit opinion on the business-type activities, Richmond Housing Authority Enterprise Fund, and the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the Basis for Disclaimer of Opinion on the business-type activities, Richmond Housing Authority Enterprise Fund, and the aggregate discretely presented component units paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer
Major Governmental Funds:	
General Fund	Unmodified
Community Development and Loan Programs Special Revenue	Unmodified
Major Enterprise Funds:	
Richmond Housing Authority	Disclaimer
Port of Richmond	Unmodified
Municipal Sewer	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion

The financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2021. The Richmond Housing Authority's financial activities are included in the City's basic financial statements as a major enterprise fund and represent 10.85%, 22.20%, and 6.19% of the assets, net position, and revenues, respectively, of the City's business-type activities. The financial activities of the RHA Properties, RHA Housing Corporation and RHA RAD LLC are included in the City's financial activities as discretely presented component units and represent the City's only discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities, Richmond Housing Authority Enterprise Fund, and the aggregate discretely presented component units of the City. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, the Community Development and Loan Programs Special Revenue Fund, the Port of Richmond Enterprise Fund, the Municipal Sewer Enterprise Fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective

changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other post-employment benefits information on pages 5-18 and 177-201 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

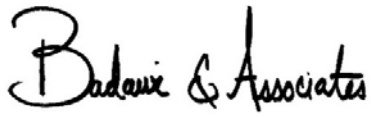
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

This narrative overview and analysis of the City of Richmond's (the "City") Basic Financial Statements for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by $65 million during the fiscal year attributed to a $40 million increase in governmental and $25 million increase in business-type activities.

- The liabilities and deferred inflows of the governmental activities of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by $258.7 million (net deficit). Alternatively, the assets and deferred outflows of the business-type activities of the City exceeded its liabilities and deferred inflows by $88.1 million.

- At June 30, 2021, the City's unrestricted net deficit (governmental and business-type activities) totaled $570 million, a $28.3 million decrease from prior year. The unrestricted net deficits represent the net unfunded liabilities of the government. Over time, increases and decreases in this account will allow the reader to determine if the City's condition is improving or deteriorating. Restricted net position for governmental and business-type activities increased by a net $22 million to $117.2 million.

- The City's financial statements include a disclaimer of opinion on the financial statements of the Richmond Housing Authority Enterprise Fund ("RHA"), a blended component unit included in the City's business-type activities, and three discretely presented component units, RHA Properties, RHA Housing Corporation and RHA RAD LLC. As of June 30, 2021, the net position of RHA is $19.5 million or 22% of the City's business-type activities. Additional information about the disclaimer of opinion can be found in the Independent Auditor's Report.

- The City's General Fund contingency reserve policy to the minimum 15% of the General Fund's next year's budgeted appropriations or $24.8 million and the balance was $22.4 million at June 30, 2021.

- The Net Pension Liability of $352.3 million, representing an accounting measure of the City's unfunded pension obligation, increased by $11.9 million from $340.4 million. The City reports $103.8 million in the Other Post-Employment Benefit (OPEB) liability for this fiscal year which is a decrease of $15.4 million from the $119.2 million obligation reported in the prior year.

- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by $10.4 million in fiscal year 2021. This is primarily attributable to other taxes and sales tax fee revenues in excess of expectations for the year.

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and grants, governmental activities, and business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges. The City's activities include five blended component units which consist of the Richmond Housing Authority, Richmond Joint Powers Financing Authority, Richmond Neighborhood Stabilization Corporation, Richmond Surplus Property Authority and Richmond Parking Authority. Although legally separate, the City is financially accountable for the activities of these entities which are therefore shown as blended as part of the primary government.

RHA Properties, RHA Housing Corporation and RHA RAD LLC are discretely presented component units of the City that are legally separate reporting entities but are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 24-27 of the financial report.

Fund Financial Statements

Fund Financial statements are designed to report information about the groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City has 20 governmental funds, of which two are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's two major funds are the General Fund and the Community Development and Loan Programs Special Revenue Fund. The basic governmental fund financial statements can be found on pages 31-34 of the financial report. Data from the other eighteen governmental funds are combined into a single, aggregated presentation and reported separately on pages 208-215 of the financial report.

Proprietary Funds – Proprietary funds of the City are two types: (1) enterprise funds; and (2) internal service funds. The City maintains six enterprise funds that provide the same type of information as the government-wide financial statements, only in more detail. The City maintains four internal service funds to account for its vehicle operations, risk management program, police telecommunications and compensated absences. The proprietary fund financial statements can be found on pages 36-41.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of third parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds for the City consist of Pension Trust Funds, City OPEB Plan Trust Fund, RPOA OPEB Plan Trust Fund, Pt. Molate Private-Purpose Trust Fund, Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund and Custodial Funds. The fiduciary funds financial statements for these funds can be found on pages 43-44.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-173 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Net Position

This Comparative financial information includes the long-term and short-term information about the City's overall financial condition. Below to provide the reader with highlights of changes from the prior year.

City of Richmond's Net Position
June 30, 2021 and 2020
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Assets:						
Current assets	$ 189,516	$ 162,908	$ 56,179	$ 42,530	$ 245,695	$ 205,438
Other noncurrent assets	50,818	46,809	11,222	11,222	62,040	58,031
Capital assets	286,156	289,302	201,775	197,900	487,931	487,202
Total Assets	526,490	499,019	269,176	251,652	795,666	750,671
Deferred Outflows of Resources:						
Deferred outflows related to pensions	41,853	38,453	1,538	1,202	43,391	39,655
Deferred outflows related to OPEB	2,982	4,335	152	230	3,134	4,565
Deferred outflows related to fair value of derivatives	35,966	46,285	-	-	35,966	46,285
Deferred charge on refunding	-	-	6,248	6,595	6,248	6,595
Total Deferred Outflows of Resources	80,801	89,073	7,938	8,027	88,739	97,100
Liabilities:						
Current liabilities	90,106	100,103	18,536	16,687	108,642	116,790
Noncurrent liabilities	719,301	725,744	167,848	175,132	887,149	900,876
Total Liabilities	809,407	825,847	186,384	191,819	995,791	1,017,666
Deferred Inflows of Resources:						
Deferred inflows related to pensions	5,672	5,065	202	184	5,874	5,249
Deferred inflows related OPEB	50,956	55,373	2,347	2,933	53,303	58,306
Total Deferred Inflows of Resources	56,628	60,438	2,549	3,117	59,177	63,555
Net Position:						
Net investment in capital assets	206,420	205,374	75,738	64,271	282,158	269,645
Restricted	103,402	93,704	13,860	1,517	117,262	95,221
Unrestricted	(568,566)	(597,271)	(1,417)	(1,045)	(569,983)	(598,316)
Total Net Position (Deficit)	$ (258,744)	$ (298,193)	$ 88,181	$ 64,743	$ (170,563)	$ (233,450)

Government-wide Activities

The following table indicates the changes in net position for governmental and business-type activities:

City of Richmond's Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020 *	FY2021	FY2020
Revenues:						
Program revenues:						
Charges for services	$ 26,130	$ 29,574	$ 43,150	$ 43,086	$ 69,280	$ 72,660
Operating grants/contributions	29,316	25,354	3,772	4,028	33,088	29,382
Capital grants/contributions	4,387	4,987	13	322	4,400	5,309
General revenues:						
Property taxes-current collections	65,075	63,005	-	-	65,075	63,005
Sales taxes	48,998	44,537	-	-	48,998	44,537
Utility user taxes	45,241	45,553	-	-	45,241	45,553
Documentary transfer taxes	19,858	8,708	-	-	19,858	8,708
Other taxes	7,424	7,127	-	-	7,424	7,127
Unrestricted Intergovernmental	6,594	5,368	-	-	6,594	5,368
Use of money and property	1,461	2,947	146	770	1,607	3,717
Gain on sale of capital assets	71	82	-	-	71	82
Other	1,357	1,992	-	-	1,357	1,992
Total revenues	255,912	239,234	47,081	48,206	302,993	287,440
Expenses:						
General government	47,854	43,496	-	-	47,854	43,496
Public safety	93,442	108,948	-	-	93,442	108,948
Public works	33,980	45,051	-	-	33,980	45,051
Community development	4,433	4,115	-	-	4,433	4,115
Cultural & recreation	9,006	10,410	-	-	9,006	10,410
Housing & redevelopment	3,108	2,808	-	-	3,108	2,808
Interest and fiscal charges	12,825	14,897	-	-	12,825	14,897
Richmond Housing Authority	-	-	3,608	5,834	3,608	5,834
Port of Richmond	-	-	6,263	7,745	6,263	7,745
Municipal Sewer	-	-	20,467	21,768	20,467	21,768
Richmond Marina	-	-	228	241	228	241
Storm Sewer	-	-	1,796	1,965	1,796	1,965
Cable TV	-	-	789	672	789	672
Total expenses	204,648	229,725	33,151	38,225	237,799	267,950
Excess (Deficiency) of Revenues Over (Under) Expenses	51,264	9,509	13,930	9,981	65,194	19,490
Transfers	(11,280)	87	11,280	(87)	-	-
Changes in Net Position	39,984	9,596	25,210	9,894	65,194	19,490
Net position (deficit) at beginning of year (July 1, 2020 restated)	(298,728)	(307,789)	62,971	54,849	(235,757)	(252,940)
Net position (deficit) at end of year	$ (258,744)	$ (298,193)	$ 88,181	$ 64,743	$ (170,563)	$ (233,450)

* Governmental Activities beginning balance was restated and increased by $0.54 million.
Business-type Activities beginning balance was restated and decreased by $1.77 million in the Richmond Housing Authority, Port of Richmond, Municipal Sewer, Cable TV, and Sorm Sewer.

Governmental Activities

Governmental activities increased the City's net position by $39.9 million, accounting for 61% of the City's total increase in net position of $65.1 million. Total revenues of $255.9 million exceeded expenses of $204.6 million by $51 million. Revenues increased $16.6 million or 6.9% primarily due to an increase in Document Transfer Tax. That category went from $8.7 million in fiscal year 2020 to $19.8 million in fiscal year. Expenses decreased $25 million or 10% from prior year primarily due to decreases in public safety, and public works.

Business Type Activities

Business-type activities increased the City's net position by $25.2 million. Key factors contributing to the increase in business-type activities are as follows:

- The Richmond Housing Authority's ("RHA") net position increase by $10.6 million, resulting from an operating loss of $2.7 million, offset by grant income of $2 million and net transfers of $11.3 million.
- The Port of Richmond ("Port") reported operating income of $4.7 million. During the year, the Port incurred $0.3 million of interest expense which resulted in a $4.4 million increase in net position.
- The Municipal Sewer fund reported operating income of approximately $12.2 million. There were $4.9 million of non-operating expenses the majority of which represented interest and swap expenses incurred on various Wastewater Debt issues, resulting in a $7.4 million increase in net position.
- Other Enterprise funds had a combined $2.6 million increase in net position, with operating income of approximately $1.2 million.

Net Program (Expenses) Revenues

Comparisons of the cost of services by function for the City's government-wide activities are shown in the preceding tables, along with the revenues used to cover the net expenses.

The following table details the net program costs for each of the governmental activities functions:

Expenses and Program Revenues
Governmental Activities

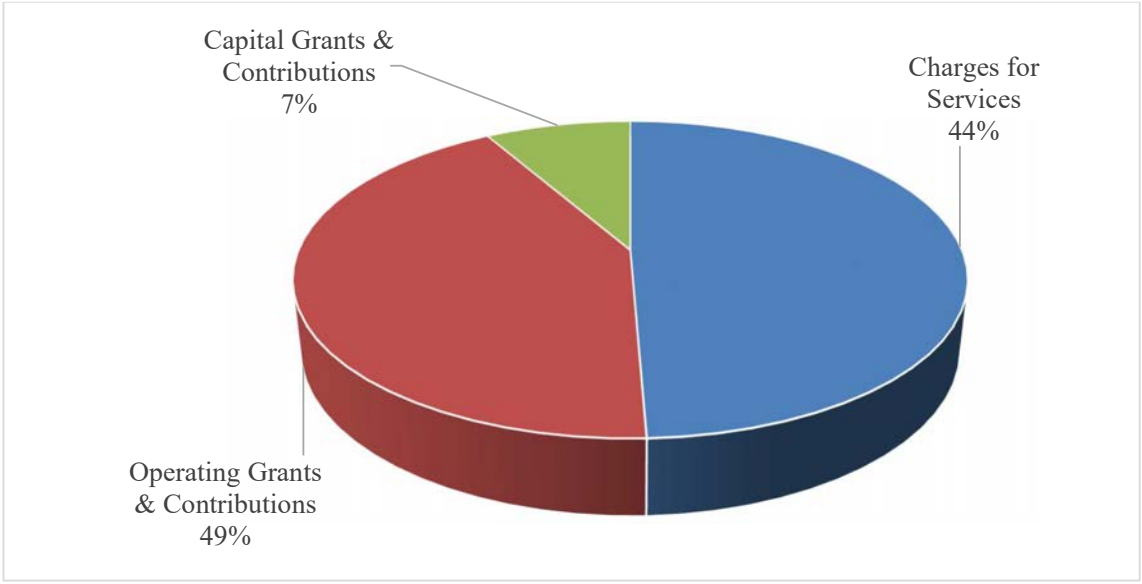
	Expenses	Revenues	Net (Expenses) Revenues
Functions			
General government	$ 47,854,126	$ 15,654,728	$ (32,199,398)
Public safety	93,441,711	6,419,995	(87,021,716)
Public works	33,979,639	17,706,850	(16,272,789)
Community development	4,433,192	20,591,632	16,158,440
Cultural and recreational	9,006,470	1,085,617	(7,920,853)
Housing and redevelopme	3,108,240	(1,626,016)	(4,734,256)
Interest on long-term debt	12,825,356	-	(12,825,356)
Total	$ 204,648,734	$ 59,832,806	$(144,815,928)

Total governmental activities expenses of $204.6 million were offset by $59.8 million in program revenues in fiscal year 2021. Program revenues are derived directly from the program itself or from parties outside

Total governmental activities expenses of $204.6 million were offset by $59.8 million in program revenues in fiscal year 2021. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. During the fiscal year, the net costs funded by the City's general revenues were $144.8 million.

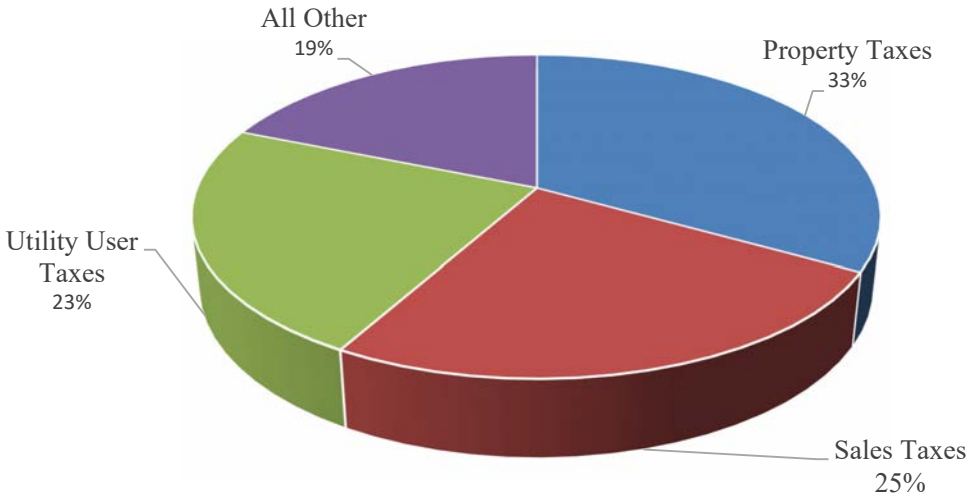
As reflected in the pie chart below, 44% of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The remaining 56% percent of governmental program revenues come from Operating Grants and Capital Grants Contributions which include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

Program Revenues by Source
Governmental Activities



General revenues are all other revenues not categorized as program revenues and include property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues from governmental activities were $196 million in fiscal year 2021. The three largest components of general revenues received were Property Taxes-current collections of $65 million, Sales Taxes of $49 million and Utility User Taxes of $45 million. The following graph shows the City's general revenues by source.

General Revenues by Source
Governmental Activities



The following table details net program costs for business-type activities:

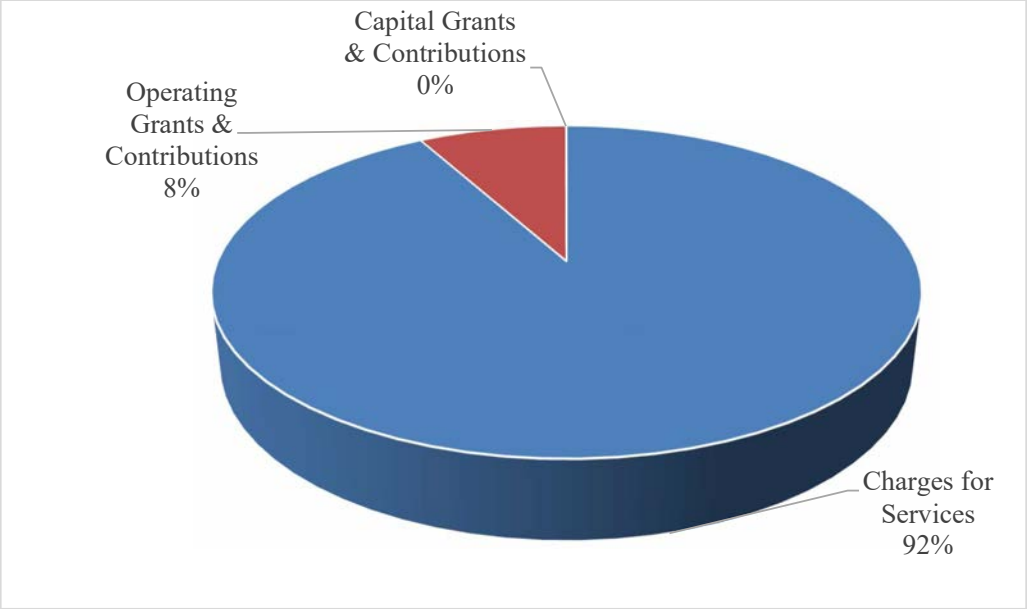
Expenses and Program Revenues
Business-type Activities

	Expenses	Program Revenues	Net (Expenses) Revenues
Business-type Activities			
Richmond Housing Authority	$ 3,607,603	$ 2,910,687	$ (696,916)
Port of Richmond	6,263,232	10,704,024	4,440,792
Municipal Sewer	20,466,640	27,772,641	7,306,001
Richmond Marina	227,391	574,453	347,062
Storm Sewer	1,796,422	3,826,858	2,030,436
Cable TV	788,957	1,145,936	356,979
Total	$ 33,150,245	$ 46,934,599	$ 13,784,354

Business-type activities revenue exceeded expenses by $13.8 million, as Municipal Sewer, the Port of Richmond and other Enterprise Funds contributed net revenues of $7.3 million, $4.4 million, and $2.1 million respectively.

As reflected in the pie chart below, 92% of the business-type program revenues came from Charges for Services and the remaining 8% were derived from Operating and Capital Grants.

Program Revenues by Source
Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity.

At the end of the fiscal year, the City's governmental funds reported total fund balances of $130.1 million, an increase of $17.5 million, or 15.6% from prior year. Financial highlights for the City's major funds are discussed below:

General Fund The General Fund is the primary operating fund of the City. It is used to report the financial results of the daily operations of the City. The major revenue sources are utility users' tax, sales tax and property taxes. The major expenditures are salaries and administrative expenses. The City's general fund revenues increased by $15.3 million or 9.0% while and expenditures decreased by $828 thousand or 0.5%. The increase in revenues is primarily due to the increased collection of both Sales Tax and Documentary Transfer Tax. Sales Tax increased by $4.4 million or 10% while Documentary Transfer Tax increased by $11.4 million, an increase of over 73.3%. The Sales Tax increase is a result of renewed business activity that had either slowed down or shut down completely during the height of the COVID-19 restrictions. The Documentary Transfer Tax increase stems from the combination of some very high dollar property sales coupled with the voter approved tiered rate structure where sales over $10 million are taxed at the rate of 3% of the sale amount.

General Fund expenditures stayed relatively flat with a modest decrease of 0.5%. In Other Financing Sources, there was a significant increase to Operating Transfers-Out. The net increase of $7.8 million or 90.9% is due to a combination of changes. The three main items accounting for this decrease were (1) the CAD/RMS services related to the consortium disbandment in 2020 where the General Fund transferred

$3.0 million to the CAD Dispatch Fund, (2) a decrease in various General Fund subsidies to other funds including decrease was $1.6 million transferred to the Kids First program in 2020 but zero funds transferred in 2021, and (3) and increase of $10.3 million stemming from the Richmond Housing Authority Write-off of disallowed and uncollectible costs.

At the end of the current fiscal year, the total fund balance increased by $10.4 million from the prior year to $49.1 million. The General Fund reported an unassigned fund balance of $22.4 million, and committed of $9.8 million which represents the following:

Committed Fund Balance (Resolution No. 25-20, 78-21 & 126-21		
COVID-19	$	(1,500,000)
Reimagining Public Safety		(1,300,000)
Community Facilities Improvements		(1,700,000)
Staff Compensation - OTP		(2,300,000)
FY 2021-22 Set Aside		(3,000,000)
Committed Fund Balance	$	(9,800,000)

Community Development and Loan Programs This fund was established to account for the receipt of Community Development Block Grant, HOME Investment Partnership Program and Neighborhood Stabilization Program grant monies and the use of the grants. In conjunction with the dissolution of the Redevelopment Agency, this fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency's low and moderate income housing activities. As of June 30, 2021, fund balance is $31.2 million which represents a $1.9 million increase from prior year.

Proprietary Funds:

The City's proprietary funds are enterprise and internal service funds. Proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The City's major enterprise funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer.

Richmond Housing Authority. The Richmond Housing Authority (RHA) provides decent affordable housing for low and very low-income residents of Richmond through federally funded housing programs. RHA'S net position increases $10.6 million to $19.5 million at June 30, 2021.

The Port of Richmond The Port of Richmond ("Port") is a public enterprise established by the City and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port's net position increased by $4.4 million to $15.8 million. The increase is partially due to lower debt service interest expenses and lower contractual service expenses.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenses. Municipal Sewer's net position increased $7.4 million to $49.8 million at June 30, 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, excluding transfers, bond premium and proceeds from sale of property, reflected $155.8 million in estimated revenues and $163.5 million in appropriations.

Budget adjustments reflect extensive analysis and updates arising from Expenditure Review, and Council approved amendments that occurred during the fiscal year.

The final amended budget included a $10.4 million increase in estimated revenue and a $5.2 million increase in appropriations. Actual revenues of $178.8 million were $12.6 million more than adjusted operating revenue budget, a variance of 8%. Key elements of the variances in revenues are discussed as follows:

Property Taxes totaled $ 45.1 million which is $1 million more than the Revised Budget and $ $1.2million more than the original budget. The increase stems from increases in residual Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments Schedule (ROPS) or, in other words, more than expected Successor Agency Residual and Pass-through revenue.

Utility Users Tax (UUT) totaled $45.2 million which was $677 thousand more than expected. The bulk of the increase was in tax collected related to telecommunications and pre-paid wireless collected at stores and by the State.

Sales Taxes totaled $48.9 million which was $4.6 million above the Revised Budget and $8 million more than the Original Budget. This corresponded to increases in the regular Sales Tax and proportional increases in both half cent Sales Tax measures.

Licenses, Permits and Fees totaled $5.9 million which was $164 thousand more than the Revised Budget amount. The bulk of this stemmed from the collection of Medical Marijuana Permits. The previous years' saw significant increases due to the collective efforts from the Business License Division, Code Enforcement, Rent Control and Muni Services. It led to payments from new customers that included, in many cases, past due amounts up to three years back. The majority of the new businesses were residential rental properties. The subsequent years, these businesses just paid the yearly flat rate. The budget did not reflect this expected increase.

The final adjusted appropriations were $168.7 million, an increase of $5.2 million from the original adopted budget appropriation of $163.5 million. The adopted budget appropriation was increased primarily due to increase adjustments in General Government, Public Safety and Capital Outlay. The final budget appropriation for transfers out was $5.4 million, an increase of $427 thousand from the original adopted budget appropriation of $4.9 million. The increase was primarily due to adjustments to RHA, and Economic Development transfer for capital project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to $487.9 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress is illustrated below:

Capital Assets by Type
June 30, 2021 and 2020

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 24,361,564	$ 29,468,867	$ 7,195,986	$ 7,195,986	$ 31,557,550	$ 36,664,853
Construction in Progress	34,235,379	29,311,328	32,958,119	21,825,629	67,193,498	51,136,957
Building and improvements	105,655,032	107,117,826	23,674,759	24,429,428	129,329,791	131,547,254
Machinery and equipment	7,367,001	8,195,781	2,186,083	2,777,744	9,553,084	10,973,525
Infrastructure	114,536,661	115,208,331	135,760,413	141,671,045	250,297,074	256,879,376
Total Capital assets	$ 286,155,637	$ 289,302,133	$ 201,775,360	$ 197,899,832	$ 487,930,997	$ 487,201,965

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements.

Additional information about the City's capital assets can be found in Note 5 on pages 77-79 in the financial statements.

Debt Administration:

Long Term Debt – The City's total debt outstanding at June 30, 2021 decreased $16.7 million from $422.5 million to $405.8 million.

Revenue Bonds had a decrease due to the termination of the 2008A Wastewater SWAP agreement, and the defeasance & refunding of a portion of the 2010B Wastewater Bond.

Lease Revenue Bonds had a decrease due to large principal payment to the 2019B JPFA Lease Revenue Refunding Bond (Pt Potrero) and the 2019A JPFA Lease Revenue Refunding Bond (Civic Center)

Pension Obligation Bonds had a decrease due to large principal payment to the 2005 POB and decrease in SWAP payments

Outstanding Debt
June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Totals	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenue bonds	$ -	$ -	$ 137,886,366	$ 141,391,552	$ 137,886,366	$ 141,391,552
Lease revenue bonds	103,543,451	107,666,888	13,604,419	17,940,892	117,147,870	125,607,780
Pension obligation bonds	140,816,305	144,339,640	-	-	140,816,305	144,339,640
Total bonds payable	244,359,756	252,006,528	151,490,785	159,332,444	395,850,541	411,338,972
Loans payable	1,023,223	1,156,440	3,338,388	3,435,667	4,361,611	4,592,107
Capital leases	5,642,605	6,661,806	-	-	5,642,605	6,661,806
Total outstanding debt	$ 251,025,584	$ 259,824,774	$ 154,829,173	$ 162,768,111	$ 405,854,757	$ 422,592,885

The City does not have any general obligation bonds as of June 30, 2021.

Economic Factors, Next Year's Budget and Inflation Rates

The City's economic base has mostly recovered from the slowdown related to the effects of the COVID-19 restrictions. Property values assessed by the County as of January 1, 2021 have increased by 0.15% over the prior year. Flat Assessed Valuation (AV) primarily stemmed from a decreased valuation of the Chevron Refinery in Richmond. While the CPI growth was 1.036%, and there was significant property sales during the year, the refinery assessment by the County went from approximately $3 billion in FY2019-20, to under $2.7 billion. Residual Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments Schedule (ROPS) payments have gone from $600 thousand in fiscal year 2015-16 to $2.5 million in fiscal year 2016-17, to $4.0 million in fiscal year 2017-18, to $5.7 million in fiscal year 2018-19, and to $6.5 million in both FY2019-20 and FY2020-21. Sales Tax has rebounded to above pre-pandemic levels. Sales Tax in FY2018-19 was $47.7 million, in FY2019-20, dipped down to $44.5 million, and finally rebounded to $49.0 million in FY2020-21.

In November 2018, Richmond voters approved Measure H which called for a new tiered calculation for the Documentary Transfer Tax. The tax rate goes up based on the sale price of the property. The rate of 0.70% did not change for sales under $1 million, but for sales from $1 million and above the rates changed accordingly:

Measure H

Sale Price	$1 to $999,999	$1M to $2,999,999	$3M to $9,999,999	$10M and above
Amount per $1,000	$7.00	$12.50	$25.00	$30.00
Rate	0.70%	1.25%	2.50%	3.00%

Even before the new tiered system, the Documentary Transfer Tax was one of the most volatile of revenue streams for the City. A few sales can have a dramatic impact on the General Fund. In FY2017-18, before the new tiered rate structure was approved and put in place, the transfer tax collected totaled $6.5 million. In FY2018-19, with half a year a year of the rate structure, the tax collected went up to $8.0 million. In FY2019-20 it went up modestly to $8.7 million. Finally, in FY2020-21, due to a few very large sales it increased significantly to $19.9 million.

In November 2020, Richmond voters approved Measure U which significantly changed the calculation for the Business License Tax. Currently, most business pay a tax based on number of employees or location. Measure U imposes a calculation based on Gross Receipts. The percentage charged varies based on both the type of business and the amount of gross receipts with the new rates ranging from 0.06% to 0.68% for businesses and 1.08% to 2.4% for rental properties. The new methodology was expected to bring in an additional $6.4 million for the City once implemented in FY2021-22. Due to changes in both implementation date (moved from July 1, 2021 to January 1, 2022) and Rent Control credits (fees paid by landlords of small rental units serves as credits to the Business Tax) the amount collected in FY2021-22 will be lower than originally forecasted.

The City continues to closely monitor revenue and expenditures through monthly variance reports to assure adherence to budget controls. Simultaneously, position control is strictly enforced, ensuring that any employee hired is moving into a funded position. For the upcoming fiscal year, staff is working to to align the budget forecast with City Council priorities, review the City's organizational structure, and provide recommended actions for fiscal sustainability.

This will include planning and addressing pension and Other Post-Employment Benefits (OPEB) funding. Additionally, the City continues to analyze the structural integrity of all funds and identify additional cost reductions and efficiencies.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Richmond, Finance Department, 450 Civic Center Plaza, Richmond, CA 94804. Alternatively, you may send your inquiries via e-mail to Finance@ci.richmond.ca.us.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank

This page intentionally left blank

City of Richmond
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 137,599,623	$ 50,863,729	$ 188,463,352
Restricted cash and investments	15,301,838	13,957,785	29,259,623
Receivables:			
Accounts, net	14,209,371	6,780,481	20,989,852
Interest	41,633	13,402	55,035
Grants	6,083,133	206,508	6,289,641
Loans	-	-	-
Internal balances	15,642,760	(15,642,760)	-
Prepaids and supplies	637,513	-	637,513
Total current assets	189,515,871	56,179,145	245,695,016
Noncurrent assets:			
Due from developer	-	11,221,743	11,221,743
Loans	46,299,190	-	46,299,190
Property held for resale	78,016	-	78,016
Net pension asset	4,441,073	-	4,441,073
Capital assets:			
Nondepreciable	58,596,943	40,154,105	98,751,048
Depreciable	744,532,487	356,786,684	1,101,319,171
Less accumulated depreciation	(516,973,793)	(195,165,429)	(712,139,222)
Total capital assets	286,155,637	201,775,360	487,930,997
Total noncurrent assets	336,973,916	212,997,103	549,971,019
Total assets	526,489,787	269,176,248	795,666,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	41,852,998	1,537,803	43,390,801
Deferred outflows of resources - OPEB	2,981,744	152,293	3,134,037
Deferred ouflows - change in fair value of derivative instruments	35,965,971	-	35,965,971
Deferred charge on refunding	-	6,247,725	6,247,725
Total deferred outflows of resources	80,800,713	7,937,821	88,738,534
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	16,828,865	8,721,491	25,550,356
Interest payable	1,194,997	2,508,603	3,703,600
Refundable deposits	881,371	471,362	1,352,733
Unearned revenue	6,516,377	-	6,516,377
Derivative instrument at fair value	35,965,971	-	35,965,971
Compensated absences - due within one year	35,782	153,064	188,846
Claims liabilities - due within one year	13,033,895	-	13,033,895
Long-term debt - due within one year	15,649,018	6,681,656	22,330,674
Total current liabilities	90,106,276	18,536,176	108,642,452
Noncurrent liabilities:			
Unearned revenue	-	2,962,194	2,962,194
Compensated absences	13,081,217	46,981	13,128,198
Claims liabilities	31,358,444	-	31,358,444
Long-term debt	235,376,566	148,147,517	383,524,083
Net pension liability	340,627,781	11,745,894	352,373,675
Net OPEB liability	98,856,405	4,944,993	103,801,398
Total noncurrent liabilities	719,300,413	167,847,579	887,147,992
Total liabilities	809,406,689	186,383,755	995,790,444
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	5,671,678	202,155	5,873,833
Deferred inflows of resources - OPEB	50,956,440	2,347,335	53,303,775
Total deferred inflows of resources	56,628,118	2,549,490	59,177,608
NET POSITION			
Net investment in capital assets	206,419,763	75,738,268	282,158,031
Restricted for:			
Capital projects	8,173,583	-	8,173,583
Debt service	11,850,076	13,859,999	25,710,075
Housing and redevelopment	18,849,330	-	18,849,330
Community development projects	64,528,624	-	64,528,624
Total restricted	103,401,613	13,859,999	117,261,612
Unrestricted	(568,565,683)	(1,417,443)	(569,983,126)
Total net position	$ (258,744,307)	$ 88,180,824	$ (170,563,483)

See accompanying Notes to Basic Financial Statements

Component Units		
RHA Properties	RHA Housing Corporation	RHA RAD LLC
$ -	$ 4,759	$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	14,510,000
-	-	-
-	-	-
-	4,759	14,510,000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	4,759	14,510,000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

City of Richmond
Statement of Activities
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary Government:					
Governmental activities:					
General government	$ 46,917,122	$ 13,777,010	$ 978,177	$ 899,541	$ 15,654,728
Public safety	94,378,715	3,674,412	2,495,729	249,854	6,419,995
Public works	33,979,639	7,198,221	8,850,916	1,657,713	17,706,850
Community development	4,534,280	665,999	18,345,791	1,579,842	20,591,632
Cultural and recreational	9,006,470	814,073	271,544	-	1,085,617
Housing and redevelopment	3,007,152	-	(1,626,016)	-	(1,626,016)
Interest on long-term debt	12,825,356	-	-	-	-
Total governmental activities	204,648,734	26,129,715	29,316,141	4,386,950	59,832,806
Business-type activities					
Richmond Housing Authority	3,607,603	861,943	2,048,744	-	2,910,687
Port of Richmond	6,263,232	10,704,024	-	-	10,704,024
Municipal Sewer	20,466,640	27,759,474	-	13,167	27,772,641
Richmond Marina	227,391	574,453	-	-	574,453
Storm Sewer	1,796,422	2,103,928	1,722,930	-	3,826,858
Cable TV	788,957	1,145,936	-	-	1,145,936
Total business-type activities	33,150,245	43,149,758	3,771,674	13,167	46,934,599
Total primary government	$ 237,798,979	$ 69,279,473	$ 33,087,815	$ 4,400,117	$ 106,767,405
Component units:					
RHA Properties	-	-	-	-	-
RHA Housing Corporation	50	-	-	-	-
RHA RAD LLC	-	-	-	-	-
Total component units	$ 50	$ -	$ -	$ -	$ -
		General Revenues:			
		Taxes:			
		Property taxes - current collections			
		Sales taxes			
		Utility user taxes			
		Documentary transfer taxes			
		Other taxes			
		Total taxes			
		Unrestricted intergovernmental			
		Use of money and property			
		Gain (loss) from sale of capital assets			
		Other			
		Transfers			
		Total general revenues and transfers			
		Change in net position			
		Net position - beginning of year, as restated			
		Net position - end of year			

See accompanying Notes to Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	RHA Properties	RHA Housing Corporation	RHA RDA LLC
$ (31,262,394)	$ -	$ (31,262,394)			
(87,958,720)	-	(87,958,720)			
(16,272,789)	-	(16,272,789)			
16,057,352	-	16,057,352			
(7,920,853)	-	(7,920,853)			
(4,633,168)	-	(4,633,168)			
(12,825,356)	-	(12,825,356)			
(144,815,928)	-	(144,815,928)			
-	(696,916)	(696,916)			
-	4,440,792	4,440,792			
-	7,306,001	7,306,001			
-	347,062	347,062			
-	2,030,436	2,030,436			
-	356,979	356,979			
-	13,784,354	13,784,354			
(144,815,928)	13,784,354	(131,031,574)			
			-	-	-
			-	(50)	-
			-	-	-
			-	(50)	-
65,075,408	-	65,075,408	-	-	-
48,998,406	-	48,998,406	-	-	-
45,240,705	-	45,240,705	-	-	-
19,857,680	-	19,857,680	-	-	-
7,424,135	-	7,424,135	-	-	-
186,596,334	-	186,596,334	-	-	-
6,593,602	-	6,593,602	-	-	-
1,461,004	145,810	1,606,814	-	-	-
71,458	-	71,458	-	-	-
1,357,022	-	1,357,022	-	-	-
(11,279,988)	11,279,988	-	-	-	-
184,799,432	11,425,798	196,225,230	-	-	-
39,983,504	25,210,152	65,193,656	-	(50)	-
(298,727,811)	62,970,672	(235,757,139)	-	4,809	14,510,000
$ (258,744,307)	$ 88,180,824	$ (170,563,483)	$ -	$ 4,759	$ 14,510,000

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds described below were determined to be major governmental funds by the City in the current fiscal year. Individual nonmajor governmental funds may be found in the supplemental section.

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in the notes to the financial statements, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

City of Richmond
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 33,213,554	$ 5,399,224	$ 46,949,540	$ 85,562,318
Restricted cash and investments	-	2,007,696	12,060,716	14,068,412
Receivables:				
Accounts, net	11,562,758	2,292	2,635,321	14,200,371
Interest	10,836	1,915	12,690	25,441
Grants	29,677	172,449	5,881,007	6,083,133
Loans	3,041,758	42,478,419	779,013	46,299,190
Due from other funds	5,732	-	-	5,732
Advances to other funds	13,062,225	-	-	13,062,225
Property held for resale	-	78,016	-	78,016
Prepaids and supplies	637,513	-	-	637,513
Total assets	61,564,053	50,140,011	68,318,287	180,022,351
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	6,242,621	75,645	8,900,866	15,219,132
Refundable deposits	215,438	-	665,933	881,371
Due to other funds	-	-	5,732	5,732
Unearned revenue	3,615,918	-	2,900,459	6,516,377
Total liabilities	10,073,977	75,645	12,472,990	22,622,612
Deferred inflows of resources:				
Unavailable revenue	2,376,034	18,849,330	6,055,015	27,280,379
Total deferred inflows of resouces	2,376,034	18,849,330	6,055,015	27,280,379
Fund Balances:				
Nonspendable	14,399,738	-	-	14,399,738
Restricted	-	31,215,036	48,946,958	80,161,994
Committed	9,800,000			9,800,000
Assigned	2,436,475	-	2,521,099	4,957,574
Unassigned	22,477,829	-	(1,677,775)	20,800,054
Total fund balances	49,114,042	31,215,036	49,790,282	130,119,360
Total liabilities, deferred inflows of resources, and fund balances	$ 61,564,053	$ 50,140,011	$ 68,318,287	$ 180,022,351

See accompanying Notes to Basic Financial Statements

City of Richmond
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds			$ 130,119,360

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Nondepreciable	$ 58,596,943	$ (2,826,937)	55,770,006
Depreciable, net	227,558,694	(5,102,152)	222,456,542
Total capital assets	$ 286,155,637	$ (7,929,089)	278,226,548

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	10,351,005
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	27,280,379

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	41,371,442
Deferred outflows of resources related to OPEB	2,937,303
Deferred inflows of resources related to pension	(5,608,373)
Deferred inflows of resources related to OPEB	(50,271,453)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Compensated absences - due within one year	$ (35,782)	$ 35,782	$ -
Interest payable	(1,194,997)	9,717	(1,185,280)
Long-term debt - due within one year	(15,649,018)	251,951	(15,397,067)
Compensated absences - due in more than one year	(13,081,217)	75,445	(13,005,772)
Long-term debt - due in more than one year	(235,376,566)	1,736,079	(233,640,487)
Net pension liability/asset	(336,186,708)	3,678,178	(332,508,530)
Net OPEB liability	(98,856,405)	1,443,023	(97,413,382)
Total long-term liabilities	$ (700,380,693)	$ 7,230,175	(693,150,518)
Net Position of Governmental Activities			$ (258,744,307)

See accompanying Notes to Basic Financial Statements

City of Richmond
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	General Fund	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	$ 45,140,902	$ -	$ 25,153,585	$ 70,294,487
Sales taxes	48,998,406	-	-	48,998,406
Utility user taxes	45,240,705	-	-	45,240,705
Other taxes	27,066,292	-	-	27,066,292
Licenses, permits and fees	3,235,491	665,999	14,415,062	18,316,552
Fines, forfeitures and penalties	454,778	-	692	455,470
Use of money and property	107,022	202,108	163,086	472,216
Intergovernmental	803,692	1,579,842	21,528,800	23,912,334
Charges for services	6,730,499	-	8,641,090	15,371,589
Rent	699,301	-	-	699,301
Other	403,034	898,903	189,377	1,491,314
Total revenues	178,880,122	3,346,852	70,091,692	252,318,666
EXPENDITURES:				
Current:				
General government	30,245,217	-	16,247,767	46,492,984
Public safety	96,372,052	-	2,247,410	98,619,462
Public works	24,754,571	-	7,278,273	32,032,844
Community development	-	505,501	5,201,909	5,707,410
Cultural and recreational	9,087,406	-	718,644	9,806,050
Housing and redevelopment	-	945,529	2,179,259	3,124,788
Capital outlay	113,178	-	5,968,835	6,082,013
Debt service:				
Principal	910,082	-	13,513,000	14,423,082
Interest and fiscal charges	137,257	-	6,907,538	7,044,795
Total expenditures	161,619,763	1,451,030	60,262,635	223,333,428
REVENUES OVER (UNDER) EXPENDITURES	17,260,359	1,895,822	9,829,057	28,985,238
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	71,458	-	-	71,458
Transfers in	9,454,780	-	6,069,525	15,524,305
Transfers out	(16,318,786)	-	(10,714,975)	(27,033,761)
Total other financing sources (uses)	(6,792,548)	-	(4,645,450)	(11,437,998)
Net change in fund balances	10,467,811	1,895,822	5,183,607	17,547,240
FUND BALANCES (DEFICITS):				
Beginning of year	38,646,231	29,319,214	44,606,675	112,572,120
End of year	$ 49,114,042	$ 31,215,036	$ 49,790,282	$ 130,119,360

See accompanying Notes to Basic Financial Statements

City of Richmond
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$	17,547,240
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:		
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.		6,309,279
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.		(10,428,862)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.		(125,790)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
Long-term debt repayments		14,423,082
Capital appreciation bond accretion		(6,729,666)
Amortization of bonds premium		863,438
Interest payable		168,165
Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.		39,468,325
Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		(39,668,043)
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.		13,584,158
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.		1,939,642
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.		2,632,536
Change in Net Position of Governmental Activities	$	39,983,504

See accompanying Notes to Basic Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds account for operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that most of the cost of providing goods and services be financed primarily through user charges.

The concept of major funds extends to proprietary funds. The City has identified the funds below as major proprietary funds in the current fiscal year.

Generally accepted accounting principles do not provide for the disclosure of budget versus actual comparisons regarding proprietary funds that are major.

The Richmond Housing Authority fund accounts for all funds provided by the Department of Housing and Urban Development (HUD) to assist low income families in obtaining decent, safe and sanitary housing.

The Port of Richmond fund accounts for all financial transactions relating to the City-owned marine terminal facilities and commercial property rentals.

The Municipal Sewer fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Richmond.

City of Richmond
Statement of Net Position
Proprietary Funds
For the year ended June 30, 2021

	Business-type Activities			
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	$ 2,754,022	$ 3,257,402	$ 39,028,273	$ 5,824,032
Restricted cash and investments	97,786	150,627	13,619,646	89,726
Receivables:				
Accounts, net	238,431	6,028,758	78,503	434,789
Interest	-	672	11,243	1,487
Grants	206,508	-	-	-
Total current assets	3,296,747	9,437,459	52,737,665	6,350,034
Noncurrent assets:				
Receivables:				
Due from developer	11,221,743	-	-	-
Advances to other funds	-	-	-	-
Capital assets:				
Nondepreciable	1,708,686	4,937,160	29,653,565	3,854,694
Depreciable	44,836,474	87,500,286	189,100,926	35,348,998
Less accumulated depreciation	(30,158,605)	(55,946,334)	(75,942,119)	(33,118,371)
Net capital assets	16,386,555	36,491,112	142,812,372	6,085,321
Total noncurrent assets	27,608,298	36,491,112	142,812,372	6,085,321
Total assets	30,905,045	45,928,571	195,550,037	12,435,355
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	584,453	217,455	425,931	309,964
Deferred outflows of resources - OPEB	59,616	16,259	46,880	29,538
Deferred charge on refunding	-	-	6,247,725	-
Total deferred outflows of resources	644,069	233,714	6,720,536	339,502
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,602,423	293,306	6,491,825	333,937
Interest payable	-	96,750	2,315,458	96,395
Due to other funds	-	-	-	-
Refundable deposits	143,766	238,423	-	89,173
Compensated absences - current	3,073	5,811	102,443	41,737
Claims payable - current	-	-	-	-
Long-term debt - current	-	4,100,000	2,480,000	101,656
Total current liabilities	1,749,262	4,734,290	11,389,726	662,898
Noncurrent liabilities:				
Advances from other funds	-	13,062,225	-	2,580,535
Unearned revenue	1,814,047	520,000	36,280	591,867
Compensated absences	13,146	22,797	5,200	5,838
Claims payable	-	-	-	-
Long-term debt	1,001,530	9,504,419	135,406,366	2,235,202
Net pension liability	4,464,114	1,660,942	3,253,302	2,367,536
Net OPEB liability	1,935,762	527,935	1,522,213	959,083
Total noncurrent liabilities	9,228,599	25,298,318	140,223,361	8,740,061
Total liabilities	10,977,861	30,032,608	151,613,087	9,402,959
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	76,829	28,586	55,993	40,747
Deferred inflows of resources - OPEB	918,886	250,605	722,578	455,266
Total deferred inflows of resources	995,715	279,191	778,571	496,013
NET POSITION (DEFICIT)				
Net investment in capital assets	15,385,025	22,886,693	33,718,087	3,748,463
Restricted for debt service	-	150,627	13,619,646	89,726
Unrestricted	4,190,513	(7,186,834)	2,541,182	(962,304)
Total net position	$ 19,575,538	$ 15,850,486	$ 49,878,915	$ 2,875,885

See accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 50,863,729	$ 52,037,305
13,957,785	1,233,426
6,780,481	9,000
13,402	16,192
206,508	-
71,821,905	53,295,923
11,221,743	-
-	2,580,535
40,154,105	2,826,937
356,786,684	24,784,013
(195,165,429)	(19,681,861)
201,775,360	7,929,089
212,997,103	10,509,624
284,819,008	63,805,547
1,537,803	481,556
152,293	44,441
6,247,725	-
7,937,821	525,997
8,721,491	1,609,733
2,508,603	9,717
-	-
471,362	-
153,064	35,782
-	13,033,895
6,681,656	251,951
18,536,176	14,941,078
15,642,760	-
2,962,194	-
46,981	75,445
-	31,358,444
148,147,517	1,736,079
11,745,894	3,678,178
4,944,993	1,443,023
183,490,339	38,291,169
202,026,515	53,232,247
202,155	63,305
2,347,335	684,987
2,549,490	748,292
75,738,268	7,174,485
13,859,999	-
(1,417,443)	3,176,520
$ 88,180,824	$ 10,351,005

City of Richmond
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2021

	Business-type Activities			
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds
OPERATING REVENUES:				
Rental	$ 427,343	$ -	$ -	$ -
Service charges	-	2,800,099	27,759,474	3,244,571
Lease income	-	7,809,710	-	579,696
Other	434,600	94,215	-	50
Total operating revenues	861,943	10,704,024	27,759,474	3,824,317
OPERATING EXPENSES:				
Salaries and benefits	62,911	449,534	1,251,923	670,751
General and administrative	2,597,050	1,636,961	9,863,869	1,832,695
Maintenance	941,732	294,062	573,845	-
Depreciation	-	3,544,329	3,581,983	130,651
Claims losses	-	-	-	-
Other	5,910	7,909	249,171	-
Total operating expenses	3,607,603	5,932,795	15,520,791	2,634,097
OPERATING INCOME (LOSS)	(2,745,660)	4,771,229	12,238,683	1,190,220
NONOPERATING REVENUES (EXPENSES):				
Interest income	575	3,719	120,417	21,099
Grants	2,048,744	-	-	1,722,930
Interest expense	-	(330,437)	(4,945,849)	(178,673)
Total nonoperating revenues (expenses)	2,049,319	(326,718)	(4,825,432)	1,565,356
Income (loss) before contributions and transfers	(696,341)	4,444,511	7,413,251	2,755,576
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	-	13,167	-
Transfers in	11,435,028	-	-	-
Transfers out	(68,262)	-	-	(86,778)
Total contributions and transfers	11,366,766	-	13,167	(86,778)
Change in net position	10,670,425	4,444,511	7,426,418	2,668,798
NET POSITION:				
Beginning of year, as restated	8,905,113	11,405,975	42,452,497	207,087
End of year	$ 19,575,538	$ 15,850,486	$ 49,878,915	$ 2,875,885

See accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 427,343	$ -
33,804,144	21,737,290
8,389,406	-
528,865	-
43,149,758	21,737,290
2,435,119	3,492,528
15,930,575	1,097,351
1,809,639	1,780,971
7,256,963	985,343
-	13,476,986
262,990	1,005
27,695,286	20,834,184
15,454,472	903,106
145,810	289,507
3,771,674	1,292,953
(5,454,959)	(82,498)
(1,537,475)	1,499,962
13,916,997	2,403,068
13,167	-
11,435,028	426,018
(155,040)	(196,550)
11,293,155	229,468
25,210,152	2,632,536
62,970,672	7,718,469
$ 88,180,824	$ 10,351,005

City of Richmond
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	Business-type Activities			
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers/interfund services	$ 4,695,718	$ 10,242,797	$ 27,775,903	$ 4,433,434
Payments to suppliers	(3,774,281)	(1,877,077)	(8,856,762)	(1,741,693)
Payments to employees	(452,790)	(656,163)	(1,581,608)	(879,209)
Insurance premiums and claims paid	-	-	-	-
Net cash provided by (used in) operating activities	468,647	7,709,557	17,337,533	1,812,532
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts (payments)	(15,255,272)	(286,375)	901,396	(46,719)
Receipts from other governments	3,091,786	-	-	-
Transfers in	11,435,028	-	-	-
Transfers out	(68,262)	-	-	(86,778)
Net cash provided by (used in) noncapital financing activities	(796,720)	(286,375)	901,396	(133,497)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Grant receipts	-	-	13,167	1,722,930
Acquisition of capital assets	-	-	(9,430,481)	(1,702,010)
Principal payments on capital debt	-	(3,945,000)	(2,515,000)	(97,279)
Interest paid	-	(748,210)	(5,633,851)	(182,686)
Net cash provided by (used in) capital and related financing activities	-	(4,693,210)	(17,566,165)	(259,045)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	575	3,613	145,832	25,423
Net cash provided by (used in) investing activities	575	3,613	145,832	25,423
Net cash flows	(327,498)	2,733,585	818,596	1,445,413
CASH AND INVESTMENTS - Beginning of year	3,179,306	674,444	51,829,323	4,468,345
CASH AND INVESTMENTS - End of year	$ 2,851,808	$ 3,408,029	$ 52,647,919	$ 5,913,758
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ (2,745,660)	$ 4,771,229	$ 12,238,683	$ 1,190,220
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	3,544,329	3,581,983	130,651
Changes in assets and liabilities:				
Receivables, net	2,755,944	(461,227)	16,429	17,250
Accounts payable and accrued liabilities	(226,505)	19,355	1,830,123	90,348
Refundable deposits	(3,084)	42,500	-	654
Unearned revenue	1,077,831	-	-	591,867
Compensated absences payable	4,078	(99,967)	(19,439)	(13,542)
Claims payable	-	-	-	-
Net pension liability and deferred outflows/inflows	7,854	2,923	5,725	4,165
Net OPEB liability and deferred outflows/inflows	(401,811)	(109,585)	(315,971)	(199,081)
Net cash provided by (used in) operating activities	$ 468,647	$ 7,709,557	$ 17,337,533	$ 1,812,532

See accompanying Notes to Basic Financial Statements

Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 47,147,852	$ 22,103,102
(16,249,813)	(1,609,394)
(3,569,770)	(3,965,175)
-	(12,325,014)
27,328,269	4,203,519
(14,686,970)	9,703,154
3,091,786	-
11,435,028	426,018
(155,040)	(151,591)
(315,196)	9,977,581
1,736,097	1,292,953
(11,132,491)	(2,003,389)
(6,557,279)	(242,336)
(6,564,747)	(83,682)
(22,518,420)	(1,036,454)
175,443	338,761
175,443	338,761
4,670,096	13,483,407
60,151,418	39,787,324
$ 64,821,514	$ 53,270,731
$ 15,454,472	$ 903,106
7,256,963	985,343
2,328,396	365,812
1,713,321	1,269,933
40,070	-
1,669,698	-
(128,870)	(179,588)
-	1,151,972
20,667	6,474
(1,026,448)	(299,533)
$ 27,328,269	$ 4,203,519

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary funds are presented separately from the Government-Wide and Fund financial statements.

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments.

The financial activities of the Trust and Custodial funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

City of Richmond
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Pension Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and investments	$ -	$ 7,075,368	$ 6,572,233
Restricted cash and investments	1,226,909	17,705,972	923,497
Pension and OPEB plan cash and investments:			
Local Agency Investment Fund	186,062	-	-
Mutual fund investments	13,042,440	-	-
Accounts receivable	-	33,665	-
Interest receivable	467	22,272	2,005
Grants receivable	-	451,406	-
Loans receivable	-	1,021,000	-
Prepaids and other assets	-	5,716,860	-
Total assets	14,455,878	32,026,543	7,497,735
DEFERRED OUTFLOWS OF RESOURCES			
Deferred ouflows of resources - deferred loss on refunding	-	436,160	-
Total deferred outflows of resources	-	436,160	-
LIABILITIES			
Accounts payable and accrued liabilities	-	266,262	5,656
Interest payable	-	697,901	-
Long-term debt:			
Due within one year	-	6,645,000	-
Due in more than one year	-	53,465,925	-
Total liabilities	-	61,075,088	5,656
NET POSITION:			
Restricted for employees' pension and OPEB benefits	14,455,878	-	-
Held in trust for other governments	-	(28,612,385)	-
Restricted for individuals, organizations, and other governments	-	-	7,492,079
Total net position	$ 14,455,878	$ (28,612,385)	$ 7,492,079

See accompanying Notes to Basic Financial Statements.

City of Richmond
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2021

	Pension Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:			
Property taxes	$ -	$ 12,927,768	$ 1,204,334
Contributions to trust - employers	1,256,029	451,406	1,501,073
Net investment income:			
Net increase (decrease) in fair value of investments	2,392,584	-	-
Interest income	214,608	1,046,644	27,306
Less investment management fees	(72,568)	-	-
Gain from sale of property	-	925,585	-
Total additions	3,790,653	15,351,403	2,732,713
DEDUCTIONS:			
Community development	-	1,970,023	-
Pension and OPEB benefits	1,864,713	-	-
Payments in accordance with trust agreements	-	211,835	-
Interest and fiscal charges	-	4,128,651	975,778
Other	-	-	500,856
Total deductions	1,864,713	6,310,509	1,476,634
Change in net position	1,925,940	9,040,894	1,256,079
NET POSITION:			
Beginning of year, as restated	12,529,938	(37,653,279)	6,236,000
End of year	$ 14,455,878	$ (28,612,385)	$ 7,492,079

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Richmond, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Financial Reporting Entity

The City was incorporated in 1905 under the laws of the State of California and adopted its charter in 1909. The City operates under a Council-Manager form of government and provides the following services to its citizens as authorized by its charter: police and fire protection, planning and community development, streets and roads, parks and recreation, sewage treatment, drainage and capital projects. In addition, the City has a port, marina, municipal and storm sewer enterprises, a housing authority, a joint powers financing authority, and a parking authority which is inactive.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

Primary Government

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Parking Authority and the Richmond Surplus Property Authority all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

Blended Component Units

Richmond Housing Authority (Housing Authority) – Formed in 1941 as a separate legal entity under the provisions of the Housing Act of 1937, the Housing Authority was established to use funds provided by the Department of Housing and Urban Development (HUD) to rehabilitate local deteriorated housing and to subsidize low-income families in obtaining decent, safe, and sanitary housing needs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

Blended Component Units, Continued

Although the Housing Authority is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Housing Authority and members of City Council serve as the governing board of the Housing Authority. The financial statements of the Housing Authority are included in the City's basic financial statements as an enterprise fund. Separate financial statements for the Housing Authority may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

Richmond Joint Powers Financing Authority (JPFA) – A joint exercise of powers authority formed on December 1, 1989, by and between the City and the former Redevelopment Agency, the JPFA was created to assist the City, the Redevelopment Agency, and other local public agencies in financing and refinancing capital improvements and working capital pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The JPFA is authorized to purchase obligations of the City, Redevelopment Agency, and other local public agencies.

Although the JPFA is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the JPFA and the members of the City Council serve as the Board of Directors. The operations of the JPFA are included in the City's basic financial statements as a debt service fund. Separate financial statements for the JPFA may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

Richmond Neighborhood Stabilization Corporation (RNSC) – A California nonprofit public benefit Corporation formed in July 2009 by the City and the former Redevelopment Agency under the laws of the State of California. The Corporation was organized for the purpose of administering and operating the City's Neighborhood Stabilization Program (NSP), which includes purchasing, developing, financing, rehabilitating, land banking and/or demolishing blighted properties and foreclosed or abandoned properties utilizing the NSP funds or other public and private funding sources, and assisting the City and the Agency in providing affordable home ownership opportunities for households of low and moderate income by facilitating the financing necessary for the sale and resale of deed-restricted affordable ownership units to low and moderate income households at affordable costs, and other similar functions.

The Corporation is governed by a board of directors consisting of the City Manager, the Finance Director, and five other City and Housing Authority Directors. Although the RNSC is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the RNSC and members of the Board of Directors are appointed by City Council and City management has operational responsibility for the RNSC. The operations of the RNSC are included in the City's basic financial statements as a special revenue fund. Separate financial statements for the RNSC may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

Blended Component Units, Continued

Richmond Surplus Property Authority – Formed to become the owner of certain property declared surplus by the U.S. Government, the Authority is a separate legal entity but it is an integral part of the City. The City exercises significant financial and management control over the Authority and members of the City Council serve as the governing board of the Authority. The Authority was reactivated in fiscal year 2011 to facilitate certain Port of Richmond transactions. The financial activities of the Authority are included in the Port of Richmond Enterprise Fund. Separate financial statements are not issued for the Authority.

Richmond Parking Authority (Parking Authority) – Formed in 1975 pursuant to the provisions of California statutes for the purpose of financing the construction of off-street parking facilities. Although the Parking Authority is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the Parking Authority and members of the City Council serve as the governing board of the Parking Authority. The Parking Authority is inactive.

Discretely Presented Component Units

RHA Properties – A joint powers agreement between the City and the Housing Authority formed in 2004 for the purpose of owning and managing the operations of an affordable housing residential complex known as The Hilltop at Westridge Apartments in the City, dedicated to the needs of elderly persons. The City and the Housing Authority funded the acquisition of this complex through the issuance of debt. The City and Housing Authority exercise significant financial and management control over RHA Properties and appoint members of the Board of Directors, however RHA Properties manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Properties are discretely presented in the RHA Properties Component Unit column of the Statement of Net Position and the Statement of Activities.

RHA Housing Corporation – RHA Housing Corporation was incorporated and registered on January 26, 2004 as a California nonprofit public benefit corporation to benefit and support the RHA with respect to the Easter Hill development. RHA Housing Corporation entered into RAD Conversion redevelopment activities and it acts as the sole and managing member of RHA RAD LLC. The Corporation's fiscal year ends on December 31. The City and Housing Authority exercise significant financial and management control over RHA Housing Corporation and appoint members of the Board of Directors, however RHA Housing Corporation manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Housing Corporation are discretely presented in the RHA Housing Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA Housing Corporation may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

Discretely Presented Component Units, Continued

RHA RAD LLC – A California limited liability company was formed on July 11, 2013 by RHA Housing Corporation, the sole and managing member. The company is operated exclusively to further the tax exempt charitable purposes of the sole and managing member to provide affordable housing for low-income persons where no adequate housing exists for such persons, and to own and operate housing for the benefit of low-income persons who are in need of affordable, decent, safe and sanitary housing and related services, where an inadequate supply of housing exists for such persons. The City and Housing Authority exercise significant financial and management control over RHA RAD LLC and RHA Housing Corporation is the sole member of RHA RAD LLC, however RHA RAD LLC manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA RAD LLC are discretely presented in the RHA RAD LLC Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA RAD LLC may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

In order for the Authority to proceed in its participation into the RAD Program as discussed in Note 16, RHA RAD LLC shall act as the managing general partner of RHA RAD Housing Partnership LP.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures or expenses. City 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 Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Fiduciary activities of the City are not included in these statements; they are presented separately.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows/inflows of resources and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents all the City's revenues, expenses and other changes in Net Position. 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.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

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 in the aggregate for all non-major funds. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

All governmental funds are accounted for on the "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 presents 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 such as business licenses and fines and penalties in cash, except that revenues subject to accrual (generally ninety days after the fiscal year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property taxes, sales taxes, transient occupancy taxes, franchise taxes, certain other intergovernmental revenues, and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred also generally ninety days after the fiscal year end.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between the two approaches.

The City reports the following major governmental funds in the accompanying financial statements:

General Fund – the General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Community Development and Loan Programs Special Revenue Fund – accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in Note 4, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and in the aggregate for all non-major funds. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, liabilities and deferred outflows/inflows of resources (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

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, regardless of when cash changes hands.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major enterprise funds as proprietary funds of the City:

Richmond Housing Authority – This fund accounts for all funds provided by the Department of Housing and Urban Development (HUD) to assist low income families in obtaining decent, safe and sanitary housing.

Port of Richmond – This fund accounts for all financial transactions relating to the City-owned marine terminal facilities and commercial property rentals.

Municipal Sewer – This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Richmond.

The City also reports the following proprietary fund type:

Internal Service Funds – The funds account for insurance reserves, equipment services and replacement and police telecommunications, all of which are provided to other departments on a cost-reimbursement basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary funds represent Pension and OPEB Trust funds, Private-Purpose Trust funds and Custodial funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension Trust funds and Private-Purpose Trust funds are accounted for on an economic resources measurement focus under the accrual basis of accounting.

The City reports the following fiduciary fund types:

Trust Funds - The Pension and OPEB Trust Funds account for assets held by the City as an Agent for various functions. The General Pension, Police and Firemen's and Garfield Pension Funds account for the accumulation of resources to be used for retiree pension payments at appropriate amounts and times in the future. The Pt. Molate Private-Purpose Trust Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate as discussed in Note 16. The Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund was established as of February 1, 2012 to account for the activities of the Successor Agency to the former Richmond Community Redevelopment Agency as discussed in Note 17. The financial activities of the Trust Funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

Custodial Funds – These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments, including special assessment districts within the City and non-public organizations. The financial activities of these funds are excluded from the government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

C. Cash and Investments

The City maintains a cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed as cash and investments on the balance sheet for governmental funds and the statements of net position for proprietary and fiduciary funds. Investments are stated at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments, Continued

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB Statement No. 3)*, certain disclosure requirements for deposits and investment risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
    - Overall
    - Custodial Credit Risk
    - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money 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. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City did not have any investments measured using Level 3 inputs as of June 30, 2021.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled 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 the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "cash and investments" in the accompanying basic financial statements.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash and equivalents defined above.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Prepaids and Supplies

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Supplies are valued at cost using the weighted average method. Supplies of the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the governmental funds at the time individual inventory items are consumed rather than when purchased. Reported governmental fund inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

E. Capital Assets

Capital assets are valued at historical cost or at estimated acquisition value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least $5,000, and the Housing Authority's policy is to capitalize assets costing at least $1,000. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Type	Useful Life
Improvements other than buildings	20 years
Buildings and building improvements	20 - 50 years
Vehicles	3 - 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 - 20 years

Infrastructure includes streets systems, parks and recreation lands and improvement systems, storm water collection systems, and buildings combined with site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system is divided into subsystems. For example, the street system includes pavement, curbs and gutters, sidewalks, medians, streetlights, traffic control devices such as signs, signals and pavement markings, landscaping and land. In the case of the initial capitalization of general infrastructure assets reported by governmental activities, the City chose to include all such items regardless of their acquisition date or amount.

Net interest costs incurred during the construction of capital assets for the business-type and proprietary funds are capitalized as part of the asset's cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Property Held for Resale

Property held for resale is accounted for at the lower of cost or net realizable value or agreed upon sales price if a disposition agreement has been made with a developer.

The City received five properties for resale in fiscal year 2013 with a book value of $573,822 from the acceptance of a deed in lieu of foreclosure on the property related to developer defaults on prior loans under the Richmond Neighborhood Stabilization loan program discussed in Note 4. These properties were rehabilitated during fiscal years 2014 and 2015 increasing the carrying value by a total of $749,716 and $39,303, respectively. In fiscal year 2014, the City received an additional four properties with a carrying value of $648,238. Six properties were sold in fiscal year 2016, the remaining two properties held for resale had a book value of $671,255 as of June 30, 2017. In fiscal year 2018, one property was sold during the year, and the carrying value of the one remaining property held for resale was $78,016 as of June 30, 2021.

G. Property Taxes

The State of California's Constitution limits the combined maximum property tax rate on any given property to one percent of its assessed value except for voter approved incremental property taxes. Assessed value equals purchase price and may be adjusted by no more than two percent per year unless the property is modified, sold, or transferred. The State Legislature distributes property tax receipts from among the counties, cities, school districts, and other districts.

Contra Costa County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	March 1
Levied dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property taxes levied are recorded as revenue in the fiscal year of levy.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The first item that qualifies for reporting in this category is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows of resources related to change in fair value of derivative instruments, pensions and OPEB as discussed in Notes 7, 11, and 12.

In addition to liabilities, the statement of net position or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The first item which qualifies for reporting in this category arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: loans receivable, grants receivable and interest on interfund advances. See Note 8 for further discussion. The City also has deferred inflows of resources related to pensions and OPEB as discussed in Notes 11 and 12. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. Net Position and Fund Balances

Net Position

In the City-wide financial statements, Net Position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation plus deferred outflows of resources associated with the refunding of related capital debt, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments. In addition, net position restricted for pension benefits are restricted as a result of enabling legislation.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position and Fund Balances, Continued

Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, interfund advances and notes receivable are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by the same formal action of the City Council. The highest level of formal action of the City Council is an Ordinance.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Director, and may be changed at the discretion of the City Council or its designee, during the budget approval process or via budget amendments in accordance with the City's adopted budget policy. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

J. Compensated Absences

Compensated absences comprise unused vacation and certain other compensated time off, which are accrued and charged to expense as earned. Governmental funds include only amounts that have matured, while their long-term liabilities are recorded in the Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it, called a deferred charge on refunding, is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred inflow or outflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

L. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plans and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Trust and the PARS Trust. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

2. CASH AND INVESTMENTS, Continued

The following is a summary of cash and investments at June 30, 2021:

	Government-Wide Statement of Net Position					
	Primary Government					
	Governmental Activities	Business-Type Activities	Total Primary Government	Total Discrete Component Units	Fiduciary Funds	Total Cash and Investments
Cash and investments	$ 137,599,623	$ 50,863,729	$ 188,463,352	$ 4,759	$ 13,647,601	$ 202,115,712
Restricted cash and investments	15,301,838	13,957,785	29,259,623	-	19,856,378	49,116,001
Total cash and investments	$ 152,901,461	$ 64,821,514	$ 217,722,975	$ 4,759	$ 33,503,979	$ 251,231,713

A. Classification

Cash and investments at June 30, 2021 consist of the following:

Primary Government:	
Local Agency Investment Funds (LAIF)	$ 74,999,067
CalTrust Short-Term Fund	102,265,767
CalTrust Medium-Term Fund	87,973
Money Market Mutual Funds (U.S. Securities)	4,485,111
Held by Trustee:	
Money Market Mutual Funds (U.S. Securities)	36,600,190
Investment Agreement	1,039,778
Guaranteed Investment Contracts	625,001
Total investments	220,102,887
Cash in banks and on hand - Primary Government	31,124,067
Cash in banks - RHA Housing Corporation	4,759
Total cash on hand and deposits	31,128,826
Total cash and investments	$ 251,231,713

B. Deposits

The carrying amount of the City's cash deposit was $31,128,826 at June 30, 2021. Bank balances before reconciling items were a positive amount of $36,499,665 at June 30, 2021. The City's cash deposit was fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The remaining amount was collateralized with securities held by pledging the financial institutions.

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

C. Investments Authorized by the Code and the City's Investment Policy

Under the provisions of the City's Investment Policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	A	None	None
Obligations issued by the United States Government Federally Sponsored Agencies	5 years	N/A	90%	None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None	None
Commercial Paper	270 days	Top rating category	10%[(A)]	30%
Negotiable Certificates of Deposit	5 years	A	20%	10%
Medium-Term Corporate Notes	5 years	A	30%	100%
Money Market Mutual Funds	N/A	Top rating category	15%	10%
Local Agency Investment Fund (LAIF)	N/A	N/A	None	$75 Million/Account
Investment Trust of California (CalTrust)	N/A	N/A	None	None

[(A)] The City may invest an additional 15% or a total of 25% of City surplus money, only if dollar weighted average maturity of the entire amount does not exceed 31 days.

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds for the year ended June 30, 2021:

Interest income	$ 1,812,395
Realized gain (loss) on investments	90,444
Total investment income	$ 1,902,839

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the Code and the City's Investment Policy, Continued

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally, the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2021 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

At June 30, 2021, the City had $74,999,067 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.37% in the previous year. The LAIF fair value factor of 1.000083 was used to calculate the fair value of the investments in LAIF.

The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance in the Short-Term Fund is available for withdrawal on demand and the balance in the Medium-Term Fund is available for withdrawal upon two days' notice, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years and CalTrust's Medium-Term Fund has a target portfolio duration of 1.5 to 3.5 years. At June 30, 2021 the Short-Term Fund investments matured in an average of 332 days and the Medium-Term Fund investments matured in an average of 722 days.

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the Code and the City's Investment Policy, Continued

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2021 have an average maturity from 40 to 49 days.

Prohibited Investments

Under the City's Investment Policy, the City imposed restrictions on investments. The City cannot invest in any funds in inverse floaters, range notes, or interest only Separate Trading of Registered Interest and Principal of Securities (STRIPS) that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity (other than money market mutual funds).

D. Investments Authorized by the Code and the Housing Authority's Investment Policy

The California Government Code allows the Authority to invest in the following; provided approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

Authorized Investment Type	Maximum Maturity	Specified Percentage of Portfolio	Minimum Credit Quality
Local Agency Bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
CA Local Agency obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	A1/P1
Commercial Paper - select agencies	270 days	40%	A1/P1
Commercial Paper - other agencies	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase and Securities Lending Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	A
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund	N/A	None	None
Supranationals	5 years	N/A	AA

There are no restrictions on the maximum amount invested in each security type or maximum that can be invested in any one issuer.

The Authority does not have reverse repurchase agreements.

2. CASH AND INVESTMENTS, Continued

E. Investments Authorized by Debt Issues and Lease Agreements

Under the terms of the City's and Authority's debt issues and lease agreements, the City and Authority are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's and Authority's funds. In addition, some bond indentures authorize investments in guaranteed investment contracts and investment agreements with maturity dates that coincide with the applicable debt maturities. At June 30, 2021, the City and Authority were in compliance with the terms of all these restrictions.

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

	Remaining Maturity (in Months)				
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	Total
Primary Government:					
Local Agency Investment Funds (LAIF)	$ 74,999,067	$ -	$ -	$ -	$ 74,999,067
CalTrust Short-Term Fund	102,265,767	-	-	-	102,265,767
CalTrust Medium-Term Fund	87,973	-	-	-	87,973
Money Market Mutual Funds (U.S. Securities)	4,485,111	-	-	-	4,485,111
Held by Trustee:					
Money Market Mutual Funds (U.S. Securities)	36,600,190	-	-	-	36,600,190
Investment Agreement	-	1,039,778	-	-	1,039,778
Guaranteed Investment Contracts	-	-	625,001	-	625,001
Total Investments	$ 218,438,108	$ 1,039,778	$ 625,001	$ -	220,102,887
Cash in banks and on hand - Primary Government					31,124,067
Cash in banks - RHA Housing Corporation					4,759
Total Cash and Investments					$ 251,231,713

2. CASH AND INVESTMENTS, Continued

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating at June 30, 2021 for each investment type:

Investment Type	Credit Quality Rating as of Year-End AAA	AAf/S1+	AA-f/S1	Total
Money Market Mutual Funds (U.S. Securities)	$ 36,600,190	$ -	$ -	$ 36,600,190
CalTrust Short-Term Fund	-	102,265,767	-	102,265,767
CalTrust Medium-Term Fund	-	-	87,973	87,973
Totals	$ 36,600,190	$ 102,265,767	$ 87,973	138,953,930
Not Rated:				
Local Agency Investment Funds (LAIF)				74,999,067
Investment Agreement				1,039,778
Guaranteed Investment Contracts				625,001
Money Market Mutual Funds (U.S. Securities)				4,485,111
Total Investments				220,102,887
Cash in Banks and On Hand - Primary Government				31,124,067
Cash in Banks - RHA Housing Corporation				4,759
Total Cash and Investments				$ 251,231,713

H. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk for the current year.

I. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

2. CASH AND INVESTMENTS, Continued

I. Fair Value Hierarchy, Continued

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2021:

	Fair Value Measurement Using			
Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Investments Measured at Amortized Cost				
Held by Trustee:				
Investment Agreement				1,039,778
Guaranteed Investment Contracts				625,001
Money Market Mutual Funds				36,600,190
Investments not subject to levelling:				
Local Agency Investment Funds (LAIF)				74,999,067
CalTrust Short-Term Fund				102,265,767
CalTrust Medium-Term Fund				87,973
Treasury Curve				
Money Market Mutual Funds (U.S. Securities)				4,485,111
Total Investments				$ 220,102,887

J. Concentration of Credit Risk

The City had no significant investments in the securities of any individual issuers, other than U.S. Treasury securities, investment pools and money market funds at June 30, 2021.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

Due to/from other fund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. Current amounts due from one fund to another at June 30, 2021 were as follows:

	Due from Other Funds	
Due to Other Funds	General Fund	Total
Nonmajor Governmental Funds	5,732	5,732
Total	$ 5,732	$ 5,732

B. Advances To/From Other Funds

At June 30, 2021 the funds below had made advances which were not expected to be repaid within the next year.

	Advances to Other Funds		
Advances from Other Funds	General Fund	Internal Services Funds	Total
Port of Richmond	$ 13,062,225	$ -	$ 13,062,225
Nonmajor Enterprise Funds	-	2,580,535	2,580,535
Total	$ 13,062,225	$ 2,580,535	$ 15,642,760

Under the terms of a May 2013 Memorandum of Understanding (MOU) between the Housing Authority and RHA Properties, RHA Properties had paid a financial sanction imposed by the Office of the Inspector General (OIG) of $2,257,799 to the Housing Authority from the sale proceeds of the Westridge at Hilltop Apartments. The Housing Authority used those proceeds to retire outstanding debt owed to the General Fund in fiscal year 2017. The Department of Housing and Urban Development (HUD) disputed the use of the sale proceeds for the repayment of the General Fund loan, as discussed in Note 16. Although management disputed HUD's claim, in April 2018 the City and RHA entered into a settlement agreement with HUD under which the City agreed to return $2,096,527 to the Housing Authority, which reestablished the General Fund's loan to the Housing Authority.

3. INTERFUND TRANSACTIONS, Continued

B. Advances To/From Other Funds, Continued

During fiscal year 2018, the prior short- term amount due to the General Fund of $119,443 to the Housing Authority for Hope VI was added to the advance. The balance of the advance was $2,215,970 as of June 30, 2021. This advance was written off during the fiscal year due to the inability of the Housing Authority to repay it.

In fiscal 2007, the former Redevelopment Agency advanced $174,067 to the Richmond Housing Authority Enterprise Fund, collateralized by a deed of trust on the Westridge at Hilltop Apartments, to assist the Authority with its lease payments for the 2003 A-S Multifamily Housing Revenue Bonds. The loan bears interest of 3%. In fiscal 2012, the advance receivable was transferred to the City as Housing Successor to the former Redevelopment Agency and is recorded in the Community Development and Loan Programs Special Revenue Fund. This advance was written off during the fiscal year due to the inability of the Housing Authority to repay it.

In fiscal years 2007 through 2014, the General Fund and the Municipal Sewer and Storm Sewer Enterprise Funds made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and was payable in 135 monthly installments of $30,000 and one final installment of $22,446 on or before August 1, 2021. On June 28, 2011 the agreement was amended to make the monthly payments $50,000 for the remaining 71 payments, starting July 1, 2011, and one final installment of $36,634. However, in lieu of monthly payments, repayment may be in a lump sum on August 1, 2021. During fiscal year 2013, $6,600,000 of the advance was assumed by RHA Properties and was classified as a loan receivable, as discussed in Note 4. No repayments were made during fiscal year 2021 and the remaining balance of the interfund advance as of June 30, 2021 is $1,068,847. This advance was written off during the fiscal year due to the inability of the Housing Authority to repay it.

In fiscal 2006 the General Fund established repayment terms for its advance of $17,139,855 to the Port of Richmond Enterprise Fund to assist the Port with various lease transactions and other projects. The advance did not bear interest for the first three years; the next five years it bore an interest rate of 4%, with the balance payable on or before June 30, 2015. The advance repayment terms were amended in October 2013, effective June 30, 2013, to convert the accrued unpaid interest of $745,119 to principal and reduce the advance balance by $842,877, and the advance no longer bears interest. Annual principal payments of $150,000 are due beginning June 30, 2014 through June 30, 2066, with a final principal payment of $32,593 due on June 30, 2067, and in addition to those payments, the annual berthing cost of the vessel Red Oak Victory at the Port that is to be paid by the General Fund will instead offset and reduce the principal balance of the advance based on an established rental schedule. Historical rental payments from August 2004 to June 30, 2012 totaling $842,877 were applied to the principal balance of the loan as of June 30, 2013. Another provision of the amended agreement provides that upon the sale of any Port property, including Terminal One and Terminal Four, the proceeds from the sale are to be used to repay and reduce the principal balance of the advance. The balance of the advance as of June 30, 2021 is $13,062,225.

3. INTERFUND TRANSACTIONS, Continued

B. Advances To/From Other Funds, Continued

In fiscal 2008 the General Fund advanced $1,758,342 to the Storm Sewer Enterprise Fund for the purpose of providing a clean storm sewer system and street sweeping activities. In fiscal year 2009 the advance was moved to the Insurance Reserves Internal Service Fund. The advance bears interest of 4.34% and is payable as follows: Semi-annual principal and interest payments in the amount of $52,460 are to be made April 30 and December 31 of each year commencing in December 2009 until December 2038. The final interest payment of $52,298 and the outstanding principal balance is due April 30, 2039. The Storm Sewer Enterprise Fund did not make the required payments during fiscal years 2015, 2016, 2017, 2018, 2019, 2020, and 2021; therefore unpaid interest of $73,150 was added to the balance of the loan. The balance of the advance and accrued interest as of June 30, 2021 is $2,580,535.

C. Transfers In/Out

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of the transfers is to move General Fund resources to provide an annual subsidy to the Cost Recovery Fund and other non-major governmental funds, as well fund debt service, pension costs and capital projects. Transfers between funds during the fiscal year ended June 30, 2021 were as follows:

	Transfers In				
Transfers Out	General Fund	Nonmajor Governmental Funds	Richmond Housing Authority	Internal Service Funds	Total
General Fund	$ -	$ 4,457,740	$ 11,435,028	$ 426,018	$ 16,318,786
Nonmajor Governmental Funds	9,171,452	1,543,523	-	-	10,714,975
Richmond Housing Authority	-	68,262	-	-	68,262
Internal Service Funds	196,550	-		-	196,550
Nonmajor Enterprise Funds	86,778	-	-	-	86,778
Total	$ 9,454,780	$ 6,069,525	$ 11,435,028	$ 426,018	$ 27,385,351

None of these transfers were unusual or non-recurring in nature, except for the transfer from General Fund to the Richmond Housing Authority Fund to write off interfund borrowings in the Authority Fund due to inability to repay, the Secured Pension Override Special Revenue Fund to the General Fund in the amount of $9,171,451 to fund current year pension contributions to CalPERS, which is included in transfers from Non-Major Governmental Funds, and the transfer from the General Fund to the Community Development and Loan Programs Special Revenue Fund related to the purchase of loans discussed in Note 4.

4. NOTES AND LOANS RECEIVABLE

At June 30, 2021, notes and loans receivable consisted of the following:

	Balance at June 30, 2021
General Fund:	
RHA RAD Project Loan	$ 745,510
Deferred Loans	353,334
Infill Phase II Loan	1,464,886
Nevin Court Homeowner Development Project	478,028
Subtotal - General Fund Loans	3,041,758
Richmond Neighborhood Stabilization Loans	779,013
Community Development Block Grant, Home Investment Partnership Program, EDA, CALHome Loans and City Loans	
Deferred Loans	3,333,871
Home Improvement Program Loans	794,315
Rental Rehabilitation Loans	378,310
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,436,714
Lillie Mae Jones Project Loan	988,460
Greater Richmond Interface Program	892,638
CALHome Program	2,446,323
RHA RAD Project Loan	3,732,603
Subtotal - CDBG, HOME, EDA, CALHome Loans, City Loans	15,151,724
Housing Successor Loans:	
Rental Rehabilitation Loans	20,000
The Carquinez Project	1,152,508
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,283,645
Lillie Mae Jones Project Loan	1,999,301
Miraflores Loan	3,201,291
MacDonald Place Senior Housing	3,722,901
Greater Richmond Interface Program	296,066
Silent Second Mortgage Loans	1,788,014
Deferred Loans	758,127
Chesley Avenue Mutual Housing Development	6,188,187
Easter Hill Project	4,756,268
RHA RAD Project Loan	1,160,387
Subtotal - Housing Successor Loans	27,326,695
Total Notes and Loans Receivable	$ 46,299,190

4. NOTES AND LOANS RECEIVABLE, Continued

RHA RAD Project

In December 2014, the General Fund loaned $700,000 to the Richmond Housing Authority Enterprise Fund for predevelopment costs related to the Triangle Court and Friendship Manor Rental Assistance Demonstration (RAD) Projects.

In December 2015, the loan agreement was replaced and the City entered into an amended agreement to loan $5,400,000 to the RHA Housing Corporation for the furtherance of the development of the RAD Projects as discussed in Note 16. Funding for the loan was revised in fiscal year 2018 and is as follows: $700,000 from the City's General Fund, $3,600,000 will come from housing-in-lieu funds and $1,100,000 from the Housing Successor funds. The housing-in-lieu funds and Housing Successor Funds are included in the Community Development and Loan Programs Fund. RHA Housing Corporation assigned the loan agreement and associated obligations to RHA RAD Housing Partners L.P. on December 22, 2015 upon closing of the financing for the rehabilitation of the RAD projects. See Note 16 for additional information related to the RAD projects. The loan is secured by a leasehold deed of trust, assignment of rents and security agreement. The loan bears simple interest of 1% and the loan is repayable from residual receipts, as defined in the loan agreement, starting May 1 of the year after issuance of the Certificate of Completion, and unpaid principal and accrued interest is due December 1, 2070. As noted above, $700,000 of the General Fund loan was disbursed in December 2014 and the balance at June 30, 2021, including accrued interest, was $745,510. As of June 30, 2021, $4,892,990 of the funds had been drawn down from the Housing Successor Community Development and Loan Programs Fund.

Deferred Loans

Deferred loans are granted to low and moderate income families to assist them in purchasing their homes. Emergency repair loans not exceeding $10,000 funded by the HOME Investment Partnership Program (HIPP) are provided to low income families in Richmond to assist them in rehabilitating their existing housing units. These loans are required to be repaid over a period of 15 years to 30 years.

During fiscal year 2019, the City's General Fund purchased a portion of the deferred loans in the amount of $353,335 and the loans were transferred to the General Fund.

Scattered Site Infill Housing Development (Infill Phase II)

Under a loan agreement dated September 30, 2010, the City loaned Community Housing Development Corporation of North Richmond $1,198,013 to fund construction of 36 townhomes to be made available for very-low and low income households. Funding for the loan was as follows: $602,556 in HOME funds, $266,000 in CDBG funds and $329,457 in CDBG-R. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs discussed in Note 17, during fiscal year 2018 the City purchased $1,331,709 of the loan balance that had previously been funded with Community Development Block Grant and HOME funds. During fiscal year 2019, the City's General Fund purchased the loan balance in the amount of $1,099,594 and the loan and accrued interest of $265,104 were transferred to the General Fund.

4. NOTES AND LOANS RECEIVABLE, Continued

Scattered Site Infill Housing Development (Infill Phase II), Continued

The current funding was for predevelopment activities in conjunction with the construction and development of the townhomes. The loan is secured by a deed of trust on the property. The outstanding balance of the loan bears simple interest at the rate of 3% per year. The payment of principal and interest is deferred and due at the end of the term due September 30, 2065. As of June 30, 2021, $1,464,886 had been drawn down on the loan.

Nevin Court Homeowner Development Project

In May 2005, the City entered into an agreement with Community Housing and Development Corporation of North Richmond (Development), in the original amount of $227,000 to construct and develop 10 single family homes for low and moderate income households. The agreement was amended in November 2008, to increase the loan to $377,000. In fiscal year 2010, the Development drew down $343,839, in fiscal year 2016 an additional $21,453 was drawn, and the outstanding balance of the loan is $490,203, which includes accrued interest of $124,911. The loan bears interest of 3% per year and the unpaid balance is due in November 2063.

During fiscal year 2019, the City's General Fund purchased the loan balance in the amount of $365,292 and the loan and accrued interest of $124,911 were transferred to the General Fund. As of June 30, 2021, $478,028, which includes accrued interest of $43,947, had been drawn down on the loan.

Richmond Neighborhood Stabilization Loans

The Richmond Neighborhood Stabilization Corporation (RNSC) operates a residential rehabilitation loan program financed by Department of Housing and Urban Development grants that have passed through the City under its Neighborhood Stabilization Program (NSP1) and additional allocation under the third round of funding referred to as (NSP3). The program provides affordable home ownership opportunities for households of low and moderate income by facilitating the development financing necessary for the purchase, rehabilitation, and resale of deed-restricted affordable ownership units. During fiscal year 2014, the City foreclosed on seven of the loans with a carrying value of $780,153 and reacquired the properties which have been recorded as property held for resale as discussed in Note 2. As of June 30, 2021, the total balance of outstanding loans for NSP1 was $779,013 and no NSP3 loans had been issued. Loans are payable upon the resale of improved properties.

Home Improvement Program Loans

"Silent second" mortgage loans are provided to low and moderate income first time homebuyers as gap financing to provide the minimum amount needed to close the gap between the primary lender's requirements and the borrower's ability to pay down payments or closing costs.

Home improvement program loans include amortized loans to assist low income families in Richmond in the improvement of their homes. The interest rates for these loans range from 0% to 3% and are payable over a period of 15 to 30 years.

4. NOTES AND LOANS RECEIVABLE, Continued

Rental Rehabilitation Loans

Rental Rehabilitation Loans help make rental units affordable to low and very low income housing families. Loans assist private and non-profit owners in purchasing and rehabilitating existing multifamily housing units.

The Carquinez Project

Under a loan agreement dated November 14, 2008, the former Redevelopment Agency loaned Carquinez Associates, L.P. $1,000,000 to fund rehabilitation of a five-story building, with 36 apartments housing low-income seniors. On August 23, 2010 the agreement was amended to provide the Developer with a total amount of $1,301,000. Funding for the loan is as follows: $1,152,510 funded by Series 2007 Bonds and $148,900 funded by CDBG. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Carquinez loan as of February 1, 2012.

Creely Avenue Housing Rehabilitation (Arbors)

On September 15, 2006, the former Redevelopment Agency and the City loaned Arbors Preservation Limited Partnership the amount of $2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. On October 31, 2008, the loan was amended to provide the developer a total loan amount of $3,208,113. Funding for the loan is as follows: $2,160,282 in HOME funds, $103,377 in CDBG funds and $1,594,057 in 2007 Series B bond funds. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. The loan bears simple interest at the rate of 3% per year. All unpaid principal and interest on the loan is due on April 29, 2063. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Arbors loan as of February 1, 2012.

4. NOTES AND LOANS RECEIVABLE, Continued

Lillie Mae Jones Project

On January 19, 2010, the former Redevelopment Agency and the City entered into an agreement with Lillie Mae Jones Plaza, L.P. and the Community Housing Development Corporation of North Richmond to loan $3,119,000 to construct and provide 26 housing units to very low and low income households. Funding for the loan is as follows: $1,081,291 in HOME funds, $84,000 in Section 108 funds and $1,953,709 in 2007 Series B bonds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. The loan bears an interest rate of 3% per year and repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest is due in January 2065. The agreement was amended in November 2011, due to securing a $293,884 loan from County of Contra Costa with Mental Health Services Act, which specifies that two units are required to be available to and occupied by Mental Health Services Act Eligible Tenants pursuant to the County Regulatory Agreement with Lillie Mae Jones Plaza, L.P. With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Lillie Mae Jones loan as of February 1, 2012. As of June 30, 2021, Lillie Mae Jones has drawn down $2,987,761.

EDA Loans

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. With the dissolution of the Redevelopment Agency as discussed in Note 18, the EDA loan program that was funded with grant funds from the Economic Development Administration is now administered by the City effective February 1, 2012. As of June 30, 2021, the loan was transferred to CHDC and the amount is $0.

CALHome Program

The CALHome loan program provides housing assistance to Richmond residents to assist with first-time homeowner down payments or rehabilitation projects for owner-occupied homes. The loans are secured by deeds of trust on the properties. Principal and interest on the loans are deferred for 30 years, unless otherwise specified in the promissory note. With the dissolution of the Redevelopment Agency as discussed in Note 18, the CALHome loan program that was funded with grant funds is now administered by the City effective February 1, 2012.

Housing Successor Loans

With the dissolution of the Redevelopment Agency as discussed in Note 18, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of certain loans discussed above and all of the loans below as of February 1, 2012.

4. NOTES AND LOANS RECEIVABLE, Continued

Miraflores Loan

Under an amended loan agreement dated June 21, 2011, the City agreed to loan Community Housing Development Corporation of North Richmond and Eden Housing, Inc., $1,465,000 to fund the construction of 110 senior housing units for low and moderate income residents. Funding for the loan is as follows: $449,000 in CDBG funds, $925,000 in HOME funds, and $91,000 Redevelopment Agency Low and Moderate Income Housing Fund funds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs by HUD in previous years, the City purchased $1,208,258 of the loan balance that had previously been funded by CDBG and HOME funds and the loans were transferred to the Housing Successor. With the dissolution of the Redevelopment Agency as discussed in Note 18, the portion of the Miraflores loan that was funded by the Redevelopment Agency's Low and Moderate Income Housing Fund was assumed by the City as Housing Successor.

The loan does not bear interest and the unpaid principal balance was due September 22, 2015, unless it was converted to a permanent loan. The loan was converted into a permanent loan on June 25, 2015. In addition to the converted permanent loan, the Housing Successor approved an additional predevelopment loan in the amount of $1,500,000. As of June 30, 2021, $3,201,291 of the loan had been drawn down.

MacDonald Place Senior Housing

On June 26, 2007, the former Redevelopment Agency agreed to loan MacDonald Housing Partners, L.P., and Richmond Labor and Love Community Development Corporation the amount of $4,720,000, to construct senior housing units, a management office, small meeting rooms and ancillary retail use, and a separate space for community services. The loan's principal is due 57 years from the date of disbursement. The loan bears simple of interest of 2% per year payable from any residual receipts available from the prior calendar year with an additional 1% per year, but only to the extent that funds are available to pay such contingent interest from the Agency's share of residual receipts, as defined in the agreement.

Heritage Park Development

In 1999, the former Redevelopment Agency loaned Hilltop Group, LP a total of $500,000, collateralized by deeds of trust and bearing interest at an effective rate of 1½% starting September 2004. The loans were used to finance the development of the Heritage Park Development in the City. Monthly installments of interest and principal in the total amount of $3,115 are payable through September 1, 2019.

Silent Second Mortgage Loans

Loans were provided 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 are to be forgiven in the future if the property owners do not sell or refinance the property.

4. NOTES AND LOANS RECEIVABLE, Continued

Chesley Avenue Mutual Housing Development

On December 1, 2003, the former Redevelopment Agency loaned Chesley Avenue Limited Partnership the amount of $4,741,492, which includes accrued interest of $1,272,798 to construct very low and low income housing units. The loan's principal is due in 2058; interest is payable starting May 1, 2006, at the rate of 2% per annum or in the amount of 95% of any residual receipts remaining from the prior year, whichever is less. As of June 30, 2021, $6,188,187, which includes accrued interest of $1,446,695, had been drawn down on the loan.

Easter Hill Project

The loan from the former Redevelopment Agency to Easter Hill Development, L.P. is providing financial assistance in the development of the Easter Hill Project. The Easter Hill Project consists of single and multifamily home components. Easter Hill Development, L.P. shall use the loan to pay for predevelopment, acquisition and construction costs. The outstanding balance of the loan bears simple interest at the rate of 2% per year. Repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest on the loan is due February 1, 2069.

5. CAPITAL ASSETS

The following is a summary of capital assets for governmental activities:

	Balance at July 1, 2020	Additions	Retirements	Transfers	Adjustment	Balance at June 30, 2021
Governmental Activities						
Capital assets not being depreciated:						
Land	$ 29,468,867	$ 292,421	$ -	$ -	$ (5,399,724)	$ 24,361,564
Construction in progress	29,311,328	7,231,841	-	(2,262,959)	(44,831)	34,235,379
Total capital assets not being depreciated	58,780,195	7,524,262	-	(2,262,959)	(5,444,555)	58,596,943
Capital assets being depreciated:						
Buildings and improvements	155,736,112	46,206	-	1,100,084	-	156,882,402
Machinery and equipment	47,122,474	742,072	-	-	-	47,864,546
Land improvements and infrastructure	533,222,939	-	-	1,162,875	5,399,725	539,785,539
Total cap ital assets being depreciated	736,081,525	788,278	-	2,262,959	5,399,725	744,532,487
Less accumulated depreciation for:						
Buildings and improvements	(48,618,286)	(3,500,479)	-	1,071,271	(179,876)	(51,227,370)
Machinery and equipment	(38,926,693)	(1,750,728)	-	-	179,876	(40,497,545)
Land improvements and infrastructure	(418,014,608)	(6,162,999)	-	(1,071,271)	-	(425,248,878)
Total accumulated depreciation	(505,559,587)	(11,414,206)	-	-	-	(516,973,793)
Capital asset being depreciated, net	230,521,938	(10,625,928)	-	2,262,959	5,399,725	227,558,694
Governmental activity capital assets, net	$ 289,302,133	$ (3,101,666)	$ -	$ -	$ (44,830)	$ 286,155,637

5. CAPITAL ASSETS, Continued

Governmental activities depreciation expenses for capital assets is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program for the year ended June 30, 2021 were as follows:

Governmental Activities	
General Government	$ 3,548,837
Public Safety	917,118
Public Services	5,819,847
Cultural and Recreational	143,061
Internal Service Funds	985,343
Total Governmental Activities	$ 11,414,206

The following is a summary of capital assets for business-type activities:

	Balance at July 1, 2020	Additions	Retirements	Transfers	Adjustments	Balance at June 30, 2021
Business-type Activities						
Capital assets not being depreciated:						
Land	$ 7,195,986	$ -	$ -	$ -	$ -	$ 7,195,986
Construction in progress	21,825,629	7,656,932	-	-	3,475,558	32,958,119
Total capital assets not being depreciated	29,021,615	7,656,932	-	-	3,475,558	40,154,105
Capital assets being depreciated:						
Buildings and improvements	79,908,481	-	-	-	-	79,908,481
Machinery and equipment	17,840,183	-	-	-	-	17,840,183
Infrastructure	259,038,020	-	-	-	-	259,038,020
Total capital assets being depreciated	356,786,684	-	-	-	-	356,786,684
Less accumulated depreciation for:						
Buildings and improvements	(55,479,053)	(754,669)	-	-	-	(56,233,722)
Machinery and equipment	(15,062,439)	(591,661)	-	-	-	(15,654,100)
Infrastructure	(117,366,975)	(5,910,632)	-	-	-	(123,277,607)
Total accumulated depreciation	(187,908,467)	(7,256,962)	-	-	-	(195,165,429)
Capital asset being depreciated, net	168,878,217	(7,256,962)	-	-	-	161,621,255
Business-type activity capital assets, net	$ 197,899,832	$ 399,970	$ -	$ -	$ 3,475,558	$ 201,775,360

5. CAPITAL ASSETS, Continued

Included in buildings and improvements is the Richmond Housing Authority's Hacienda Property with a net book value of $7,203,134 at June 30, 2021 has been uninhabitable for an extended period of time and as a result necessitates major rehabilitation. The property was appraised in July 2019 at $6,290,000 "as is" and Mercy Housing is in negotiation with the City and the Housing Authority to acquire the improvements and to undertake significant renovation that would result in to 150 units, a fitness center and a library. The current site encompasses a total of 2.98 acres of land which is intended to be split into two parcels upon approval by HUD for which the currently improved portion of 1.941 acres will be subject to a ground lease to Mercy Housing and the remaining 1.043 acres will be retained by the City for future development.

Business-type activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2021 were as follows:

Business-Type Activities	
Port of Richmond	$ 3,544,329
Municipal Sewer	3,581,983
Richmond Marina	85,562
Storm Sewer	45,088
Total Business-Type Activities	$ 7,256,962

6. COMPENSATED ABSENCES PAYABLE

Changes in compensated absence liabilities for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Compensated absences payable	$ 13,170,797	$ 7,585,001	$ (7,638,799)	$ 13,116,999	$ 35,782
Business-Type Activities:					
Compensated absences payable	328,915	288,492	(417,362)	200,045	153,064
	$ 13,499,712	$ 7,873,493	$ (8,056,161)	$ 13,317,044	$ 188,846

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund. Compensated absences for business-type activities are liquidated by the fund that has recorded the liability.

7. LONG-TERM DEBT

A. Governmental Activities

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions (A)	Retirements	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Bonds payable:						
Bonds	$ 111,896,888	$ -	$ (4,918,438) (B)	$ 106,978,450	$ 4,150,000	$ 102,828,450
Bonds from direct placements	140,109,640	6,729,666	(9,458,000) (B)	137,381,306	10,301,999	127,079,307
Loans payable from direct borrowings	1,156,440	-	(133,217)	1,023,223	135,601	887,622
Capital leases from direct borrowings	6,661,806	-	(1,019,201)	5,642,605	1,061,418	4,581,187
Total	$ 259,824,774	$ 6,729,666	$ (15,528,856)	$ 251,025,584	$ 15,649,018	$ 235,376,566

(A) Additions include bonds payable bond accretion for capital appreciation bonds totaling $6,729,666

(B) Retirements of bonds payable include principal retirements in the amount of $4,055,000 and amortization of bond premiums in the amount of $863,438

Bonds Payable

Bonds payable at June 30, 2021 consisted of the following:

	Net
Pension Obligation Bonds - 1999 Series A	$ 3,435,000
Pension Funding Bond Series 2005 (Direct Placement)	137,381,305
JPFA Lease Revenue Bonds - 2016	28,216,882
JPFA Lease Revenue Bonds - 2019A	75,326,569
Total	$ 244,359,756

1999 Series A City of Richmond Taxable Limited Obligation Pension Bonds – Original Issue $36,280,000

The bonds were issued to fund a portion of the unfunded accrued actuarial liability in the City's pension plans together with the prepayment of certain pension benefit costs of the Beneficiaries and to pay the costs of issuance associated with the issuance of the bonds. Interest rates vary from 6.37% to a maximum of 7.39% and are payable semiannually on February 1, and August 1. The term bonds consist of $8,960,000 due August 1, 2020 with an interest rate of 7.57% and $3,435,000 due August 1, 2029 with an interest rate of 7.62%. The bonds are payable from certain pension tax override revenues received by the City from a special tax pursuant to City Council Ordinance 9-99 adopted by the City Council on March 30, 1999. Principal and interest paid for the current fiscal year and total pension tax revenues were $1,086,838 and $11,352,354, respectively.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

1999 Series A City of Richmond Taxable Limited Obligation Pension Bonds – Original Issue $36,280,000, Continued

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 710,000	$ 234,696	$ 944,696
2023	620,000	184,023	804,023
2024	540,000	139,827	679,827
2025	455,000	101,918	556,918
2026	375,000	70,295	445,295
2027-2030	735,000	84,013	819,013
Total	$ 3,435,000	$ 814,772	$ 4,249,772

2005 Taxable Pension Funding Bonds – Original Issue $114,995,133

These Bonds from direct placements were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees' Retirement System. The Bonds consist of three series as shown below:

						Index Rate Conversion Data		
Bond Type & Series	Initial Interest Rate	Less: Credit Adjustment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Full Accretion Date	Adjusted Subsequent Interest Rate	Adjusted Maturity Value
Current Interest - 2005A	5.9350%	-0.1000%	5.8350%	8/1/2013	$ 26,530,000	n/a	n/a	n/a
Convertible Auction Rate Securities, Capital Appreciation Bonds -								
2005B-1	6.2550%	-0.1000%	6.1550%	8/1/2023	47,061,960	8/1/2013	1 month LIBOR + 1.4%	$ 46,025,000
2005B-2	6.5650%	-0.1000%	6.4650%	8/1/2034	41,403,173	8/1/2023	1 month LIBOR + 1.4%	110,144,000
					$114,995,133			$156,169,000

Credit Adjustment – The Bonds were issued on November 1, 2005 in a private placement at the initial interest rates. Included in the Indenture were provisions which adjust the initial interest rates on each series based on the City's meeting certain conditions. As a result of the City issuing its June 30, 2005 financial statements and receiving an upgraded credit rating of A3 by Moody's by May 1, 2006, the initial interest rates were reduced by 1/10th of one percent.

Current Interest Bonds – The Series 2005A Bonds were fully repaid during fiscal year 2015.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

2005 Taxable Pension Funding Bonds – Original Issue $114,995,133, Continued

Capital Appreciation Bonds – The Series 2005B-1 Bonds and 2005B-2 Bonds are capital appreciation bonds, which means no interest is paid until the Adjusted Maturity Value is reached on the Full Accretion Date. Capital appreciation bonds are issued at a deep discount which then "accretes" over time. The discount on these bonds represented as the effective interest rate on each series is shown above.

Mandatory Index Rate Conversion – On the respective Full Accretion Date, the Series 2005B-1 or 2005B-2 Bonds convert from Capital Appreciation Bonds to Index Rate Bonds. From that date forward, the Bonds bear interest at a rate based on the 1 month LIBOR index plus 1.4%. This rate fluctuates according to the market conditions and is limited to 17 percent per year. Following the applicable Full Accretion Date, interest on the converted bond series is due semiannually each February 1 and August 1. The Series 2005B-1 Bonds are due in annual installments from 2014 to 2023 ranging from $4,468,000 to $11,593,000. The 2005B-2 Bonds are due in annual installments from 2024 to 2034 ranging from $6,466,000 to $18,538,000.

Optional Auction Rate Conversion – On the respective Full Accretion Date, the 2005B-1 and the 2005B-2 Bonds may be converted to Auction Rate Bonds provided that certain conversion requirements are met. Auction rates fluctuate according to the market conditions and is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate. The Series 2005B-1 Bonds did not convert to auction rate bonds, and were instead converted to index rate bonds, as discussed above.

Swap Agreements – The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds. The interest rate swap related to the 2005B-1 Bonds became effective August 1, 2013 while the 2005B-2 Bonds does not become effective until August 1, 2023, in the same amount as the outstanding principal balances of the Bonds on that date. The combination of the variable rate bonds and a floating swap rate will create synthetic fixed-rate debt for the City. The synthetic fixed rate for the 2005B-1 Bonds was 7.0745% at June 30, 2021.

At June 30, 2021, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$ 156,169,000	$ 6,729,666	$ (25,517,361)	$ 137,381,305

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

2005 Taxable Pension Funding Bonds – Original Issue $114,995,133, Continued

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 10,302,000	$ 2,078,155	$ 12,380,155
2023	11,593,000	895,931	12,488,931
2024	6,306,000	7,068,894	13,374,894
2025	6,466,000	8,901,468	15,367,468
2026	6,687,000	8,421,992	15,108,992
2027-2031	47,351,000	32,484,010	79,835,010
2032-2035	67,464,000	8,866,583	76,330,583
Total	$ 156,169,000	$ 68,717,033	$ 224,886,033

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 – Original Issue - $28,390,000

On February 1, 2016, the Authority issued Series 2016 Lease Revenue Bonds in the amount of $28,390,000. The proceeds from the Bonds were used to pay the obligations of the City related to the termination of the interest rate swap agreement and the option on swap agreement (swaption) related to the Authority's Series 2009 Lease Revenue Refunding Bonds and to pay the costs associated with the issuance of the Series 2016 Bonds. On February 3, 2016 the interest rate swap agreement and the swaption related to the Series 2009 Bonds were terminated with a swap termination payment of $28,554,000. The Bonds bear interest rates of 4.00% to 5.50%. Principal payments are due annually on November 1 through 2037 and semi-annual interest payments are due May 1 and November 1 commencing on May 1, 2016.

At June 30, 2021, the 2016 Bonds consisted of the following:

Bonds outstanding	$ 27,140,000
Unamortized premium	1,076,882
Total	$ 28,216,882

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 1,080,000	$ 1,248,050	$ 2,328,050
2023	1,165,000	1,186,313	2,351,313
2024	1,255,000	1,119,763	2,374,763
2025	1,365,000	1,047,713	2,412,713
2026	1,445,000	970,438	2,415,438
2027-2031	8,270,000	3,565,675	11,835,675
2032-2036	9,035,000	1,608,900	10,643,900
2037-2038	3,525,000	140,500	3,665,500
Total	$ 27,140,000	$ 10,887,352	$ 38,027,352

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2019A – Original Issue - $63,970,000

The Series 2019A Bonds are being issued to: redeem $77,315,000 outstanding principal amount of the Authority's Lease Revenue Refunding Bonds (Civic Center Project) Series 2009, purchase a reserve facility for deposit into the reserve account established for the Series 2019A Bonds, fund a deposit into the Interest Account within the Revenue Fund to capitalize a portion of the interest due on May 1, 2020, and pay costs associated with the issuance of the Series 2019A Bonds. The Bonds are payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of Base Rental Payments to be received by the Authority from the City of Richmond under a Facility Lease, dated as of August 1, 2019, by and between the City and the Authority, for the right to use and the occupancy of certain real property and facilities. The Series 2019A Bonds will mature on November 1 annually commencing November 1, 2020. Interest on the Series 2019A Bonds is payable at the rate of 5% on November 1 and May 1 of each year, commencing May 1, 2020. The refunding resulted in an overall debt service savings of $29,893,316. The net present value of the debt service savings is called an economic gain and amounted to $25,000,596.

At June 30, 2021, the 2019A Bonds consisted of the following:

Bonds outstanding	$ 61,725,000
Unamortized premium	13,601,569
Total	$ 75,326,569

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 2,360,000	$ 3,027,250	$ 5,387,250
2023	2,485,000	2,906,125	5,391,125
2024	2,610,000	2,778,750	5,388,750
2025	2,745,000	2,644,875	5,389,875
2026	2,885,000	2,504,125	5,389,125
2027-2031	16,805,000	10,143,125	26,948,125
2032-2036	21,575,000	5,369,375	26,944,375
2037-2038	10,260,000	519,500	10,779,500
Total	$ 61,725,000	$ 29,893,125	$ 91,618,125

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Interest Rate Swap and Swaption Agreements

The City entered into an interest swap agreement in connection with the 2005B-1 Taxable Pension Funding Bonds. The transaction allows the City to create a synthetic fixed rate or a synthetic variable rate on the Bonds, protecting it against increases and decreases in short-term interest rates and fair value. The various risks associated with the swap agreements are disclosed below. For the swap agreement pertaining to the 2005B-2 Taxable Pension Funding Bonds, the disclosure is included below, but the swap agreement does not become effective until August 1, 2023.

On May 13, 2015, Moody's Investor Services ("Moody's") downgraded the City's issuer rating from "A1" to "Ba1" and the rating on its 1999 Taxable Limited Obligation Pension Bonds from "A2" to "Baa2". In addition, the City and its Wastewater Enterprise bonds were placed under review for possible downgrades. On August 4, 2015, Moody's further downgraded the City's issuer rating from "Ba2" to "Ba1" and its rating on the City's Taxable Pension Obligation Bonds and 1999 Taxable Limited Obligation Pension Bonds ("POB's) from "Baa2". In addition, Moody's downgraded its rating on the City's Wastewater Revenue Bonds, Series 2006A to "Baa2" from "A2". On November 21, 2018, Moody's upgraded the City's issuer rating to "Baa3" from "Bal" and the Pension Obligation Bond rating from "Ba1" to "Ba2". On September 1, 2015, Standard and Poor's Rating Services ("S&P") lowered the City's Issuer Credit Rating from "AA-" to "BBB+" placing the City on CreditWatch. Other credit ratings downgrades included S&P's assigned underlying rating (SPUR) for the Wastewater Enterprise Fund that was lowered from "A+" to "BBB".

Moody's downgrade of the City's issuer rating to "Ba1" resulted in allowing the counterparty, JPMorgan Chase Bank, NA ("JPM") to declare an Additional Termination Event (ATE) with the interest rate swaps the City entered in conjunction with the 2005 Taxable POBs (2007 Swaps). This means that JPM could exercise a right to terminate the 2007 Swaps and demand immediate payment of an approximately $31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 Swaps at the time of the ATE. The City entered into a restructuring of certain of its obligations through the issuance by the Richmond Joint Powers Financing Authority of Lease Revenue Bonds Series 2016A (tax-exempt) to fund the cost of terminating the Civic Center Swaps relating to the Richmond Joint Powers Financing Authority Series 2009 Civic Center Lease Revenue Bonds held by Royal Bank of Canada (RBC). RBC simultaneously entered into a novation of the 2007 Swaps with JPM. By terminating the Civic Center Swaps, the City reduced RBC's credit exposure to the City sufficiently to allow RBC to accept the additional credit exposure associated with stepping into JPM's position in the 2007 swaps through novation. Contemporaneous with the novation from JPM to RBC, RBC and the City amended and restated the 2007 Swaps, including eliminating the existence of the ATE by removing reference to a Moody's rating in the ATE provisions, reducing the Standard & Poor's rating threshold for a future ATE to BBB- from BBB and providing a mandatory early termination of the 2007 Swaps in 2023. The early termination will require the City to either refund or restructure the 2007 Swap at that date if a termination payment is due at the time. In addition, terminating the Civic Center Swaps eliminated the risk of an ATE with respect to the Civic Center Swaps, which require the City to maintain its Issuer Credit Rating at the current level of BBB+ to avoid an ATE.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Interest Rate Swap and Swaption Agreements, Continued

The City's issuer credit rating from S&P was BBB+ as of June 30, 2017. On December 4, 2017, the City received an updated issuer credit rating from S&P upgrading the previous BBB+ issuer credit rating to an A- issuer credit rating.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2021, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

Hedging Derivatives - Pay-Fixed, Receive-Variable Swap Agreements

For the following Pay-Fixed, Receive-Variable swap agreements, the City owes interest calculated at a fixed rate to the counterparty of the swaps. In return, the counterparty owes the City interest based on a variable rate that approximates the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

Pay-Fixed, Receive-Variable

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's /Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at 6/30/2021	Termination Date	Hedging Type
2005B-1 Taxable Pension Funding Bonds								
$ 28,205,221	8/1/2013	Royal Bank of Canada	AA-/Aa2/AA	5.580%	100% of USD 1-Month LIBOR	$ (1,680,361)	8/1/2023	Cash Flow
2005B-2 Taxable Pension Funding Bonds								
$ 127,990,254	8/1/2023	Royal Bank of Canada	AA-/Aa2/AA	5.665%	100% of USD 1-Month LIBOR	$ (34,285,609)	8/1/2034	Fair Value

Fair value. Fair value of the swaps takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap. The swaps are classified in Level 2 of the fair value hierarchy, using a market approach that considers observable swap rates commonly quoted for the full term of the swaps.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Hedging Activities - Pay-Fixed, Receive-Variable Swap Agreements, Continued

As of June 30, 2021, the fair value for the each of the outstanding swaps was in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the effective hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2021	
	Classification	Amount	Classification	Amount
Governmental Activities				
Pay-Fixed, Receive-Variable				
2005B-1 Taxable Pension Funding Bonds	Deferred Outflow	$ 1,668,419	Investment	$ (1,680,361)
2005B-2 Taxable Pension Funding Bonds	Deferred Outflow	8,650,363	Investment	(34,285,609)
Totals		$ 10,318,782		$ (35,965,970)

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2021, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if interest rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

Interest rate risk. The City will be exposed to interest rate risk for the Pay-Fixed, Receive-Variable swaps only if the counterparty to the swaps defaults or if the swaps are terminated.

Basis risk. Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to the bondholders temporarily differs from the variable swap rate received from the counterparty. The City bears basis risk on the Pay-Fixed, Receive-Variable swaps. The swaps have basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rate the City pays on the underlying Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The City is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt variable rate bond changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax- exempt variable rate bonds converge the City is exposed to this basis risk.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Pay-Fixed, Receive-Variable Swap Agreements, Continued

Termination risk. The City may terminate if the other party fails to perform under the terms of the contract. The City will be exposed to variable rates if the counterparties to the swap contracts default or if the swap contracts are terminated. A termination of the swap contracts may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swaps have a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2021, debt service requirements of the City's outstanding fixed rate 2005 Taxable Pension Funding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-2 Bond is not included in the table, because the swap is not effective until August 1, 2023. As rates vary, net swap payments will vary.

2005 Taxable Pension Funding Bonds

For the Years Ending June 30,	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swap, Net (A)	Total
2022	$ 10,302,000	$ 1,456,146	$ 622,009	$ 12,380,155
2023	11,593,000	654,606	241,325	12,488,931
2024	6,306,000	7,051,185	17,709	13,374,894
2025	6,466,000	8,901,468	-	15,367,468
2026	6,687,000	8,421,992	-	15,108,992
2027-2031	47,351,000	32,484,010	-	79,835,010
2032-2035	67,464,000	8,866,583	-	76,330,583
Total	$ 156,169,000	$ 67,835,990	$ 881,043	$ 224,886,033

(A) Includes only the 2005 B-1, because the 2005 B-2 is not effective until August 1, 2023.

Loans Payable

Loans payable from direct borrowing at June 30, 2021 consisted of the following:

City Loans Payable	
California Energy Commission Loan #1	$ 253,581
California Energy Commission Loan #2	769,642
	$ 1,023,223

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

California Energy Commission Phase 1 – Original Amount $621,558

On April 22, 2013, the City entered into a direct borrowing loan agreement with the California Energy Commission in the amount of $621,558. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears a 3% interest rate and is due in semi-annual payments in December and June through December 2025.

The annual debt service requirements on the loan are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 53,455	$ 7,211	$ 60,666
2023	55,071	5,595	60,666
2024	56,725	3,940	60,665
2025	58,449	2,216	60,665
2026	29,881	449	30,330
Total	$ 253,581	$ 19,411	$ 272,992

California Energy Commission Phase 2 – Original Amount $1,239,036

During fiscal year 2015, the City entered into a direct borrowing loan agreement with the California Energy Commission in the amount of $1,239,036. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears interest at 1% and is due in semi-annual payments in December and June through June 2030.

The annual debt service requirements on the loan are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 82,146	$ 7,492	$ 89,639
2023	82,969	6,669	89,638
2024	83,786	5,852	89,638
2025	84,641	4,997	89,638
2026	85,490	4,148	89,638
2027-2030	350,610	7,943	358,553
Total	$ 769,642	$ 37,101	$ 806,744

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Capital Leases

Capital leases payable from direct borrowing at June 30, 2021 consisted of the following:

Qualified Energy Conservation Lease	$	404,501
JPFA Recovery Zone Economic Development Lease		470,145
Holman Capital Corporation Lease #4		425,890
Street Light Capital Lease		2,354,039
Holman Capital Corporation Lease #5		1,988,030
Total	$	5,642,605

Qualified Energy Conservation Lease – Original Amount $1,052,526

On December 22, 2010 the City entered into a direct borrowing capital lease with Bank of America in the amount of $1,052,526 to finance the purchase and installation of energy conservation equipment at various City-owned buildings. The City received an allocation of the national Qualified Energy Conservation Bond which includes a direct subsidy from the United States Treasury for the interest payable on the bonds under the Hiring Incentives to Restore Employment Act (HIRE Act). The subsidy will be payable on or about the date that the City makes its debt service payments and is equal to 59.79% of the interest payable on the lease. The subsidy received in fiscal year 2019 was $23,026. The lease bears interest at a rate of 6.79% and principal and interest payments are due semi-annually each June 15 and December 15 commencing on December 15, 2011 through June 15, 2026.

The annual debt service requirements on the capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 76,573	$ 26,175	$ 102,748
2023	78,678	20,940	99,618
2024	80,841	15,561	96,402
2025	83,063	10,035	93,098
2026	85,346	4,356	89,702
Total	$ 404,501	$ 77,067	$ 481,568

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Richmond Joint Powers Financing Authority Recovery Zone Economic Development Lease – Original Amount $1,316,000

On December 22, 2010 the Authority entered into a direct borrowing capital lease with Bank of America in the amount of $1,316,000 to finance the improvements to three of the City's fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy received in fiscal year 2019 was $19,824. The lease bears interest at a rate of 6.50% and principal and interest payments on the lease are due semi-annually each June 15 and December 15, commencing on June 15, 2011, through 2026.

The annual debt service requirements on the capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 98,096	$ 28,979	$ 127,075
2023	101,634	22,546	124,180
2024	105,300	15,881	121,181
2025	109,098	8,975	118,073
2026	56,017	1,821	57,838
Total	$ 470,145	$ 78,202	$ 548,347

Holman Capital Corporation Lease #4 – West Contra Costa Family Justice Center - Original Amount $2,000,000

On November 1, 2012 the City entered into a direct borrowing lease agreement with Holman Capital Corporation in the amount of $2,000,000 to finance improvements to the City's West Contra Costa Family Justice Center. The lease bears an interest rate of 3.17%. Principal and interest payments on the lease are due semi-annually on each July 14 and January 14 commencing on July 14, 2013 through January 14, 2023.

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Holman Capital Corporation Lease #4 – West Contra Costa Family Justice Center - Original Amount $2,000,000, Continued

The annual debt service requirements on the capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 224,424	$ 11,736	$ 236,160
2023	201,466	4,564	206,030
Total	$ 425,890	$ 16,300	$ 442,190

Street Light Capital Lease - Original Amount $4,641,936

On July 31, 2013 the City entered into a direct borrowing lease agreement with Bank of America in the amount of $4,641,936 to finance the purchase of streetlights and the associated upgrade costs. The lease bears an interest rate of 2.55%. Principal and interest payments on the lease are due semi-annually on each October 30 and April 30 commencing on April 30, 2014 through October 30, 2026.

The annual debt service requirements on the capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 410,373	$ 57,461	$ 467,834
2023	431,386	46,865	478,251
2024	453,254	35,725	488,979
2025	476,005	24,025	500,030
2026	499,675	11,738	511,413
2027	83,346	1,063	84,409
Total	$ 2,354,039	$ 176,877	$ 2,530,916

7. LONG-TERM DEBT, Continued

A. Governmental Activities, Continued

Holman Capital Corporation Lease #5 – Fire Apparatus Equipment Lease - Original Amount $2,687,645

On May 17, 2018 the City entered into a direct borrowing lease agreement with Holman Capital Corporation in the amount of $2,687,645 to finance the purchase of one Spartan Ladder Truck and two Spartan Pumper Trucks, which are pledged as collateral for the lease. The lease bears an interest rate of 3.91%. Principal and interest payments on the lease are due quarterly on each August 17, November 17, February 17, and May 17 commencing on August 17, 2018 through May 17, 2028.

The annual debt service requirements on the capital lease are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 251,951	$ 74,068	$ 326,019
2023	261,946	64,070	326,016
2024	272,341	53,678	326,019
2025	283,146	42,872	326,018
2026	294,381	31,638	326,019
2027-2028	624,265	27,772	652,037
Total	$ 1,988,030	$ 294,098	$ 2,282,128

B. Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Bonds payable	$159,332,444	$ -	$ (7,841,659) (A)	$151,490,785	$ 6,580,000	$ 144,910,785
Notes and loans payable from direct borrowing	3,435,667	-	(97,279)	3,338,388	101,656	3,236,732
Total	$162,768,111	$ -	$ (7,938,938)	$154,829,173	$ 6,681,656	$ 148,147,517

(A) Retirements of bonds payable include principal retirements in the amount of $6,460,000 and amortization of bond premiums and discounts in the amount of $1,381,659.

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Bonds payable at June 30, 2021 consisted of the following:

2019B Point Potrero Lease Revenue Bonds	$ 13,604,419
Wastewater Revenue Bonds Series 2017A	34,884,610
Wastewater Revenue Bonds Series 2019A	25,108,745
Wastewater Revenue Bonds Series 2019B	77,893,011
Total	$ 151,490,785

Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2019B – Original Issue ($20,580,000)

The Series 2019B Bonds are being issued to: (i) defease and redeem on a current basis all of the Authority's $26,830,000 outstanding Point Potrero Lease Revenue Bonds, Series 2009A and (ii) pay certain costs associated with the issuance of the Series 2019B Bonds. The Series 2019B Bonds are payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of Base Rental Payments to be received by the Authority from the City under a Facility Lease, dated as of August 1, 2019, by and between the City of Richmond and the Authority, for the right to use and the possession of certain real property and facilities, consisting of Wharves No. 7 and 8 at the Point Potrero Marine Terminal of the Port of Richmond. The amount of the Base Rental Payments is calculated to be sufficient to pay principal of and interest on the Series 2019B Bonds when due. Interest on the Series 2019B Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2019. The refunding resulted in an overall debt service savings of $4,351,195. The net present value of the debt service savings is called an economic gain and amounted to $4,177,680.

At June 30, 2021 the 2019B Bonds consisted of the following:

Bonds outstanding	$ 12,430,000
Unamortized premium	1,174,419
Net	$ 13,604,419

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2019B – Original Issue ($20,580,000), Continued

The annual debt service requirements on the 2019B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 4,100,000	$ 580,500	$ 4,680,500
2023	4,270,000	416,500	4,686,500
2024	4,060,000	203,000	4,263,000
Total	$ 12,430,000	$ 1,200,000	$ 13,630,000

Richmond Wastewater Revenue Bonds Taxable Build America Bonds, Series 2010B – Original Issue $41,125,000

On October 7, 2010 the City issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of $41,125,000. The proceeds of these Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system. The taxable 2010B Bonds were sold as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds was not tax-exempt and therefore the bonds carried a higher interest rate. However, this higher interest rate was offset by a subsidy payable by the United States Treasury equal to 35% of the interest payable on the Bonds. The subsidy was be payable on or about the date that the City makes its debt service payments. During the fiscal year ended June 30, 2019, the City issued Series 2019B Wastewater Revenue Bonds to partially refund and defease $36,480,000 of the 2010B Bonds (described below). The bonds were paid in full as of June 30, 2021.

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Richmond Wastewater Revenue Bonds, Series 2017A – Original Issue $33,530,000

On July 19, 2017 the City issued Series 2017A Wastewater Revenue Bonds in the amount of $33,530,000. The proceeds from the Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system and to refund all of the City's outstanding Wastewater Revenue Refunding Bonds, Series 2006A. Principal payments are due annually on August 1. Interest rates on the Bonds range from 2% to 5.25% and payments are due semiannually on August 1 and February 1 beginning February 1, 2018. The bonds mature on August 1, 2047.

At June 30, 2021 the Series 2017A Bonds consisted of:

Bonds outstanding	$ 29,750,000
Unamortized premium	5,134,610
Net	$ 34,884,610

The annual debt service requirements on the 2017A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 1,365,000	$ 1,502,225	$ 2,867,225
2023	1,430,000	1,432,350	2,862,350
2024	-	1,396,600	1,396,600
2025	-	1,396,600	1,396,600
2026	-	1,396,600	1,396,600
2027-2031	-	6,983,000	6,983,000
2032-2036	-	6,983,000	6,983,000
2037-2041	910,000	6,924,000	7,834,000
2042-2046	17,610,000	4,604,319	22,214,319
2047-2048	8,435,000	448,744	8,883,744
Total	$ 29,750,000	$ 33,067,438	$ 62,817,438

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Richmond Wastewater Revenue Bond Series 2019A and Wastewater Revenue Refunding Bonds, Series 2019B – Original Issue Series 2019A ($22,510,000) and Series 2019B ($66,075,000)

On June 26, 2019 the City issued Series 2019A Wastewater Revenue Bonds and the 2019B Wastewater Revenue Refunding Bonds in the amounts of $22,510,000 and $66,075,000, respectively. The proceeds from the 2019A Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system. The proceeds from the 2019B Bonds were used to refund all of the City's outstanding Wastewater Revenue Refunding Bonds, Series 2008A, and to partially refund and defease the City's outstanding Wastewater Revenue Refunding Bonds, Series 2010B. The outstanding balance of the defeased 2010B Bonds was $36,480,000 at June 30, 2019. Principal payments are due annually on August 1. Interest rates on the Bonds range from 3% to 5% and payments are due semiannually on August 1 and February 1 beginning February 1, 2020. The refunding resulted in an overall debt service savings of $6,799,507. The net present value of the debt service savings is called an economic gain and amounted to $4,738,022. The bonds mature on August 1, 2049.

At June 30, 2021 the Series 2019A Bonds consisted of:

Bonds outstanding	$ 22,510,000
Unamortized premium	2,598,745
Net	$ 25,108,745

The annual debt service requirements on the 2019A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ -	$ 973,900	$ 973,900
2023	-	973,900	973,900
2024	-	973,900	973,900
2025	-	973,900	973,900
2026	-	973,900	973,900
2027-2031	-	4,869,500	4,869,500
2032-2036	-	4,869,500	4,869,500
2037-2041	3,480,000	4,607,000	8,087,000
2042-2046	4,960,000	3,408,950	8,368,950
2047-2050	14,070,000	1,508,800	15,578,800
Total	$ 22,510,000	$ 24,133,250	$ 46,643,250

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Richmond Wastewater Revenue Bond Series 2019A and Wastewater Revenue Refunding Bonds, Series 2019B – Original Issue Series 2019A ($22,510,000) and Series 2019B ($66,075,000), Continued

At June 30, 2021 the Series 2019B Bonds consisted of:

Bonds outstanding	$ 66,075,000
Unamortized premium	11,818,011
Net	$ 77,893,011

The annual debt service requirements on the 2019B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 1,115,000	$ 3,018,975	$ 4,133,975
2023	1,170,000	2,961,850	4,131,850
2024	2,815,000	2,862,225	5,677,225
2025	2,930,000	2,718,600	5,648,600
2026	3,050,000	2,569,100	5,619,100
2027-2031	17,300,000	10,373,750	27,673,750
2032-2036	21,225,000	4,064,325	25,289,325
2037-2041	16,470,000	1,166,475	17,636,475
Total	$ 66,075,000	$ 29,735,300	$ 95,810,300

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2017A, 2019A and 2019B Bonds through 2050. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is $206,801,213. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year, and total customer net revenues were $8,148,851 and $15,510,420, respectively.

Notes and Loans Payable – Direct Borrowing

Notes and loans payable at June 30, 2021, consisted of the following:

California Department of Boating and Waterways	$ 2,336,857
RHA RAD Housing Partners L.P. Promissory Note	700,000
Countra Costa County loan payable	301,531
Total	$ 3,338,388

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Notes and Loans Payable – Direct Borrowing, Continued

The City has four direct borrowing loan agreements with the California Department of Boating and Waterways for total borrowings of $3,772,278. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through August 2042. The total amount outstanding at June 30, 2021 was $2,336,857.

The annual debt service requirements on these loans are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 101,656	$ 105,159	$ 206,815
2023	106,231	100,584	206,815
2024	111,011	95,804	206,815
2025	116,008	90,808	209,432
2026	121,227	88,205	209,432
2027-2031	693,042	341,033	1,034,075
2032-2036	640,871	182,113	822,984
2037-2041	438,942	52,647	491,589
2042-2043	7,869	534	8,403
Total	$ 2,336,857	$ 1,056,887	$ 3,396,360

RHA RAD Housing Partners, LP Promissory Note

On December 17, 2014, the Housing Authority's Component Unit, RHA Housing Corporation, entered into an agreement with the City and promised to pay the City a principal amount of $700,000, plus accrued interest. The proceeds of the Note were then loaned from RHA Housing Corporation to the Housing Authority to finance acquisitions and development of the properties undergoing rehabilitation work in conjunction with a RAD conversion (Friendship Manor/Triangle Court). On December 22, 2015, the official closing of the RAD conversion took place, at which time the Note was assigned to a newly created entity, RHA RAD Housing Partners, L.P. The Note payable to the City was assigned from RHA Corporation to RHA RAD Housing Partners, L.P. along with a note receivable from the Housing Authority. The principle balance shall bear 1% simple interest. The term of the Note shall expire fifty- five years after. The balance of the promissory note at June 30, 2019 was $700,000.

In fiscal year 2015, the City had advanced the $700,000 to the Richmond Housing Authority Enterprise Fund, however, in fiscal year 2016 that loan was assigned to RHA RAD Housing Partners L.P. as discussed in Note 4. Therefore, the Richmond Housing Authority Enterprise Fund now owes this amount to RHA RAD Housing Partners L.P. and the interfund advance was converted to long-term debt in fiscal year 2016.

7. LONG-TERM DEBT, Continued

B. Business-Type Activities, Continued

Contra Costa County Loan Payable

On December 1, 2019, the Richmond Housing Authority entered into a loan agreement with the County of Contra Costa in the amount of $401,523 to assist in the repair of the elevators at Nevin Plaza which is a 142 unit public housing development for senior and disabled residents. The loan repayment is deferred for 20 years unless a transfer or default occurs prior to the 20 years term. The loan bear no interest.

C. Events of Default, Termination Events and Subjective Acceleration Clauses

Below is a summary of certain events of default and termination events with finance related consequences, along with the subjective acceleration clauses, as applicable, for all of the City's outstanding long-term debt obligations. Each agreement may contain additional events of default, termination events or other subjective acceleration clauses.

	Events of default with finance-related consequences	Termination events with finance-related consequences	Subjective acceleration clauses
Governmental Activities			
Bonds Payable			
Pension Obligation Bonds - 1999 Series A	(A)	N/A	(A)
Pension Funding Bond Series 2005 (Direct Placement)	(A)	N/A	(A)
JPFA Lease Revenue Refunding Bonds - 2009	(B)	(B)	N/A
JPFA Lease Revenue Bonds - 2016	(B)	(B)	N/A
JPFA Lease Revenue Bonds - 2019	(B)	(B)	N/A
Loans Payable			
California Energy Commission Loan #1	(C)	(C)	(C)
California Energy Commission Loan #2	(C)	(C)	(C)
Capital Leases			
Qualified Energy Conservation Lease	(D)	(D)	N/A
JPFA Recovery Zone Economic Development Lease	(E)	(E)	N/A
Holman Capital Corporation Lease #4	(F)	(F)	N/A
Street Light Capital Lease	(G)	(G)	N/A
Holman Capital Corporation Lease #5	(H)	(H)	N/A
Business-Type Activities			
Bonds Payable			
2019B Point Potrero Lease Revenue Bonds	(B)	(B)	N/A
Wastewater Revenue Bonds Series 2017A	(A)	N/A	(A)
Wastewater Revenue Bonds Series 2019A	(I)	N/A	(I)
Wastewater Revenue Bonds Series 2019B	(I)	N/A	(I)
Notes and Loans Payable			
California Department of Boating and Waterways	(J)	(J)	(J)
RHA RAD Housing Partners L.P. Promissory Note	(K)	(K)	(K)

7. LONG-TERM DEBT, Continued

C. Events of Default, Termination Events and Subjective Acceleration Clauses, Continued

(A) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable.

(B) If the City fails to pay rental payable when due or the Authority fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. In the event of default, the Authority has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent rent.

(C) Events of default include the failure to comply with any of the terms in the loan agreement, failure to pay principal or interest when due, failure of the City to undertake in a timely way the activities for which said Loan Agreement was executed, failure of the City to obtain prior written Commission approval before undertaking a change in the scope of the activities for which said Loan Agreement was executed, or the City becoming insolvent or bankrupt. On the occurrence of any event of default, the Commission may declare all or any portion of the principal and accrued interest on the loan to be immediately due and payable. If the City fails to comply with the terms of the loan agreement, the Commission may declare the agreement to have been breached and be released from any further performance.

(D) Events of default include: (a) Failure to (i) pay any rental payment or other payment required to be paid under the agreement within 10 days after the date when due or (ii) maintain insurance as required; (b) failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice; (c) any false, incorrect or misleading statements, representations or warranties made by the City pursuant to the agreement; (d) any default occurs under any other agreement for borrowing money, lease financing of property; (e) the City files becomes insolvent or files for bankruptcy. In the event of default, the lessor has the right to take various steps, including take possession of the equipment or accelerate the repayment of the principal and outstanding interest.

(E) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Authority has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent lease payments.

(F) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable.

7. LONG-TERM DEBT, Continued

C. Events of Default, Termination Events and Subjective Acceleration Clauses, Continued

(G) If the City fails to pay lease payments when due or observe other covenants in the lease agreement, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. Upon events of default, the Energy Commission may terminate the Agreement upon five days written notice to the City.

(H) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Lessor has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent lease payments.

(I) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the City is required to transfer all Net Revenues held by the City to the Trustee, except as noted in the Indenture of Trust.

(J) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Department of Boating and Waterways has the option to declare all unperformed obligations immediately due and payable without further demand or notice to the City.

(K) Events of default include the failure to repay the principal and any interest on the loan within ten days of receipt of written notice that such payment is due pursuant to the loan documents, breach of covenants included in the loan documents, or becoming insolvent or bankrupt. In the event of default, the principal and accrued interest are immediately due and payable.

7. LONG-TERM DEBT, Continued

D. Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2021, the balances of these Districts' outstanding debt were as follows:

Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2016 (Country Club Vista)	$5,940,000

E. Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2021, the balance of this issuers' outstanding debt was as follows:

Richmond Community Foundation, Richmond Housing Rehabilitation Program, Social Impact Bonds, Taxable Series 2015A	$3,000,000

8. UNAVAILABLE AND UNEARNED REVENUE

At June 30, 2021, the following unavailable revenues were recorded in the Fund Financial Statements because the funds were not available to finance expenditures of the current period:

	Loans Receivable	Accounts and Grants Receivable	Total
General Fund	$ 2,371,435	$ 4,599	$ 2,376,034
Community Development and Loan Programs Special Revenue Fund	18,682,899	166,431	18,849,330
Non-Major Governmental Funds	779,013	5,276,002	6,055,015
Total	$ 21,833,347	$ 5,447,032	$ 27,280,379

At June 30, 2021, the following unearned revenues were recorded in the City-wide financial statements on the Statement of Net Position:

	Prepaid Rent	Developer Fees & Other	Total
General Fund	$ 3,165,015	$ 450,903	$ 3,615,918
Non-Major Governmental Funds	2,551,845	348,614	2,900,459
Richmond Housing Authority Enterprise Fund	-	1,814,047	1,814,047
Port of Richmond Enterprise Fund	-	520,000	520,000
Municipal Sewer Enterprise Fund	-	36,280	36,280
Storm Sewer Fund	-	591,867	591,867
Total	$ 5,716,860	$ 3,761,711	$ 9,478,571

9. FUND BALANCE AND NET POSITION

A. Fund Balance Classification

Detailed classifications of the City's fund balances, as of June 30, 2021, are below:

Fund Balance Classifications	General Fund	Community Development and Loan Program Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Items not in spendable form:				
Prepaids, supplies and other assets	$ 637,513	$ -	$ -	$ 637,513
Loans receivable	700,000	-	-	700,000
Advances to other funds	13,062,225	-	-	13,062,225
Total Nonspendable Fund Balances	14,399,738	-	-	14,399,738
Restricted for:				
Street Improvement Projects	-	-	4,899,300	4,899,300
Public Safety Grant Programs (Police and Fire)	-	-	307,118	307,118
Lighting and Landscaping	-	-	1,357,608	1,357,608
Housing and Community Development	-	31,215,036	1,272,496	32,487,532
Debt Service	-	-	11,850,076	11,850,076
Community Development Projects	-	-	25,986,077	25,986,077
Other Capital Projects	-	-	3,274,283	3,274,283
Total Restricted Fund Balances	-	31,215,036	48,946,958	80,161,994
Committed to:				
COVID-19	1,500,000	-	-	1,500,000
Appropriation Authority	8,300,000			8,300,000
Total Committed Fund Balances	9,800,000	-	-	9,800,000
Assigned to:				
Other Capital Projects	-	-	45,459	45,459
Other Contracts	2,436,475	-	-	2,436,475
Employment and Training	-	-	2,475,640	2,475,640
Total Assigned Fund Balances	2,436,475	-	2,521,099	4,957,574
Unassigned:				
General Fund	22,477,829	-	-	22,477,829
Other Governmental Fund Deficit Residuals	-	-	(1,677,775)	(1,677,775)
Total Unassigned Fund Balances	22,477,829	-	(1,677,775)	20,800,054
Total Fund Balances (Deficits)	$ 49,114,042	$ 31,215,036	$ 49,790,282	$ 130,119,360

9. FUND BALANCE AND NET POSITION, Continued

B. Contingency Reserve Policy

In fiscal year 2016, the City Council updated the fund balance policy to require the City to maintain a year-end contingency reserve balance of a minimum of 15% of the next year's budgeted General Fund expenditures. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The City's cash reserve as of June 30, 2021, which is a component of unassigned fund balance of the General Fund, is $22,477,829 which is approximately 12.5% of fiscal year 2021-22 budgeted General Fund expenditures. As the City experiences net revenue gains in future years, the cash balance must continue to be maintained at or above to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services.

C. Deficit Fund Balances and Accumulated Deficits

At June 30, 2021, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

	Amount
Nonmajor Governmental Funds:	
Civic Center Debt Service Fund	(1,596,286)
Nonmajor Enterprise Funds:	
Cable TV Fund	(2,049,183)

D. Restatement of Net Position

During fiscal year 2021, the City continued to reconcile the activities of the Richmond Housing Authority for fiscal years 2017, 2018, 2019, 2020, and 2021. As a result, beginning net position in the Richmond Housing Authority Enterprise Fund has been restated and decreased in the amount of $2,307,404. The City also restated its beginning net position the of the Governmental Activities, Business Type Activities, Richmond Housing Authority fund, the Port of Richmond fund, Municipal Sewer fund, nonmajor enterprise funds and the Insurance Reserve fund to correct the allocation of OPEB erroneously recorded in prior years.

In addition, the City has restated the beginning fund balance of Business-type Activities Fund and increased in the amount of $535,094. For Non-Major Enterprise Fund, the beginning fund balance was restated and increased in the amount of $42,247 and for Insurance Reserves Fund, the beginning fund balance was restated and decreased in the amount of $480,172.

9. FUND BALANCE AND NET POSITION, Continued

D. Restatement of Net Position, Continued

	Government-wide Financial Statements		Fund Statements					
	Governmental Activities	Business-type Activities	Richmond Housing Authority Fund	Port of Richmond Fund	Municipal Sewer Fund	Non-Major Enterprise Fund	Insurance Reserve Fund	Custodial Funds
Net Position as previously reported at June 30, 2020	$ (298,192,717)	$ 64,742,982	$ 10,049,921	$ 11,291,778	$ 43,236,443	$ 164,840	$ 526,175	$ -
Prior Period Adjustments:								
Correct interfund activities	-	(2,307,404)	(2,307,404)	-	-	-	-	-
OPEB Allocation	(535,094)	535,094	1,162,596	114,197	(783,946)	42,247	(480,172)	-
GASB 84 Implementation	-	-	-	-	-	-	-	6,236,000
Net Position as restated at June 30, 2020	$ (298,727,811)	$ 62,970,672	$ 8,905,113	$ 11,405,975	$ 42,452,497	$ 207,087	$ 46,003	$ 6,236,000

10. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds incurred departmental expenditures in excess of appropriations.

Fund/Department	Excess of Expenditures over Appropriations
General Purpose Fund	
General Government	$ 1,179,000
Community Development	8,989
Housing and redevelopment	437
Lighting and Landscaping Districts Fund	
Public works	74,679
Developer Impact Fees Fund	
Public Safety	79,430
Publlic works	414,829
Cultural and recreational	28,345
Capital outlay	654,260
Richmond Neighborhood Stabilization Corporation Fund	
Housing and development	30,826
General Debt Service Fund	
Interest and fiscal charges	849
Civic Center Debt Service Fund	
Principal	77,315,000
Interest and fiscal charges	11,213
General Capital Improvement Fund	
Capital outlay	839,634
Measure C/J Fund	
Publlic works	716,192
Capital outlay	985,430
Secured Pension Override Fund	
General Government	6,563

11. DEFINED BENEFIT PENSION PLANS

The following is a summary of the City's pension plan amounts for the year ended June 30, 2021:

	Deferred Outflow of Resources	Net Pension Liability	Deferred Inflow of Resources	Pension Expense
California Public Employees' Retirement System:				
Miscellaneous	$ 17,627,079	$ 134,637,439	$ 2,317,244	$ 14,671,110
Safety	25,723,534	216,949,281	1,928,165	30,528,532
Police and Firemen's Pension Plan	-	(4,441,073)	1,628,424	(4,123,903)
General Pension Plan	34,759	715,046	-	209,220
Garfield Pension Plan	5,429	71,909	-	66,180
Totals	$ 43,390,801	$ 347,932,602	$ 5,873,833	$ 41,351,139

A. California Public Employees' Retirement System Pension Plans

I. General Information about the CalPERS Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

I. General Information about the CalPERS Pension Plan, Continued

The City's employees hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% @ 55 Benefit Formula or the Safety Plan under the 3.0% @ 50 (Police) or 3.0% @ 55 (Fire) Benefit Formula. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. The City's employees hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% @ 62 Benefit Formula or the 2.7% @ 57 (Police and Fire) Benefit Formula.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensatio	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	13.42%	13.42%
Required UAL Contribution	$ 10,090,307	

	Safety - Police	Safety - Fire	Safety - Police and Fire
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 01, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensatio	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%*	9.00%*	12.50%
Required employer contribution rates	22.447%	22.447%	22.447%
Required UAL Contribution		$ 14,418,684	

* Effective July 1, 2015, Safety (Police and Fire) employees hired prior to January 1, 2013 pay 3% of the employer's required contribution. Therefore, the required employer contribution rate is 19.447% and required employee contribution rate is 12%.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

I. General Information about the CalPERS Pension Plan, Continued

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans were $10,090,307 and $14,418,684, respectively, as noted in the tables above.

Employees Covered – As of the June 30, 2019 actuarial valuation date and the June 30, 2020 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Inactive employees or beneficiaries currently receiving benefits	958	976	517	532
Inactive employees entitled to but not yet receiving benefits	523	553	81	86
Active employees	459	428	243	232
Total	1,940	1,957	841	850

As of June 30, 2021, the City had 413 active employees in the Miscellaneous Plan and 220 active employees in the Safety Plan.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the measurement period were $13,783,427 for the Miscellaneous Plan and $19,355,578 for the Safety Plan.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

II. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality (1)	Derived using CalPERS' membership data for all funds	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA or 2.50% until Purchasing Power ProtectionAllowance floor on purchasing power applies, 2.50% thereafter	Contract COLA or 2.50% until Purchasing Power ProtectionAllowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

II. Net Pension Liability, Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

II. Net Pension Liability, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) In the CalPERS ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

III. Changes in the Net Pension Liability

The changes in the Net Pension Liability as of the June 30, 2020 Measurement Date for each Plan follows:

Miscellaneous Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 Measurement Date	$ 504,296,912	$ 373,530,332	$ 130,766,580
Changes in the year:			
Service cost	7,529,439	-	7,529,439
Interest on the total pension liability	34,974,846	-	34,974,846
Differences between actual and expected experience	(4,393,691)	-	(4,393,691)
Contribution - employer	-	13,778,755	(13,778,755)
Contribution - employees	-	2,749,990	(2,749,990)
Net investment income	-	18,237,576	(18,237,576)
Administrative expenses	-	(526,586)	526,586
Benefit payments, including refunds of employee contributions	(29,018,486)	(29,018,486)	-
Net changes	9,092,108	5,221,249	3,870,859
Balance at June 30, 2020 Measurement Date	$ 513,389,020	$ 378,751,581	$ 134,637,439

Safety Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 Measurement Date	$ 676,597,009	$ 469,826,178	$ 206,770,831
Changes in the year:			
Service cost	10,958,278	-	10,958,278
Interest on the total pension liability	47,218,257	-	47,218,257
Differences between actual and expected experience	(2,189,929)	-	(2,189,929)
Contribution - employer	-	19,362,087	(19,362,087)
Contribution - employees	-	4,232,707	(4,232,707)
Net investment income	-	22,875,702	(22,875,702)
Administrative expenses	-	(662,340)	662,340
Benefit payments, including refunds of employee contributions	(38,982,005)	(38,982,005)	-
Net changes	17,004,601	6,826,151	10,178,450
Balance at June 30, 2020 Measurement Date	$ 693,601,610	$ 476,652,329	$ 216,949,281
Totals - Miscellaneous and Safety Plans	$ 1,206,990,630	$ 855,403,910	$ 351,586,720

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

III. Changes in the Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 196,335,201	$ 305,868,453
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 134,637,439	$ 216,949,281
1% Increase	8.15%	8.15%
Net Pension Liability	$ 83,177,322	$ 143,617,664

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of $45,199,642. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,438,844	$ -
Differences between Expected and Actual Experience	-	(2,317,244)
Changes of Assumptions	-	-
Net Differences between Projected and Actual Earnings on Pension Plan Investments	3,188,235	-
Total	$ 17,627,079	$ (2,317,244)

11. DEFINED BENEFIT PENSION PLANS, Continued

A. California Public Employees' Retirement System Pension Plans, Continued

IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 21,315,231	$ -
Differences between Expected and Actual Experience	251,819	(1,545,832)
Changes of Assumptions	-	(382,333)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	4,156,484	-
Total	$ 25,723,534	$ (1,928,165)
Total Both Plans	$ 43,350,613	$ (4,245,409)

$35,754,074 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Annual Amortization		
	Miscellaneous	Safety	Total
2021	$ (3,619,485)	$ (2,703,910)	$ (6,323,395)
2022	889,915	855,905	1,745,820
2023	2,009,360	2,306,467	4,315,827
2024	1,591,201	2,021,676	3,612,877
Thereafter	-	-	-
Total	$ 870,991	$ 2,480,138	$ 3,351,129

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans

I. Plan Descriptions and Funding Policies

The City administers three single-employer pension plans which are funded entirely by City contributions. These are the General Pension Plan, Police and Firemen's Pension Plan, and Garfield Pension Plan (collectively, the "Plans"). The General Pension Plan, a defined benefit pension plan, covers ten former City employees (or their beneficiaries) not covered by CalPERS, all of whom have retired. The Police and Firemen's Pension Plan, a defined benefit pension plan, covers twenty-seven retired police and fire personnel (or their beneficiaries) employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Benefit provisions for the Plans are established by City Ordinance. No separate financial statements are issued for the Plans.

The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the City's pension plans. The incremental property tax revenue received for the year ended June 30, 2021 was $11,352,354, and the City used the funds to pay General Pension Plan and the Police and Firemen's Pension Plan contributions of $319,025 and $937,004, respectively.

Police and Firemen's Pension Plan – Funding for the Plan is provided from the Secured Pension Override Special Revenue Fund. Employees were vested after five years of service. Members of the Plan are allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age- normal actuarial method as specified by Ordinance. Management of the Plan is vested in the Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of four members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, one representative of the Police Department and one representative of the Fire Department.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the annual salary attached to the rank or position held by the retiree one year prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an increase each year for changes in the salary attached to the retiree's rank in the year before retirement.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

I. Plan Descriptions and Funding Policies, Continued

General Pension Plan – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the Plan using the entry age-normal actuarial method as specified by Ordinance. Management of the Plan is vested in the General Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of five members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, and two members to be elected every five years by secret ballot vote of the rank and file of Plan employees and of Plan employees who have retired and are receiving pensions from the Plan. Four members of the General Pension Board are to be concurred in by four members.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the average annual salary attached to the position held by the retiree during the three years prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an automatic increase of 2% per year. City Council may grant additional increases of up to 3% per year to bring the total increase in a given year to 5%.

Garfield Pension Plan – Retirement and other benefits are paid from the assets of the Plan and from related investment earnings. Plan provisions have been established and may be amended upon agreement between the City and Mr. Garfield. Management of the Plan is vested in the City Council.

Mr. Garfield's pension and any continuation to his spouse receive the same cost-of-living increases as the City's police employees covered by CalPERS (CalPERS cost-of-living increases include a 2% per year increase, subject to CPI increase constraints, and purchasing power protection through the CalPERS Purchasing Power Protection Allowance). Mr. Garfield's surviving spouse receives 50% of the retiree's pension.

II. Significant Accounting Policies

City contributions for all plans are recognized when due and the City has made a formal commitment to provide contributions. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs for all plans, except the investment management fees of the Police and Fireman's Pension Plan, are paid by the City's General Fund. The investment management fees are financed through investment earnings. Assets are valued at fair value based on available market information obtained from independent sources.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

III. Pension Plan Assets

At June 30, 2021 the pension plans reported assets available for benefits as shown below. For actuarial purposes, the value of the Plans' assets were determined to be fair value.

City of Richmond Investment Pool	$	1,226,909
Local Agency Investment Fund (Garfield Plan)		186,062
Wellington Trust Company Mutual Fund (Police and Firemen's Plan)		13,042,440
Interest receivable		467
Assets available for benefits at June 30, 2021	$	14,455,878

The Wellington Trust Company Fund investments, classified in Level 2 of the fair value hierarchy, are valued using the market approach, which uses prices and other information generated from market transactions, which typically includes securities priced with unadjusted market quotes, evaluated bids, market multiples, and trade information, and also generally includes short term securities valued at amortized cost which approximates market value. The City of Richmond Investment Pool and the California Local Agency Investment Fund (LAIF) are not subject to the fair value hierarchy. Fair value is defined as the quoted market value on the last trading day of the period.

Investment Policies

The General Pension and Police and Firemen's Pension Plans' policies in regard to the allocation of invested assets is established and may be amended by Resolution of the respective Boards. The Plans allow investments in the following:

(a) In investments which are authorized by General law for savings banks.

(b) In investments other than those specified in subdivision (a) hereof, including, but not limited to, corporate bonds and securities, common stocks, preferred stocks, investments in real estate and investment trusts, provided that the total amount invested pursuant to this subdivision shall not exceed fifty percent (50%) of the total amount of funds invested pursuant to this section, and provided further that the following conditions are met:

(1) Any stocks or other corporate securities, in which funds are invested, except stocks of banks, insurance companies or mutual funds, shall be registered on a national securities exchange as provided by the Federal Securities Exchange Act.

(2) The total amount invested in common and preferred stocks shall not exceed at cost at the time of purchase twenty-five percent of the total amount invested pursuant to this section.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

III. Pension Plan Assets, Continued

Investment Policies, Continued

(3) The total amount invested in the common and preferred stocks of any one company shall not exceed at cost of the time of purchase two percent of the total amount invested pursuant to this section and shall not exceed five percent of the outstanding preferred or common stock of that company.

(4) No funds shall be invested in the common stocks of any company unless it has paid cash dividends on such stocks in eight of the ten years immediately preceding its purchase by the Board.

(5) No funds shall be invested in the stocks or other securities of any company other than a bank or insurance company unless it has assets of at least one hundred million dollars ($100,000,000), or in the stocks or other securities of a bank or insurance company unless it has assets of at least fifty million dollars ($50,000,000).

(6) The total amount invested in real estate and other than real estate owned by or leased to the City of Richmond, which amount may include land, buildings, land and buildings or real estate loans, shall not exceed twenty-five percent of the total amount invested pursuant to this section and such investments shall be restricted to first trust deeds which are insured by the Federal Housing Administration or which are guaranteed by the Veterans Administration.

The Garfield Pension Plan does not have a separate investment policy, therefore it uses the City's investment policy.

Interest and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City invests in equities which may be drawn down as needed, subject to terms of the underlying trust agreement. The investments held in the Pension Trust Funds all mature in less than one year.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2021, the investments in the Pension Trust Funds were not rated.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

III. Pension Plan Assets, Continued

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Police and Firemen's, General Pension and Garfield Pension Plans was 22.61%, 0.44% and 0.72%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

IV. Net Pension Liability of the Plans

The components of the net pension liability of the City for each of the Plans is the total pension liability, less each Plan's fiduciary net position.

Actuarial Assumptions. The total pension liability for each plan as of June 30, 2021 was determined based on June 30, 2021 actuarial valuations. The following actuarial assumptions applied to all periods included in the measurement:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Discount rate, net of investment expenses	3.50%	1.00%	1.00%
Expected return on plan assets	3.50%	1.00%	1.00%
Inflation rate (short-term)	2.00%	2.00%	2.00%
Inflation rate (long-term)	2.25%	2.25%	2.25%
Cost-of-living increases	2% per year	5% per year	2% per year
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Salary increases	N/A	N/A	N/A

Mortality rates were based on the California PERS Mortality Table in its 2017 experience study (based on CalPERS 1997-2015 experience).

Discount Rates. The discount rates used to measure the total pension liability for the Police and Firemen's Pension Plan, General Pension Plan and Garfield Pension Plan were 3.50%, 1.00%, and 1.00%, respectively, as of June 30, 2021 and 4.50%, 1.98%, and 1.75%, respectively, as of June 2020.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

IV. Net Pension Liability of the Plans, Continued

For the Police and Firemen's Pension Plan, based on the 5 previous years the City has on average contributed 97% of the Actuarially Determined Contribution (ADC). A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 96% of the ADC is contributed to the Plan in future years; (3) assuming that future contribution losses are amortized according to the Plan's funding policy; (4) using the Plan's assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 2.45% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2021) after the projected asset depletion. Based on these parameters, plan assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the Plan's long-term expected rate of return of 3.50% was used as the discount rate.

Based on the 5 previous years the City has on average contributed 78% and 113% of the Actuarially Determined Contribution (ADC) for the General Pension Plan and Garfield Pension Plan, respectively. A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 74% of the ADC is contributed to the General Pension Plan and 100% of the ADC is contributed to the Garfield Pension Plan in future years; (3) assuming that future contribution losses are amortized according to the Plans' funding policies; (4) using the Plans' assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 2.45% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2021) after the projected asset depletion. Based on these parameters, each of the Plan's assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the long-term expected rate of return of 1.00% was used as the discount rate for each of these Plans.

The long-term expected rate of return on pension plan investments was determined for each Plan using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.25%). All results are then rounded to the nearest quarter percentage point.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

IV. Net Pension Liability of the Plans, Continued

Best estimates of geometric real and nominal rates of return for each major asset class included in the Plans' asset allocation as of the measurement date are summarized below:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Police and Firemen's Plan:			
Domestic Equity	55%	3.66%	5.66%
International Equity	0%	4.26%	6.26%
Fixed Income	35%	-0.03%	1.97%
Real Estate and Alternatives	0%	3.38%	5.38%
Cash and Equivalents	10%	-0.97%	1.03%
Total	100%		4.19%
Reduced for assumed investment expense			-0.60%
Total (weighted avg, rounded to 1/4%)			3.50%
General Pension Plan:			
Domestic Equity	0%	3.66%	5.66%
International Equity	0%	4.26%	6.26%
Fixed Income	0%	-0.03%	1.97%
Real Estate and Alternatives	0%	3.38%	5.38%
Cash and Equivalents	100%	-0.97%	1.03%
Total	100%		0.99%
Reduced for assumed investment expense			0.00%
Total (weighted avg, rounded to 1/4%)			1.00%
Garfield Pension Plan:			
Domestic Equity	0%	3.66%	5.66%
International Equity	0%	4.26%	6.26%
Fixed Income	0%	-0.03%	1.97%
Real Estate and Alternatives	0%	3.38%	5.38%
Cash and Equivalents	100%	-0.97%	1.03%
Total	100%		0.99%
Reduced for assumed investment expense			0.00%
Total (weighted avg, rounded to 1/4%)			1.00%

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

IV. Net Pension Liability of the Plans, Continued

Changes in Assumptions. In addition to the change in the discount rates noted above, changes in assumptions from the prior valuation for each plan was as follows:

Police and Firemen's Plan:

- The expected investment return and discount rate decreased from 4.50% to 3.50% to reflect updated capital market assumptions.

General Pension Plan:

- The discount rate was updated from 1.98% to 1.00% to reflect updated GASB 68 trust depletion projections.
- The expected trust investment return on assets decreased from 1.75% to 1.00% to reflect updated capital market assumptions and the plan's anticipated short future duration.

Garfield Pension Plan:

- The expected investment return and discount rate decreased from 1.75% to 1.00% to reflect updated capital market assumptions.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

V. Changes in the Net Pension Liability of Each Plan

The net pension liability of each Plan is measured as of June 30, 2021 as follows:

Police and Firemen's Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	$ 13,176,626	$ 11,062,378	$ 2,114,248
Changes in the year:			
Interest on the total pension liability	561,163	-	561,163
Differences between actual and expected experience	(3,680,825)	-	(3,680,825)
Changes in assumptions Changes in benefit terms	28,483	-	28,483
Contribution - City	-	937,004	(937,004)
Contribution - employer	-	-	-
Contribution - employees	-	-	-
Net investment income	-	2,527,138	(2,527,138)
Benefit payments, including member contribution refunds	(1,412,673)	(1,412,673)	-
Net changes	(4,503,852)	2,051,469	(6,555,321)
Balance at June 30, 2021	$ 8,672,774	$ 13,113,847	$ (4,441,073)
Plan fiduciary net position as a percentage of the total pension liability			151.21%

General Pension Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	$ 1,995,238	$ 1,170,491	$ 824,747
Changes in the year:			
Interest on the total pension liability	35,526	-	35,526
Differences between actual and expected experience	106,639	-	106,639
Changes in assumptions Changes in benefit terms	72,660	-	72,660
Contribution - City	-	319,025	(319,025)
Contribution - employer	-	-	-
Contribution - employees	-	-	-
Net investment income	-	5,501	(5,501)
Benefit payments, including refunds of employee contributions	(401,991)	(401,991)	-
Net changes	(187,166)	(77,465)	(109,701)
Balance at June 30, 2021	$ 1,808,072	$ 1,093,026	$ 715,046
Plan fiduciary net position as a percentage of the total pension liability			60.45%

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

V. Changes in the Net Pension Liability of Each Plan, Continued

Garfield Pension Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	$ 303,693	$ 297,069	$ 6,624
Changes in the year:			
Interest on the total pension liability	4,877	-	4,877
Differences between actual and expected experience	51,995	-	51,995
Changes in assumptions	10,397	-	10,397
Net investment income	-	1,984	(1,984)
Benefit payments, including refunds of employee contributions	(50,048)	(50,048)	-
Net changes	17,221	(48,064)	65,285
Balance at June 30, 2021	$ 320,914	$ 249,005	$ 71,909
Plan fiduciary net position as a percentage of the total pension liability			77.59%
Total - Net Pension Liability	$ 10,801,760	$ 14,455,878	$ (3,654,118)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for each of the Plans, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
1% Decrease	2.50%	0.00%	0.00%
Net Pension Liability (Asset)	$ (3,942,720)	$ 795,669	$ 86,811
Current Discount Rate	3.50%	1.00%	1.00%
Net Pension Liability (Asset)	$ (4,441,073)	$ 715,046	$ 71,909
1% Increase	4.50%	2.00%	2.00%
Net Pension Liability (Asset)	$ (4,891,344)	$ 640,963	$ 58,184

VI. Actuarially Determined Contributions

As of the June 30, 2020, actuarial valuations used to calculate the actuarially determined contributions (ADC) for each Plan, the ADC's were determined using the entry-age normal cost method and the assumptions in Note 11B above.

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

VI. Actuarially Determined Contributions, Continued

For the Police and Firemen's Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 10-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 97% of the Actuarially Determined Contribution.

For the General Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 6-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 78% of the Actuarially Determined Contribution.

For the Garfield Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 7-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 113% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2021 are presented below:

	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
Police and Firemen's Pension Plan	$ 937,004	$ 937,004	100%
General Pension Plan	312,462	319,025	102%
Garfield Pension Plan	-	-	0%

VII. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense for each of the Plans as follows:

	Pension Expense
Police and Firemen's Plan	$ (4,123,903)
General Pension Plan	209,220
Garfield Pension Plan	66,180
Total	$ (3,848,503)

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

VII. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for these Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 40,188	$ 1,628,424
Total	$ 40,188	$ 1,628,424

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Annual Amortization
2022	$ (376,221)
2023	(399,310)
2024	(411,763)
2025	(400,942)
Thereafter	-

VIII. Plan Financial Statements

The Statement of Net Position for the Plans at June 30, 2021 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool	$ 71,321	$ 1,092,667	$ 62,921
Local Agency Investment Fund	-	-	186,062
Mutual Fund Investments	13,042,440		-
Accounts receivable	86	359	22
Total Assets	13,113,847	1,093,026	249,005
NET POSITION			
Restricted for employees' pension benefits	$ 13,113,847	$ 1,093,026	$ 249,005

11. DEFINED BENEFIT PENSION PLANS, Continued

B. Other City Pension Plans, Continued

VIII. Plan Financial Statements, Continued

The Statement of Changes in Plan Net Position for the year ended June 30, 2021 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
ADDITIONS			
Net investment income:			
Net increase (decrease) in the fair value of investments	$ 2,392,461	$ -	$ -
Interest income	207,245	5,501	1,984
Investment management fees	(72,568)	-	-
Contribution from the City	937,004	319,025	-
Total Additions	3,464,142	324,526	1,984
DEDUCTIONS			
Pension benefits	1,412,673	401,991	50,048
Total Deductions	1,412,673	401,991	50,048
Net Increase (Decrease)	2,051,469	(77,465)	(48,064)
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	11,062,378	1,170,491	297,069
End of year	$ 13,113,847	$ 1,093,026	$ 249,005

IX. PARS Defined Contribution Plan

Effective July 1, 2014, the City contracted with the Public Agency Retirement System (PARS), to sponsor a Section PARS 457 FICA Alternative Retirement Plan created in accordance with IRC Sections 3121(b) (7) (F) and 457(b), which is a qualified defined contribution pension plan covering all eligible part-time, seasonal and temporary employees of the City on that date and hired thereafter.

The Plan requires these employees to contribute 6.2% and the City to contribute 1.3% of the employees pay plus administration costs. The City's required contributions of $15,534 and the employees' required contributions of $74,085 were made during the fiscal year ended June 30, 2021.

12. OTHER POSTEMPLOYMENT BENEFITS

The following is a summary of the City's OPEB amounts for the year ended June 30, 2021:

	Deferred Outflow of Resources	Net OPEB Liability	Deferred Inflow of Resources	OPEB Expense
City OPEB Plan	$ 2,796,546	$ 90,804,849	$ 43,104,081	$ (9,332,976)
RRPOA OPEB Plan	337,491	12,996,549	10,199,694	855,064
	$ 3,134,037	$ 103,801,398	$ 53,303,775	$ (8,477,912)

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans

Plan Description - In order to qualify for postemployment medical and dental benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that vary by employment classification. In addition, the following eligibility rules and contribution requirements apply for future retirees, followed by current retirees. The City has two plans:

City OPEB Plan

The City is the Plan administrator, while PARS administers the investment trust. The City OPEB Plan does not issue separate financial statements. PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA, 92660.

RPOA OPEB Plan

The City of Richmond's Police Officers Association (RPOA) Plan was established during fiscal year 2019 and the RPOA OPEB Plan joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single- employer plans. RPOA members who were actively employed as of January 1, 2017 transferred from the City OPEB Plan to the RPOA OPEB Plan. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

12. OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans, Continued

A summary of the City OPEB Plan provisions follows:

Plan Provisions for Future Retirees			
Classification	**Eligibility (Age / Service Years)**	**Monthly Premium Paid by City Before/After Medicare Eligibility**	**Employee Monthly Contribution (1)**
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10 years service	Retiree only or surviving spouse: the lesser of $435 and medical premium Retiree +1 or more: the lesser of $567 and medical premium Plus PEMHCA Minimum: $136 Retired on or after 7/1/1995: Reimbursement allowed towards non-PERS plans	None
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU	Retiree only or surviving spouse: the lesser of $435 and medical premium Retiree +1 or more: the lesser of $567 and medical premium Plus PEMHCA Minimum: $136	Effective 1/1/2017: $50 Effective 1/1/2018: $100
Fire Local 188	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree / dependents/surviving spouse up to premium for coverage. Percentage is 90%, increased to 100% after 27 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non- Medicare eligible premium for coverage selected. Plus PEMHCA minimum: $136	Effective 1/1/2017: $200 Effective 1/1/2018: $300 Effective 7/1/2019: $400
Fire Management and Fire Executive Management	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to premium for coverage. Percentage is 80%, increased to 90% after 15 years of service and 100% after 25 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non-Medicare eligible premium for coverage selected. Plus PEMHCA minimum: $136	Effective 1/1/2017: $200 Effective 1/1/2018: $300 Effective 7/1/2019: $400
Police Widows	Death in line of duty	Full premium of medical, dental and vision	None
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Service includes non City service Minimum 5 years City Service	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65% after 10 years of service, increased to 75% after 20 years of service, and 100% after 25 years of service.	Effective 7/1/2017: $300 Effective 7/1/2018: $425 Effective 7/1/2019: $525

(1) Prior to January 1, 2017, active Employees were not required to make monthly contributions.

12. OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans, Continued

Plan Provisions for Current Retirees		
Classification	**Subgroup**	**Monthly Premium Reimbursement Before/After Medicare Eligibility**
SEIU Local 1021	Retired July 1, 2007 or later	Same as future retirees
	Retired prior to July 1, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: $224/$182 Retiree +1 or more: $344/$284
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Same as future retirees
	Retired November 5, 1999 to June 30, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: $224/$182 Retiree +1 or more: $344/$284
	Retired before November 5, 1999	Same as future retirees, but caps are: Retiree only or surviving spouse: $124/$82 Retiree +1 or more: $244/$184
Fire Local 188		Same as future retirees
Fire Management	Retire on or after 7/1/2006	Same as future retirees
	Retire before 7/1/2006	Eligible at 35/15 Same as future retirees, but caps are: Percentage of premium for retiree/dependents/surviving spouse up to Kaiser non-Medicare eligible premium for coverage selected. Percentage is 90%, increased to 100% after 27 years of service.

12. OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans, Continued

Plan Provisions for Current Retirees (Continued)

Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
Richmond Police Officer Association (RPOA)	Retire on or after 7/1/2008 but before 1/1/2017	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical, dental, and vision premium or percentage of premium for retiree/dependents/surviving spouse but no more than $827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service PEMHCA minimum
	Retired between 7/1/2004 and 6/30/2008	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium or percentage of premium for retiree/dependents/surviving spouse but no more than $827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service City also pays PEMHCA minimum. Reimbursement capped at $614.
	Retired between 7/1/1997 and 6/30/2004	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than $827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: $136 City also pays PEMHCA minimum. Reimbursement capped at $550.
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Premium paid for dental and vision. Plus PEMHCA minimum $136
	Retired before 7/1/1994	Plus PEMHCA minimum: $136 Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement, excluding the PEMHCA minimum, capped at $210 for single coverage and $300 for 2-party coverage Premium paid for dental and vision. Plus PEMHCA minimum: $136

12. OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans, Continued

Plan Provisions for Current Retirees (Continued)		
Classification	**Subgroup**	**Monthly Premium Reimbursement Before/After Medicare Eligibility**
Police Management and Police Executive Management	Retired on or after 7/1/2008	Same as future retirees
	Retired between 1/1/1995 [1] and 6/30/2008	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service. Retired after 1/1/2007 - Reimbursement capped at Kaiser premium, excluding the PEMHCA minimum, for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired on or before 1/1/2007 - Reimbursement capped at 2nd highest premium plan, excluding the PEMHCA minimum, for coverage selected Retired on or after 7/1/1995: Reimbursement allowed towards non-PERS plans NOTE: PEMHCA is billed to employers for all CalPERS medical plans. if a member is not enrolled in a PERS plan the employer is not billed.

1) The City did provide medical premium benefits with single and 2-party caps for Police Management that retired prior to January 1, 1995, and as of June 30, 2020 there were two retirees receiving such benefits

A summary of the RPOA OPEB Plan provisions follows:

Plan Provisions for Future Retirees			
Classification	**Eligibility (Age/Service Years)**	**Monthly Premium Paid by City Before/After Medicare Eligibility**	**Employee Monthly Contributions**
Richmond Police Officer Association (RPOA)	10 years of service Service includes non City service Minimum 5 years City service	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium or percentage of premium for retiree/dependents/surviving spouse but no more than $827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Employer pays PEMHCA Minimum.	Effective 1/1/2017: $150 Effective 1/1/2018: $225 Effective 1/1/2019: $250 Effective 1/1/2020: $275 Effective 1/1/2021 $300

Plan Provisions for Current Retirees		
Classification	**Eligibility (Age/Service Years)**	**Monthly Premium Paid by City Before/After Medicare Eligibility**
Richmond Police Officer Association (RPOA)	Retired January 1, 2017 or later	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium or percentage of premium for retiree/dependents/surviving spouse but no more than $827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Employer pays PEMHCA Minimum.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans, Continued

For retirees eligible to continue health benefits, but failing to meet the criterion in the tables above, the City pays the Public Employees Medical and Hospital Care Act (PEMHCA) minimum, which is $136 in 2021.

City OPEB Plan Membership – As described above, Plan membership varies based on different employee bargaining groups. As of the June 30, 2019 valuation date, membership in the City OPEB Plan consisted of the following:

Active employees electing coverage	485
Active employees waiving coverage	31
Retiree and beneficiaries receiving benefits	620
Total	1,136

RPOA Plan Membership – As of the June 30, 2019 valuation date, membership in the RPOA OPEB Plan consisted of the following:

Active employees electing coverage	145
Active employees waiving coverage	2
Retiree and beneficiaries receiving benefits	10
Total	157

B. Funding Policy and Actuarial Assumptions

City OPEB Plan

Funding Policy – During the year ended June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Defined Benefit Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS). The balance in the City's PARS trust account as of June 30, 2021 was $32,439,802.

The City's policy is to partially prefund these benefits by accumulating assets with PARS discussed above along with making pay-as-you-go payments pursuant to Resolution No. 52-06 of June 27, 2006. In July 2016, the City adopted an additional funding policy to place into the PARS trust half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. The City did not make any additional transfers to the PARS Trust in fiscal year 2021.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy and Actuarial Assumptions, Continued

RPOA OPEB Plan

A new Richmond Police Officers Association (RPOA) contract was implemented on January 17, 2017. The new RPOA plan includes members who were actively employed as of the January 17, 2017 contract date. The RPOA members were transferred from the OPEB Plan to the new RPOA OPEB Plan during fiscal year 2021.

Funding Policy – The RPOA plan has assets designated for OPEB. These assets are invested in California Employers' Retiree Benefit Trust (CERBT) Strategy 2, which is a qualified irrevocable trust. Annual contributions by the City are made on an ad hoc basis as funds are available. Benefit payments are not expected to be made from the trust in the near future. The City currently pays the annual retiree benefit payments using its general assets plus the annual active member contributions.

The balance in the CERBT trust account was $6,307,879 as of June 30, 2021.

Actuarial Assumptions – The total OPEB liability for each plan was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2021 using standard update procedures. The City OPEB plan valuation used the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.75%
Index Rate for 20 year, tax exempt municipal bonds	1.92%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study.
Healthcare Cost Trend Rates:	
Health - Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years
Health - Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy and Actuarial Assumptions, Continued

The RPOA OPEB Plan valuation used the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.50%
Index Rate for 20 year, tax exempt municipal bonds	1.92%
Mortality	Based on assumptions for Public Agency Police members published in the December 2017 CalPERS Experience Study.
Healthcare Cost Trend Rates:	
Health - Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years
Health - Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

Discount rate – The discount rate used to measure the total City OPEB liability was 5.75% for the City OPEB Plan and 5.50% for the RPOA OPEB Plan. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on City OPEB plan investments was applied to all periods of projected benefit payments to determine the total City OPEB liability.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy and Actuarial Assumptions, Continued

Generally accepted accounting principles require that the liability discount rate be the single rate that reflects the following:

A. The long-term expected rate of return on City OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the City OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) City OPEB plan assets are expected to be invested using a strategy to achieve that return; and

B. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in A. are not met. The municipal bond rate source used as of June 30, 2021 the Fidelity 20-Year General Obligation AA Municipal Bond Index.

Changes of assumptions since the prior actuarial valuation for the City OPEB Plan were:

- The long-term investment return assumption was changed from 6.50% to 5.75% based on updated capital market assumptions.

- The discount rate was changed from 5.76% to 5.75% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.

- An underlying wage growth rate of 2.75% per year was added to the salary scale table based on a revised understanding of the CalPERS assumption.

City OPEB Plan

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on City OPEB Trust Fund investments, net of City OPEB plan investment expense, for the City OPEB Plan was 26.66%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy and Actuarial Assumptions, Continued

City OPEB Plan, Continued

Investment Policy – PARS offers different investment portfolios as part of the investment vehicle. The City invests in the "Balanced/Moderately Aggressive Highmark PLUS" portfolio; the primary goal of the Highmark Plus portfolio is growth of principal and income. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through three layers of diversification as follows:

Asset Class	Acceptable Range of Asset Allocation
Equity	50-70%
Fixed income	30-50%
Cash	0-20%

Investments of the City OPEB Trust Fund at June 30, 2021 consisted of $32,439,802 invested in mutual funds.

The long-term expected rate of return on City OPEB Plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of City OPEB Plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The target allocation for the City OPEB Plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
US equity-large cap	32.00%	4.42%	6.92%
US equity-small/mid cap	15.00%	4.81%	7.31%
International equity	7.00%	4.91%	7.41%
Emerging market equity	4.00%	5.58%	8.08%
REITs	2.00%	3.98%	6.48%
Core fixed income	33.75%	1.00%	3.50%
High yield fixed income	1.25%	2.75%	5.25%
Cash and equivalents	5.00%	-0.33%	2.17%
Total	100.00%		6.09%
Reduction for assumed investment expense			-0.33%
Net assumed investment return (round to 1/4%)			5.75%

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy and Actuarial Assumptions, Continued

RPOA OPEB Plan

Rate of Return – The long-term expected rate of return on RPOA OPEB Plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of RPOA OPEB Plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return.

Investment Policy – The target allocation for the RPOA OPEB Plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Equity	40.0%	4.42%	6.92%
Fixed Income	43.0%	1.00%	3.50%
TIPS	5.0%	0.15%	2.65%
Commodities	4.0%	1.73%	4.23%
REITs	8.0%	3.98%	6.48%
Total	100.0%		5.49%
Reduction for assumed investment expense			-0.10%
Net assumed investment return (round to 1/4%)			5.50%

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

C. Changes in Net OPEB Liability

The changes in the net OPEB liability for the City OPEB Plan is as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2020	$ 120,302,967	$ 22,861,318	$ 97,441,649
Changes Recognized for the Measurement Period:			
Service Cost	2,072,961	-	2,072,961
Interest on the total OPEB liability	6,846,932	-	6,846,932
Differences between expected and actual experience (1)	(140,135)	-	(140,135)
Changes of assumptions	1,173,106	-	1,173,106
Contributions from the employer	-	9,515,699	(9,515,699)
Contributions from the employee	-	623,088	(623,088)
Net investment income	-	6,562,745	(6,562,745)
Administrative expenses	-	(111,868)	111,868
Benefit payments (2)	(7,011,178)	(7,011,178)	-
Net changes	2,941,686	9,578,486	(6,636,800)
Balance at June 30, 2021 (Measurement Date)	$ 123,244,653	$ 32,439,804	$ 90,804,849

(1) Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.

(3) Benefit payments are comprised of $4,503,989 explicit subsidy payments to retirees and $2,507,189 implicit subsidy costs incurred during the measurement period ending 6/30/2021.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

C. Changes in Net OPEB Liability, Continued

The changes in the net OPEB liability for the RPOA OPEB Plan is as follows:

	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net OPEB (b)	Net Position Liability/(Asset) (a) - (b)
Balance at June 30, 2020	$ 25,981,762	$ 4,170,603	$ 21,811,159
Changes Recognized for the Measurement Period:			
Service Cost	1,871,012	-	1,871,012
Interest on the total OPEB liability	800,939	-	800,939
Differences between expected and actual experience (1)	10,367	-	10,367
Changes of assumptions	(9,082,375)	-	(9,082,375)
Contributions from the employer	-	1,028,868	(1,028,868)
Contributions from the employee	-	453,163	(453,163)
Net investment income	-	935,134	(935,134)
Benefit payments (2)	(277,277)	(277,277)	-
Administrative expense	-	(2,612)	1,648
Net changes	(6,677,334)	2,137,276	(8,815,574)
Balance at June 30, 2021 (Measurement Date)	$ 19,304,428	$ 6,307,879	$ 12,996,549

(1) Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.
(2) Benefit payments are comprised of $199,362 explicit subsidy payments to retirees and $77,645 implicit subsidy costs incurred during the measurement period ending 6/30/2021.

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of both plans, as well as what the net OPEB liabilities would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

City OPEB Plan

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
4.75%	5.75%	6.75%
$ 105,088,635	$ 90,804,849	$ 78,834,871

RPOA OPEB Plan

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
4.50%	5.50%	6.50%
$ 15,893,234	$ 12,996,549	$ 10,610,378

The following presents the net OPEB liability of both Plans, as well as what the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

City OPEB Plan

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates Various - see assumptions above	1% Increase
$ 79,021,375	$ 90,804,849	$ 104,891,041

RPOA OPEB Plan

Net OPEB Liability/(Asset) Healthcare Cost Trend		
1% Decrease	Current Healthcare Cost Trend Rates Various - see assumptions above	1% Increase
$ 11,122,153	$ 12,996,549	$ 15,503,624

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense on the City OPEB Plan and RPOA OPEB Plan of ($9,332,976) and $855,064, respectively. At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	City OPEB Plan		RPOA OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ 16,237,179	$ 9,420	$ 1,458,404
Changes of assumptions	2,796,546	23,315,326	328,071	8,252,934
Net differences between projected and actual earnings on plan investments	-	3,551,576	-	488,356
Contributions between measurement date and reporting date	N/A	N/A	N/A	N/A
Total	$ 2,796,546	$ 43,104,081	$ 337,491	$ 10,199,694

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the City OPEB Plan and RPOA OPEB Plan will be recognized as part of OPEB expense as follows:

City OPEB Plan

Year Ended June 30,	Annual Amortization
2022	$ (16,141,470)
2023	(16,911,228)
2024	(6,345,433)
2025	(909,404)

RPOA OPEB Plan

Year Ended June 30,	Annual Amortization
2022	$ (1,074,676)
2023	(1,074,676)
2024	(1,074,674)
2025	(1,083,482)
2026	(954,788)
Thereafter	(4,599,907)

13. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

14. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation in 1976. In July 2009 the City joined the California Joint Powers Risk Management Authority (CJPRMA) for general liability and employment practices coverage. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

Excess coverage for the risk categories excluding inverse condemnation is provided by policies with various commercial insurance carriers. Self-insurance and insurance company limits are as follows:

Type of Coverage	Self-Insurance / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	Earthquake: 5% of total insured value of each building; minimum $100,000 All others: $25,000	$50,000,000 inclusive of deductible	Various
Crime / Employee Dishonesty	$2,500 per claim	$15,000,000 inclusive of deductible	National Union Fire Insurance Company
Property	$100,000 per claim; except flood zones A&V that have a deductible of $250,000	$400,000,000 inclusive of deductible $100,000,000 limit for flood all zones, except zones A & V, which have a limit of $50,000,000	Various
Boiler and Machinery	$100,000 per claim	$100,000,000 inclusive of deductible	Various
Port Liability	$25,000 per claim	$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	$1,000,000 per occurrence; $2,000,000 aggregate	Evanston Insurance
Excess Workers' Compensation	$750,000 per claim	Statutory limit	Various
Student Volunteer	N/A	$50,000 limit	Ace American
Pollution Liability - Policy 1	$250,000 per claim	$20,000,000 inclusive of deductible	ACE - Illinois Union
Pollution Liability - Policy 2	$75,000 per claim	$5,000,000 limit	Illinois Union
Cyber Liability	$100,000 per claim	$2,000,000 limit	Lloyds of London

14. RISK MANAGEMENT, Continued

CJPRMA

The CJPRMA provides coverage against the following types of loss risks under the terms of a joint powers agreement with the City as follows:

Type of Coverage (Deductible)	Coverage Limits
Property ($100,000)	$ 5,000,000
Liability ($500,000)	40,000,000
Employment Practices ($500,000)	5,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of $1,274,804 for the year ended June 30, 2021. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit and the City retains a self-insured retention of $750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of $383,262 for the year ended June 30, 2021. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

Housing Authority Insurance Group

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost.

14. RISK MANAGEMENT, Continued

Housing Authority Insurance Group, Continued

The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

Property	Annual Premium	Deductible
Nevin Plaza (#1)	$ 26,780	$ 25,000
Nystrom Village	16,104	25,000
Administration Office	1,655	25,000
Hacienda	61,950	25,000

All of the Housing Authority properties are included in the general liability coverage under the CJPRMA program.

Liability for Self-Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2021, the estimated claims payable of $44,392,339 consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves Internal Service Fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3% and an 80% confidence level. The undiscounted claims totaled $46,630,000 at June 30, 2021. Changes in the claims liabilities for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Claims liabilities, beginning of year	$ 43,240,367	$ 44,577,999
Current year claims	12,779,000	11,420,000
Change in prior year claims	(395,339)	(2,670,407)
Claim payments	(7,102,138)	(6,813,811)
Legal, administrative and other expenses	(4,129,551)	(3,273,414)
Claims liabilities, end of year	$ 44,392,339	$ 43,240,367
Claims liabilities, due in one year	$ 13,033,895	$ 12,438,015

For the years ended June 30, 2021, 2020 and 2019 the amount of settlements did not exceed insurance coverage.

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City's non-major enterprise funds include the following:

- Richmond Marina Fund – Marina operations and maintenance, including berth rentals and use of marina facilities.
- Storm Sewer Fund – Storm sewer management and urban runoff control.
- Cable TV Fund – Administration and enforcement of the franchise agreements with two cable television systems, management of a municipal cable channel, departmental video services, media and public information, and telecommunications planning.

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued

Fiscal 2021 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Position	
Assets:	
Current assets	$ 4,430,839
Capital assets	1,518,883
Total assets	5,949,722
Liabilities:	
Current liabilities	286,024
Long-term liabilities	2,235,202
Total liabilities	2,521,226
Net position:	
Net investment in capital assets	(817,975)
Restricted for debt service	89,726
Unrestricted	4,156,745
Total net position	$ 3,428,496
Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating revenues:	
Lease income	$ 574,453
Operating expenses:	
General and administrative	(36,305)
Depreciation	(85,563)
Operating income	452,585
Nonoperating revenues (expenses):	
Interest income	18,789
Interest expense	(105,523)
Income (Loss) Before Contributions and Transfers	365,851
Transfers out	(86,778)
Change in net position	279,073
Beginning net position	3,149,423
Ending net position	$ 3,428,496
Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	$ 552,573
Noncapital and related financing activities	(86,778)
Capital and related financing activities	(206,815)
Investing activities	22,777
Net increase	281,757
Beginning cash and investments	4,008,897
Ending cash and investments	$ 4,290,654

16. COMMITMENTS AND CONTINGENCIES

A. Lease and Construction Commitments

The Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. The City's original lease was a three year lease which expired on December 31, 2009, and it had an option to renew for five (5) one year periods until December 31, 2014. In October 2014, the City and DiCon Fiberoptics, Inc. entered into a new five year lease extension with the term commencing January 1, 2015 through December 31, 2019, with an option to renew for five (5) one year periods until December 31, 2024. The lease calls for minimum monthly lease payments of $147,089.

The Richmond Municipal Sewer District occupies leased premises owned by West County Wastewater District. The City's original lease was a two year lease which expired on December 31, 2012, with an option to renew for one (1) three year period and one (1) two year period until December 31, 2017. In January 2017, the City and West County Wastewater District entered into a first amendment to the ground lease with four possible extensions for terms commencing January 1, 2016 through December 31, 2017; January 1, 2018 through December 31, 2020; and January 1, 2021 through December 31, 2025. The lease calls for minimum monthly lease payments of $195,383.

The City's future commitments under construction and other projects totaled approximately $125.2 million at June 30, 2021 for various projects.

B. Litigation

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In City management's opinion these matters will not have a significant adverse effect on the City's or RHA Properties' financial position, with two potential exceptions noted below:

In March 2012, a developer and an associated entity filed a complaint in federal court against the United States of America, two individuals, and the City contending breach of contract related to a Land Disposition Agreement (LDA) between the developer and the City for the development of City-owned property for a specific use. The developer and associated entity seek damages of $30 million as well as lost profits of over $750 million. The City disputes the allegations and contends that the LDA did not commit the developer or the City to develop the property for the specific use and that the developer's right to move forward with the development was subject to various federal approvals. The City received a favorable judgement on the matter, but an appeal by the developer and associated entity resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint. The plaintiffs filed an amended complaint and the City answered, denying the plaintiffs' allegations and asserting affirmative defenses and counterclaims. In April 2018, the City again received a favorable judgement on the matter under which the City will pay no monetary damages to the developer and the developer's claims were dismissed. Under the terms of the judgment, future proceeds from the sale of the property will be shared equally between the City and the developer. However, the judgment is being challenged by an environmental rights group. The City may be negatively impacted should the court rule in favor of the group, however any such impact cannot be determined at this time.

16. COMMITMENTS AND CONTINGENCIES, Continued

C. Grant Programs

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, except as noted under Grant Programs – Disallowed Costs below.

D. Housing Authority – Easter Hill Project

The Authority participates in a number of federally assisted grant programs, principal of which are the Low Income Public Housing Program and the HOPE VI Revitalization Grant. It is possible that at some future date, it may be determined that the Authority is not in compliance with applicable grant requirements. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

In June 2000, the Richmond Housing Authority received a $35 million grant (HOPE VI Grant) from the U.S. Department of Housing and Urban Development ("HUD") for the revitalization of the former Easter Hill Public Housing Project. The original Easter Hill site, owned by the Richmond Housing Authority, included 300 units on 21 acres in the Cortez/Stege neighborhood of Richmond.

The California Tax Credit Committee, City of Richmond, Bank of America, Silicon Valley, Federal Home Loan Bank, California Housing Finance Agency, the Richmond Housing Authority along with the $35 million dollar HUD grant financed this $120 million revitalization effort. Physical costs are estimated to be approximately $108 million and life services, relocation, acquisition, administrative and other costs are estimated to be approximately $12 million. The physical development includes approximately 320 rental and homeownership units to replace the 300 rental units originally at the site and 273 remaining units at the time of grant approval. Amenities at the revitalized site include a pool and a 5,000 square feet community room with facilities for an after school program, computer center, gymnasium and conference room.

In addition, pursuant to the same agreement, the Authority is entitled to receive reimbursement for certain costs it has incurred in development of these projects. Upon completion of the project, the Authority recorded $14,276,909, representing reimbursement from the developer which had been recorded in the accompanying financial statements as due from developer. The balance outstanding as of June 30, 2021 is $11,221,743.

In 2002, the Authority chose the development team of McCormack Baron Salazar, Inc. and Em Johnson Interest, Inc. to develop the site. Em Johnson Interest has developed the 82 homeownership units affordable to low, moderate and market rate buyers. McCormack Baron was charged with the development of 300 rental units, affordable to households 60% or below the area median income for Contra Costa County.

16. COMMITMENTS AND CONTINGENCIES, Continued

D. Housing Authority – Easter Hill Project, Continued

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site have been constructed. The remaining 202 rental units at the site have been leased. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. All homeownership units have been sold.

E. RHA Properties – Status of Operations

RHA Properties having sold Westridge at Hilltop Apartments is at the point of being an entity with no activity. It is idle and available to be used in the future. Management currently has no further plans for the entity.

F. Point Molate – Pollution Remediation

In September 2008, the City entered into an Early Transfer Cooperative Agreement (ETCA) with the United States Department of the Navy the (Navy) to facilitate the transfer of 41 acres of property that was formerly the Naval Fuel Depot Point Molate (Point Molate). The ETCA identifies certain known pollution issues with the property, and the Navy is the responsible party. However, under the provisions of the ETCA, the Navy advanced $28 million to the City representing the estimated cost of cleanup, and the City committed to manage the project. Any pollution found that was not caused by the Navy's use of the land is to be paid by the City, however, as of June 30, 2021, no additional pollution has been identified.

The City also entered into an agreement in September 2008 with a Developer to sell approximately 134 acres of land located on Point Molate along with the 41 acres of which the Navy is to transfer to the City. The Developer is to complete the cleanup on behalf of the City in accordance with the requirements of the ETCA. The City committed to pass-through the funds received from the Navy to the Developer.

In April 2010, the City and Developer entered into an agreement to establish a fiscal agent escrow account to maintain the funds held for the remediation of Point Molate. The funds advanced by the Navy are to be held in escrow with a fiscal agent and the agent is responsible for disbursing funds to the Developer as costs are incurred. The terms of the agreement are effective until a certificate of completion is issued for the remediation of the property.

Under the terms of the agreements with the Navy and the Developer, the City does not retain responsibility for the cleanup of the known pollution. The City is merely acting as a pass-thru of the grant funds from the Navy to the Developer and the activities for the project are reported in the Pt. Molate Private-Purpose Trust Fund.

16. COMMITMENTS AND CONTINGENCIES, Continued

G. Other – Major Taxpayer

In fiscal year 2009, a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believed Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The court ruled in favor of the business license taxpayer awarding a refund of the $20.5 million Measure T taxes paid. The City filed an appeal, however in May 2010 the taxpayer and the City entered into a settlement agreement in order to achieve certainty in the tax revenue that the City will receive from the taxpayer over the next 15 years. The agreement provides for annual payments from the taxpayer ranging from $4 million to $13 million starting July 1, 2011, with payments totaling $114 million. In addition, the agreement incorporated the prior settlement of a dispute over fiscal year 2006, 2007 and 2008 utility user's taxes totaling $28 million that was paid in four installments beginning in fiscal year 2009. Payments totaling $98 million were received under the settlement agreements in fiscal years 2011 through 2021.

In fiscal year 2015, the City entered into an Environmental Community Investment Agreement (ECIA) with the same taxpayer that provides for funding to the City and other community agencies totaling $80 million over the next ten years. During fiscal year 2021, the City received $8 million that is restricted for use on pre-approved projects, and the City has received $56 million to date.

H. Police Communications Systems

The City administered program to provide records management and dispatch services to participating local agencies. The participating agencies, which including the City, are responsible for maintenance and system enhancements. The City is required to account for the enhancement in a separate account which is shown in the Police Telecommunications Internal Service Fund. The program dissolved effective June 30, 2017. The distribution of the funds the City holds for enhancement from all participating agencies began in fiscal year 2018 and will be completed by fiscal year 2020.

I. Housing Authority Rental Assistance Demonstration

RHA Rental Assistance Demonstration ("RAD") Program conversion of the Friendship Manor and Triangle Court public housing sites occurred during the 2016 calendar year (includes both the 2015 and 2016 fiscal years). The RAD project consists of 156 units of Public Housing will that were converted to non-profit ownership with Section 8-Project Based Voucher rental subsidy on the two separate properties; all 156 units, except for three units (two are reserved for onsite managers and one for a manager's office), will be used to house low-income residents.

On October 8, 2015, the Department of Housing and Urban Development (HUD) issued and executed the RAD Conversion Commitment (RCC) which represents the agreed upon and approved terms of the RAD conversion transaction.

16. COMMITMENTS AND CONTINGENCIES, Continued

I. Housing Authority Rental Assistance Demonstration, Continued

On November 18, 2015, California Tax Credit Allocation Committee made a preliminary reservation of federal tax credits in the amount of $1,228,999 accommodated upon executing Tax-Exempt Bond Project to raise funding in the amount of $36.7 million, the approximate estimated cost of the RAD project; of which $16.5 million shall be provided by a third-party Tax Credit investor.

The Authority has partnered with the John Stewart Company and The Richman Group to form a Limited Partnership, RHA RAD Housing Partners L.P., that will complete the conversion, manage the property and own the buildings. The Authority will relinquish the land via a long term ground lease.
In furtherance of the finances provided by the Authority, the City of Richmond loaned $5.4 million to RHA RAD Housing Partners L.P. that will be repaid in 55 years and accrues interest at a rate of 1%. The loan was initially signed with RHA Housing Corporation and then it was transferred and reassigned to RHA RAD Housing Partners L.P., as discussed in Note 4.

After the property is placed in service and receives approval of the 8609 documents from the State of California, the Authority will split a developer fee of $2.5 million with its general partner John Stewart Company (70%/30%). The project was converted to permanent financing on June 6, 2019.

RHA RAD Housing Partners L.P. will also receive $732,557 in Public Housing and Capital Improvement funds throughout the January 1, 2016 – December 31, 2016 calendar year to cover the RAD Housing Assistance Program (HAP) Voucher commitments of subsidy for the low income housing units at the two developments. The terms of this requirement are consistent with Notice 2012-32 of the Rental Assistance Demonstration program which requires RAD conversions that close after November 30th of the calendar year to be funded out of Public Housing and Capital Fund Programs until the next calendar year, at which time the Developments will be funded with Section 8 Housing Choice RAD Vouchers.

In a transaction related to the RAD project during the fiscal year ended June 30, 2016, the Richmond Housing Authority transferred capital assets to RHA RAD LLC, which then sold the capital assets to RHA RAD Housing Partners LP with a carrying value of $14,358,255 in return for two loans receivable in the amounts of $8,891,500 and $5,618,500. These loans are to be repaid in 55 years and bear annual interest rates of 2.82%.

16. COMMITMENTS AND CONTINGENCIES, Continued

J. Marina Bay – Pollution Remediation

The Successor Agency owned a group of land tracts collectively referenced as the "Nine Deed Restricted Properties." The Successor Agency was named as a responsible party at these sites under a Voluntary Cleanup Agreement with the State Department of Toxic Substances Control (DTSC) to conduct pollution monitoring and remediation. However, the Successor Agency received approval from the DOF to transfer the properties and their maintenance to the City on June 30, 2016. Therefore, the City is now the responsible party at the sites. These nine properties sit within the larger Marina Bay development site. A Remediation Action Plan (RAP) was prepared for Marina Bay in 1993 and included references to each of the Deed Restricted Properties. Eight of the nine deed restricted properties are subject to an Operations & Maintenance (O&M) Plan. The O&M Plans require annual inspections of the cap material and reporting of the findings to DTSC. The O&M Plans also require that a five-year review report be prepared and submitted to DTSC. The five-year review reports describe the inspection and maintenance activities that were performed over the previous five years. The annual inspection costs are estimated at $13,500, with the five year review estimated at $40,000 (this cost includes revising a previously submitted work plan, conducting the review, and preparing the report). The monitoring costs over a five year period are estimated at $125,500. Additionally, costs for environmental consultation to address DTSC concerns at the nine deed the nine deed restricted properties are estimated at $15,000 annually.

The RAP was subsequently amended in 2008 to address Area T, one of the Nine Deed Restricted Properties. The amended RAP subjects the site to groundwater sampling and analysis. The approximate annual costs for the existing groundwater sampling and analysis program is approximately $26,000. The known pollution at this site are petroleum hydrocarbons dissolved in groundwater. Active remediation has been conducted since September 2008 by the former Redevelopment Agency and now by the Successor Agency and the active remediation has been successful at removing a layer of petroleum hydrocarbons on the groundwater. However, the groundwater impacted with dissolved petroleum hydrocarbons is located in close proximity to the Marina Bay harbor. It is anticipated that DTSC will request that the Successor Agency submit a work plan describing the methods to petroleum hydrocarbons at Area T. Groundwater impacted by dissolved petroleum hydrocarbons is anticipated to be required by DTSC. The Successor Agency requested that its consultant prepare a feasibility study and cost analysis to conduct such remediation. The preliminary cost estimate to implement the groundwater remediation program is estimated at $120,000. A plan to maintain the cap on Area T will be prepared and the cost for this plan is $7,500. This preliminary estimate has not been accrued as a liability in the City's Statement of Net Position. This estimate is also subject to change from price increases or reductions, technology, and changes in applicable laws or regulations.

16. COMMITMENTS AND CONTINGENCIES, Continued

J. Marina Bay – Pollution Remediation, Continued

A Remedial Design Implementation Plan (RDIP) was prepared in 2008 to address Area FM, one of the Nine Deed Restricted properties at Marina Bay. According to the DTSC-approved RDIP for Area FM, the proposed permanent cap will be implemented during site redevelopment activities and will consist of building foundations and slabs, paved walkways and parking areas, landscaping and other features constructed over the site. A Covenant to Restrict Use of Property for Area FM was recorded in March 2005 (Deed Restriction). According to the Deed Restriction, the remedial alternative for the property includes installing and maintaining a temporary 1-foot thick cap over the entire property as an interim measure. In August 2016 a Work Plan was submitted to DTSC to install the interim temporary cap at the unpaved portion of Area FM. DTSC approved the work plan in August 2016. The City is proceeding with working with DTSC to construct a temporary cap on the unpaved portions of Area FM. The cost to prepare a Soil Management Plan, Health and Safety Plan, Work Notice, conduct observation and documentation of the interim cap installation, waste characterization and reporting is $73,200. The cost to construct the interim cap is $953,600. The Deed Restriction also requires the preparation of an Operations and Maintenance (O&M) Plan. The cost to prepare the O&M Plan is $8,000.

K. Other Commitments and Contingencies

The Authority and its component units RHA Housing Corporation and RHA RAD LLC entered into several arrangements including a Co-Guarantor Contribution Agreement with third parties as participants in a tax credit bonds project to accommodate the required funding to convert two properties from a conventional public housing project to a rental assistance demonstration program, as discussed in Note 16.I.

L. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2021 were as listed below:

	Amount
General Fund	$ 207,475
Community Development and Loan Programs Special Revenue Fund	335,565
Non-Major Governmental Funds	15,344,475
	$ 15,887,515

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency's asset transfers, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. The State Controller's Office completed its asset transfer review in November 2013 and the State ordered the return of certain assets to the Successor Agency to the Redevelopment Agency. The City complied with certain aspects of the State's order during fiscal year 2013 by returning applicable capital assets to the Successor Agency and the Oversight Board retroactively approved other prior transfers to the City and the State has indicated that no further action is necessary. The State also ordered the return of assets previously transferred to the City as Housing Successor totaling $16,460,848, because the transfer of the housing assets had not been approved by the Oversight Board. The Oversight Board adopted a Resolution on February 25, 2014 retroactively approving the transfer of the loans to the Housing Successor.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Fund which is included in the Community Development and Loan Programs Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Asset Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

A. Redevelopment Dissolution, Continued

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. As of July 1, 2018, Contra Costa County has formed a county-wide Oversight Board to oversee the activities of all Successor Agencies within the County, including Richmond. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews were to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR, after making an adjustment, and the Successor Agency remitted the unencumbered balance of $4,067,242 to the County in November 2014. The Department of Finance approved the Non-housing DDR in December 2014, and no funds were required to be remitted to the County. The Successor Agency received a Finding of Completion on December 9, 2014.

The activities of the Successor Agency are reported in the Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2021 are discussed in Note 2 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2021.

B. Loans Receivable

The Successor Agency assumed non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage economic development. Under these programs, grants or loans were provided under favorable terms to developers who agreed to expend these funds in accordance with the Agency's terms.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

B. Loans Receivable, Continued

Ford Assembly Building Loan

Under a loan agreement dated November 22, 2004 between the Redevelopment Agency and Ford Point LLC, the Redevelopment Agency agreed to loan $3,000,000 to fund improvements to the Ford Assembly Building, collateralized by a Deed of Trust. After a period of variable interest rates, the loan has converted to a fixed 5% interest rate. Interest and principal payments are due semi-annually through 2025. The balance of the loan was $1,021,000 as of June 30, 2021.

C. Capital Assets

The Successor Agency assumed the non-housing capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

During the fiscal year 2019, the Successor Agency sold the remaining land with a prior carrying value of $4,313,167.

D. Long-term Obligations

The following is a summary of long-term debt transactions during the year ended June 30, 2021:

	Balance July 1, 2020	Additions (A)	Retirements (B)	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Bonds Payable	$51,801,216	$ 20,949,709	$ (27,330,000)	$ 45,420,925	$ 5,195,000	$ 40,225,925
Loans payable from direct borrowing	16,875,000	-	(2,185,000)	14,690,000	1,450,000	13,240,000
Notes payable from direct borrowing	9,966,022	-	(9,966,022)	-	-	-
Total	$78,642,238	$ 20,949,709	$ (39,481,022)	$ 60,110,925	$ 6,645,000	$ 53,465,925

(A) Includes bond accretion for capital appreciation bonds totaling $851,732.
(B) Retirements of bonds payable includes principle retirements in the amount of $5,705,000.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Bonds Payable

Bonds payable at June 30, 2021 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	$ 3,280,236
Subordinate Tax Allocation Bonds - 2007 Series B	10,843,225
Successor Agency of RCRA Refunding Bonds - 2014 Series A & B	10,999,705
Successor Agency of RCRA Refunding Bonds - 2021 Series A & B	17,735,000
Successor Agency 2021A Bond Premium	2,562,759
Total	$ 45,420,925

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 were 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 5.2% and are payable semiannually on January 1 and July 1. The bonds are secured by a pledge of tax revenues derived from taxable property within the Harbour Project Area. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the defeasance of the outstanding balance of the current interest portion of the bonds in the amount of $9,180,000, as discussed below.

At June 30, 2021, the Bonds consisted of the following:

	Value	Accretion / Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$ 3,450,000	$ 164,159	$ (333,923)	$ 3,280,236

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A – Original Issue $21,862,779, Continued

The annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal
2022	$ 1,150,000
2023	1,150,000
2024	1,150,000
Total	$ 3,450,000

Richmond Community Redevelopment Agency Subordinate Tax Allocation Bonds Series 2007A and Series B - Original Issue Series A $65,400,000, Series B $9,772,622

On July 12, 2007 the Redevelopment Agency issued Series 2007A Subordinate Tax Allocation Bonds in the amount of $65,400,000. The proceeds from the Bonds were used to pay the amount of $22,000,000 to the City to assist with the financing of the Civic Center Project, and to fund other Redevelopment Agency projects.

The 2007A Subordinate Tax Allocation Bonds were issued as variable auction rate bonds with interest calculated every thirty-five days, however, the Agency entered into a 29-year interest rate swap agreement for the entire amount of its 2007A Subordinate Tax Allocation Bonds. In fiscal year 2010 the Agency experienced a significant decline in tax increment revenue. In order to bring debt service in line with current revenues and maintain compliance with the required 1.4:1 tax increment to debt service coverage ratio, the Agency suspended a number of projects originally funded by the 2007A Bonds and applied approximately $36 million of the unspent 2007A proceeds and other available funds along with the proceeds from the issuance of the Subordinate Tax Allocation Refunding Bonds, Series 2010A to refund the outstanding balance of the 2007A Bonds. As part of the issuance of the 2010A Bonds, the interest rate swap agreement associated with the 2007A Bonds was amended and restated as discussed with the Series 2010A Bonds below.

On July 12, 2007 the Redevelopment Agency issued Series 2007B Housing Set-Aside Subordinate Tax Allocation Capital Appreciation Bonds in the amount of $9,772,622 at interest rates ranging from 5.57% to 6.40%. The proceeds from the 2007B Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The 2007B Bonds mature annually through 2037, in amounts ranging from $465,000 to $2,020,000. The 2007B Bonds are secured by a pledge of subordinated housing and non-housing tax revenues.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Richmond Community Redevelopment Agency Subordinate Tax Allocation Bonds Series 2007A and Series B - Original Issue Series A $65,400,000, Series B $9,772,622, Continued

At June 30, 2021, the 2007B Bonds consisted of the following:

	Value	Accretion / Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$ 16,475,000	$ 687,574	$ (6,319,349)	$ 10,843,225

The annual debt service requirements on the 2007B Bonds are as follows:

For the Years Ending June 30,	Principal
2022	$ 1,030,000
2023	1,085,000
2024	1,145,000
2025	1,175,000
2026	1,230,000
2027-2031	5,800,000
2032-2036	4,175,000
2037	835,000
Total	$ 16,475,000

2010 Subordinate Tax Allocation Refunding Bonds Series A – Original Issue $33,740,000

The 2010A Bonds were issued on March 31, 2010 by the Agency. The proceeds of the 2010A Bonds were used to refund all of the outstanding Series 2007A Subordinate Tax Allocation Bonds. Interest rates range from 3.00% to 6.125% and are payable semiannually on March 1 and September 1. The 2010A Bonds mature annually through 2037 and are secured by a pledge of certain tax increment revenues derived from taxable property within the Merged Project Area.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

2010 Subordinate Tax Allocation Refunding Bonds Series A – Original Issue $33,740,000, Continued

In connection with the issuance of the Series 2007A Subordinate Tax Allocation Bonds, the Agency entered into a swap agreement for $65,400,000, the entire amount of the 2007 A Bonds. With the issuance of the 2010A Bonds, the Agency amended and restated the swap agreement. The amended agreement requires the Agency to make and receive payments based on variable interest rates. The Agency will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.83% and the Agency will receive variable rate interest payments equal to 68% of 1- month LIBOR from the swap counterparty. With the issuance of the 2014 Successor Agency to the Richmond Redevelopment Agency Refunding Bonds, the Successor Agency amended the swap agreement to subordinate the termination payment provisions of the swap agreement to the debt service on the 2014 Bonds.

The bonds were paid off during the fiscal year ended June 30, 2021 and the swap agreement was terminated

Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B – Original Issue Amounts $25,795,000 and $1,655,000, respectively

The 2014 A & B Bonds were issued on March 27, 2014 by the Successor Agency to the Richmond Community Redevelopment Agency. The proceeds of the Bonds, together with other available funds, were used to refund and defease the outstanding balance of the current interest portion of the 1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A, and the outstanding balances of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2000 A & B and Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003A. Interest rates range from 1.40% to 5.00% and is payable semiannually on March 1 and September 1. The 2014A Bonds mature annually on each September 1 through 2025 while the 2014B Bonds mature annually on each September 1 through 2018. Both Bonds are secured by a pledge of Redevelopment Property Tax Trust Fund revenues. The outstanding balances of the defeased debt as of June 30, 2021 were as follows:

Harbour Tax Allocation Refunding Bonds - 1998 Series A	$	3,280,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A & B		410,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A		8,345,000
Total	$	12,035,000

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

At June 30, 2021, the 2014 A & B Bonds consisted of the following:

Bonds outstanding	$ 10,530,000
Unamortized premium	469,705
Net	$ 10,999,705

The annual debt service requirements on the A & B bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 1,960,000	$ 472,500	$ 2,432,500
2023	2,000,000	373,500	2,373,500
2024	2,095,000	271,125	2,366,125
2025	2,185,000	164,125	2,349,125
2026	2,290,000	54,750	2,344,750
Total	$ 10,530,000	$ 1,336,000	$ 11,866,000

Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2021 Series A & B – Original Issue Amounts $15,070,000 and $2,655,000, respectively

On December 18, 2020, the Redevelopment Agency issued Series 2020A&B Community Redevelopment Agency Refunding Bonds. The proceeds was used to repay a portion of the obligations of the Successor Agency under a Loan Agreement (Housing), dated as of October 1, 2004, by and between the Former Agency and the Richmond Joint Powers Financing Authority that secures payment of the Richmond Joint Powers Financing Authority Housing Set-Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) in the outstanding principal amount of $720,000, and refund the $21,625,000 outstanding principal amount of Richmond Community Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (Merged Project Areas), 2010 Series A (the "2010A Bonds" and, together with the 2004 Loan Agreement, the "Prior Obligations")

The Series 2021 Refunding Bonds will each 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 Series 2021 Refunding Bonds, as more fully described in APPENDIX G. The Series 2021 Refunding Bonds will be dated the date of delivery and issued in registered form in denominations of $5,000 or any integral multiple of $5,000 and will mature on September 1 of each year in the amounts as set forth on the inside cover page. Interest on the Series 2021 Refunding Bonds will be payable on each March 1 and September 1, commencing September 1, 2021.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2021 Series A & B – Original Issue Amounts $15,070,000 and $2,655,000, respectively, Continued

At June 30, 2021, the bond premium consisted of the following:

	Value	Accretion / Amortization	Unamortized Premium (Discount)	Net
Successor Agency Bond 2021A	$ 17,735,000	$ -	$ 2,562,759	$ 20,297,759

The annual debt service requirements on the A & B bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 1,055,000	$ 336,825	$ 1,391,825
2023	730,000	593,960	1,323,960
2024	1,800,000	564,760	2,364,760
2025	1,185,000	549,200	1,734,200
2026	2,155,000	501,800	2,656,800
2027-2031	8,980,000	990,200	9,970,200
2032-2036	1,570,000	156,400	1,726,400
2037	260,000	5,200	265,200
Total	$ 17,735,000	$ 3,698,345	$ 21,433,345

Loans Payable

The Richmond Joint Powers Financing Authority (Authority) has issued the Bonds listed below to assist in financing the Agency's operations. The Authority has retained reserve amounts required under the respective Bond indentures and loaned the net proceeds of these Bond issues to the Agency. The Authority is responsible for paying principal and interest on the Bonds; the Agency is responsible for making payments to the Authority in the amounts shown below.

The outstanding balances of loans payable to the Authority at June 30, 2021 came from the Bond issues listed below:

JPFA Tax Allocation Revenue Bonds - 2003 Series B	$ 5,965,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A & B	8,725,000
Total	$ 14,690,000

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Loan from the Authority dated August 1, 2003

In 2003, the Authority issued 2003 Tax Allocation Revenue Bonds Series A and Series B in the original amount of $28,580,000. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements and to repay the City of Richmond $18,000,000 in partial payment of prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain tax increment revenues derived from taxable property within the Post-2004 Limit Area pledged by the Agency for the purpose of loan repayment. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the refunding and defeasance of the outstanding balance of the 2003 Series A Bonds in the amount of $12,910,000, as discussed above.

At issuance, the Bonds were insured by MBIA Insurance Corporation (which was reinsured by National Public Finance Guarantee Corporation ("NPFGC")). On December 5, 2017, Kroll Bond Rating Agency downgraded its insurance financial strength rating for NPFGC from 'AA+' to 'AA' and subsequently withdrew the rating citing business reasons. On January 17, 2018, Moody's Investors Service ("Moody's") downgraded its insurance financial strength rating on NPFGC from 'A3' to 'Baa2'. As a result of the foregoing, Moody's downgraded its Insured Rating on the Bonds from 'A3' to 'Baa2'. On February 13, 2019, S&P Global Ratings (formerly Standard and Poor's Ratings Services) upgraded its Local Currency Long-Term and Underlying Ratings on the Bonds from 'A+' to 'AA-'.

The annual debt service requirements on the 2003 Series B loan as of June 30, 2021 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 835,000	$ 349,493	$ 1,184,493
2023	885,000	295,313	1,180,313
2024	940,000	237,825	1,177,825
2025	1,600,000	157,815	1,757,815
2026	1,705,000	53,708	1,758,708
Total	$ 5,965,000	$ 1,094,154	$ 7,059,154

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Loan from the Authority dated October 1, 2004

In 2004, the Authority issued the 2004 Tax Allocation Revenue Bonds Series A and Series B in the original amounts of $15,000,000 and $2,000,000, respectively. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements, low/moderate income housing and to repay the City of Richmond $6,367,031 in prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area pledged by the Agency for the purpose of loan repayment.

The annual debt service requirements for these loans as of June 30, 2021 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2022	$ 615,000	$ 457,912	$ 1,072,912
2023	740,000	421,056	1,161,056
2024	690,000	382,160	1,072,160
2025	710,000	344,080	1,054,080
2026	750,000	304,368	1,054,368
2027	5,220,000	141,984	5,361,984
Total	$ 8,725,000	$ 2,051,560	$ 10,776,560

Pledge of Redevelopment Tax Increment Revenues

The Bond issues and loans payable to the Authority discussed above consist of senior and parity obligations secured by future tax increment revenues. The pledge of all future tax increment revenues (housing and non-housing revenue) ends upon repayment of $68,339,963 remaining debt service on the Bonds and loans which is scheduled to occur in 2037.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2021 calculated by the County Auditor–Controller were $39,950,300. The total received by the Successor Agency for fiscal year 2021 debt service and other enforceable obligations was $13,966,821, which the Successor Agency used along with cash on-hand to pay debt service of $19,792,245.

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

D. Long-term Obligations, Continued

Notes Payable

SERAF Loan	$ -

SERAF Loan

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by the redevelopment agencies, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2010 and 2011. The Agency did not have the resources to make these payments and instead was able to enter into a structured payment plan agreement with the State Department of Finance that allows the payments to the County to be made over a ten year period. The loan bears interest at a rate of 2%. Payments of principal and interest are due on an annual basis, commencing May 10, 2014. The loan was paid off during the fiscal year ended June 30, 2021.

Debt Without Agency or City Commitment

A special assessment district has been established in an area of the Agency to provide improvements to properties located in that district. Properties in the district are assessed for the cost of improvements: these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The Agency is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance Agency funds to repay these debts in the event of default.

One District, Marina Westshore Community Facilities District No. 1998-1, had issued Community Facilities District No. 1998-1 Special Tax Bonds which had a remaining balance outstanding of $1,980,000 at June 30, 2021.

Conduit Debt

The Agency has assisted private-sector entities by sponsoring their issuance of debt for purposes the Agency deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The Agency is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance Agency funds to repay these debts in the event of default by any of these issuers. At June 30, 2021, the balances of these issuers' outstanding debts were as follows:

Baycliff Apartment Project, 2004 Revenue Bonds	$0
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	21,704,219

17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued

E. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

18. SUBSEQUENT EVENTS

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California, leading to the Contra Costa County Health Officer issuing a stay-at-home directive on March 16, 2020. This halted all business within Contra Costa County outside of essential activities.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The City's allocated amount was $27.7 million. The City received the first installment in the amount of $13.8 million in August 2021 and the second installment is to be received in July 2023.

COVID-19 pandemic is still having significant impacts on the City of Richmond's tax revenues. Revenue reduction reflected in Transient Occupancy Tax (TOT), and fees and rentals collected by both the Police Department and Community Services. The TOT decreased 43% in FY2020-21 compared to FY2019-20. When compared to FY2018-19, a full year of pre-pandemic activity, the decrease is 56%.Due to facility closures and changes to other activities, some departments saw significant decreases to revenue collected for either services provided or rental of facilities. For example, Community services saw a decrease of 60% for recreation program fees collected in FY2020-21, compared to FY2019-20. When compared to FY2018-19, the decrease is 70%. Revenue collection and projections for fiscal year 2022 have been budgeted conservatively and will require close monitoring and review.

19. NEW ACCOUNTING STANDARDS

Accounting Standards Adopted

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the entity to disburse fiduciary resources. The provisions of Statement No. 84 are effective for fiscal years beginning after December 15, 2019. Management has implemented this Statement on its financial statements.

In August 2018, GASB issued Statement No 90, *Majority Equity Interests*. Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of Statement No. 90 are effective for fiscal years beginning after December 15, 2019 with earlier implementation encouraged. This Statement is not applicable to the City.

In March 2020, GASB issued Statement GASB No. 93, *Replacement of Interbank Offered Rates*. Statement No. 93 requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The provisions of Statement No. 93 has multiple effective dates. This Statement is not applicable to the City.

In October 2021, GASB issued Statement GASB No. 98, *The Annual Comprehensive Financial Report*. Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Management has implemented this Statement on its financial statements.

New Accounting Standards

In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 increases the usefulness of entities' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of Statement No. 87 are effective for fiscal years beginning after December 15, 2020. Management has not yet determined the impact of this Statement on its financial statements.

In June 2018, GASB issued Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions of Statement No. 89 are effective for fiscal years beginning after December 15, 2020. Management will determine the impact of this statement on its financial statements with the 2021-22 Comprehensive Annual Financial Report.

19. NEW ACCOUNTING STANDARDS, Continued

In May 2019, GASB issued Statement No 91, *Conduit Debt Obligations*. Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of Statement No. 91 are effective for fiscal years beginning after December 15, 2021 with earlier implementation encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* Statement No. 92 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of Statement No. 92 has multiple effective dates. Management has not yet determined the impact of this Statement on its financial statements.

In March 2020, GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of Statement No. 94 are effective for fiscal years beginning after June 15, 2022. Management has not yet determined the impact of this Statement on its financial statements.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of Statement No. 96 are effective for fiscal years beginning after June 15, 2022. Management has not yet determined the impact of this Statement on its financial statements.

In June 2020, GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The provisions of Statement No. 97 has multiple effective dates. Management has not yet determined the impact of this Statement on its financial statements.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

BUDGET AND BUDGETARY ACCOUNTING

Budgeting Procedures

The City 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 City Council.

The City uses an encumbrance system as an extension of normal budgetary accounting for the General Fund, special revenue funds, and capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end.

An operating budget is adopted each fiscal year on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the General Fund, certain Special Revenue Funds (State Gas Tax, General Purpose, Paratransit Operations, Public Safety, Lighting and Landscaping Districts, Developer Impact Fees, Community Development and Loan Programs, Richmond Neighborhood Stabilization Corporation, Rent Control, Cost Recovery and Environmental Community Investment Agreement) and the debt service funds (2005 Pension Obligation Bonds, General Debt Service and Civic Center Debt Service). Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Capital projects funds are budgeted on a project length basis and are therefore not comparable on an annual basis.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual include budget amendments approved by City Council.

This page intentionally left blank

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 43,928,806	$ 44,065,406	$ 45,140,902	$ 1,075,496
Sales taxes	40,995,626	44,379,717	48,998,406	4,618,689
Utility user taxes	44,506,312	44,562,759	45,240,705	677,946
Other taxes	13,704,709	21,111,956	27,066,292	5,954,336
Licenses, permits and fees	3,278,527	3,028,527	3,235,491	206,964
Fines, forfeitures and penalties	831,966	641,966	454,778	(187,188)
Use of money and property	236,079	236,079	107,022	(129,057)
Intergovernmental	633,589	705,781	803,692	97,911
Charges for services	6,582,729	6,441,690	6,730,499	288,809
Rent	952,124	855,349	699,301	(156,048)
Other	196,496	197,296	403,034	205,738
Total revenues	155,846,963	166,226,526	178,880,122	12,653,596
EXPENDITURES:				
Current:				
General government	30,621,129	33,437,084	30,245,217	3,191,867
Public safety	95,582,986	98,066,670	96,372,052	1,694,618
Public works	25,218,946	25,293,864	24,754,571	539,293
Cultural and recreational	9,673,494	9,500,997	9,087,406	413,591
Capital outlay	347,761	1,368,736	113,178	1,255,558
Debt service:				
Principal	1,910,082	910,082	910,082	-
Interest and fiscal charges	139,668	139,668	137,257	2,411
Total expenditures	163,494,066	168,717,101	161,619,763	7,097,338
REVENUES OVER (UNDER) EXPENDITURES	(7,647,103)	(2,490,575)	17,260,359	19,750,934
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	55,000	70,215	71,458	1,243
Transfers in	9,258,229	9,267,601	9,454,780	187,179
Transfers out	(4,961,206)	(5,388,927)	(16,318,786)	(10,929,859)
Total other financing sources (uses)	4,352,023	3,948,889	(6,792,548)	(10,741,437)
Net change in fund balances	$ (3,295,080)	$ 1,458,314	10,467,811	$ 9,009,497
FUND BALANCES (DEFICITS):				
Beginning of year			38,646,231	
End of year			$ 49,114,042	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development and Loan Programs Special Revenue Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ 1,239,010	$ 1,239,010	$ 665,999	$ (573,011)
Use of money and property	239,166	239,166	202,108	(37,058)
Intergovernmental	635,201	635,201	1,579,842	944,641
Other	1,187,472	1,187,472	898,903	(288,569)
Total revenues	3,300,849	3,300,849	3,346,852	46,003
EXPENDITURES:				
Current:				
Community development	2,254,547	2,569,470	505,501	2,063,969
Housing and redevelopment	1,463,673	1,486,128	945,529	540,599
Capital outlay	300,000	300,000	-	300,000
Total expenditures	4,018,220	4,355,598	1,451,030	2,904,568
REVENUES OVER (UNDER) EXPENDITURES	(717,371)	(1,054,749)	1,895,822	2,950,571
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	78,000	90,455	-	(90,455)
Total other financing sources (uses)	78,000	90,455	-	(90,455)
Net change in fund balances	$ (639,371)	$ (964,294)	1,895,822	$ 2,860,116
FUND BALANCES (DEFICITS):				
Beginning of year			29,319,214	
End of year			$ 31,215,036	

This page intentionally left blank

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years**

Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total Pension Liability				
Service cost	$ 7,529,439	$ 7,652,864	$ 7,637,812	$ 8,053,459
Interest	34,974,846	34,315,542	33,323,855	32,804,753
Differences between actual and expected experience	(4,393,691)	(331,531)	(4,642,948)	(4,464,966)
Changes in assumptions	-	-	(3,224,832)	25,548,824
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(29,018,486)	(27,565,398)	(25,970,450)	(25,074,448)
Net change in the total pension liability	9,092,108	14,071,477	7,123,437	36,867,622
Total pension liability - beginning	504,296,912	490,225,435	483,101,998	446,234,376
Total pension liability - ending (a)	$ 513,389,020	$ 504,296,912	$ 490,225,435	$ 483,101,998
Plan Fiduciary Net Position				
Contributions - employer	$ 13,778,755	$ 12,156,723	$ 10,489,795	$ 8,860,295
Contributions - employee	2,749,990	2,843,043	2,894,841	2,996,354
Net investment income	18,237,576	23,350,283	28,880,923	35,805,938
Plan to plan resource movement	-	-	(842)	(50,018)
Administrative expense	(526,586)	(259,047)	(542,721)	(481,651)
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(29,018,486)	(27,565,398)	(25,970,450)	(25,074,448)
Other miscellaneous income (expense)	-	842	(1,030,636)	-
Net change in plan fiduciary net position	5,221,249	10,526,446	14,720,910	22,056,470
Plan fiduciary net position - beginning	373,530,332	363,003,886	348,282,976	326,226,506
Plan fiduciary net position - ending (b)	$ 378,751,581	$ 373,530,332	$ 363,003,886	$ 348,282,976
Net pension liability - ending (a) - (b)	$ 134,637,439	$ 130,766,580	$ 127,221,549	$ 134,819,022
Plan fiduciary net position as a percentage percentage of the total pension liability	73.77%	74.07%	74.05%	72.09%
Covered payroll	$ 35,129,597	$ 36,295,759	$ 35,725,311	$ 35,964,798
Net pension liability as a percentage of covered payroll	383.26%	360.28%	356.11%	374.86%

Notes to the schedule:

Benefit Changes: *The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.*

Changes in Assumptions: *None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.*

* Fiscal year 2015 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015
6/30/2016	6/30/2015	6/30/2014
$ 7,200,571	$ 7,446,410	$ 7,816,868
32,305,003	31,414,256	30,597,498
(3,484,064)	(5,280,549)	-
-	(7,116,200)	-
-	-	-
(23,917,069)	(23,302,793)	(23,007,539)
12,104,441	3,161,124	15,406,827
434,129,935	430,968,811	415,561,984
$ 446,234,376	$ 434,129,935	$ 430,968,811
$ 8,093,834	$ 7,189,716	$ 6,661,038
3,087,656	3,141,565	3,195,699
1,630,388	7,502,958	51,867,728
(4,762)	(6,885)	-
(205,714)	(379,925)	-
-	-	-
(23,917,069)	(23,302,793)	(23,007,539)
-	-	-
(11,315,667)	(5,855,364)	38,716,926
337,542,173	343,397,537	304,680,611
$ 326,226,506	$ 337,542,173	$ 343,397,537
$ 120,007,870	$ 96,587,762	$ 87,571,274
73.11%	77.75%	79.68%
$ 36,638,889	$ 36,151,102	$ 37,210,225
327.54%	267.18%	235.34%

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Contributions - Last 10 Years**

Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially determined contribution	$ 14,438,844	$ 13,783,427	$ 12,150,650	$ 10,436,250
Contributions in relation to actuarially determined contributions	(14,438,844)	(13,783,427)	(12,150,650)	(10,436,250)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 32,686,024	$ 35,129,597	$ 36,295,759	$ 35,725,311
Contributions as a percentage of covered payroll	44.17%	39.24%	33.48%	29.21%
Notes to the schedule:				
Valuation date:	6/30/2019	6/30/2017	6/30/2016	6/30/2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age normal			
Amortization method	For details, see June 30 Funding Valuation Report			
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report.			
Inflation	2.625%			
Payroll growth	2.875%			
Salary increases	Varies by Entry Age and Service.			
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment and administrative expenses, including inflation.			
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.			
Mortality rate table	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries			

* Fiscal year 2015 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015
$ 8,867,763	$ 8,084,584	$ 7,178,549
(8,867,763)	(8,084,584)	(7,178,549)
$ -	$ -	$ -
$ 35,964,798	$ 36,638,889	$ 36,151,102
24.66%	22.07%	19.86%

6/30/2014	6/30/2013	6/30/2012

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Safety Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years**

Fiscal Year Ended:	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total Pension Liability				
Service cost	$ 10,958,278	$ 11,313,128	$ 11,391,456	$ 11,650,927
Interest	47,218,257	46,009,128	44,562,419	43,264,626
Differences between actual and expected experience	(2,189,929)	433,759	413,272	797,969
Changes in assumptions	-	-	(2,676,340)	35,109,898
Benefit payments, including refunds of employee contributions	(38,982,005)	(37,105,985)	(35,123,568)	(33,620,000)
Net change in the total pension liability	17,004,601	20,650,030	18,567,239	57,203,420
Total pension liability - beginning	676,597,009	655,946,979	637,379,740	580,176,320
Total pension liability - ending (a)	$ 693,601,610	$ 676,597,009	$ 655,946,979	$ 637,379,740
Plan Fiduciary Net Position				
Contributions - employer	$ 19,362,087	$ 16,658,515	$ 14,016,085	$ 12,699,049
Contributions - employee	4,232,707	4,238,132	4,226,345	4,471,008
Net investment income	22,875,702	29,333,974	36,380,672	45,166,243
Plan to plan resource movement	-	-	(1,062)	50,018
Administrative expense	(662,340)	(326,144)	(684,883)	(607,337)
Benefit payments, including refunds of employee contributions	(38,982,005)	(37,105,985)	(35,123,568)	(33,620,000)
Other miscellaneous income (expense)	-	1,062	(1,300,605)	-
Net change in plan fiduciary net position	6,826,151	12,799,554	17,512,984	28,158,981
Plan fiduciary net position - beginning	469,826,178	457,026,624	439,513,640	411,354,659
Plan fiduciary net position - ending (b)	$ 476,652,329	$ 469,826,178	$ 457,026,624	$ 439,513,640
Net pension liability - ending (a) - (b)	$ 216,949,281	$ 206,770,831	$ 198,920,355	$ 197,866,100
Plan fiduciary net position as a percentage percentage of the total pension liability	68.72%	69.44%	69.67%	68.96%
Covered payroll	$ 34,316,884	$ 35,870,534	$ 34,439,607	$ 37,273,957
Net pension liability as a percentage of covered payroll	632.19%	576.44%	577.59%	530.84%

Notes to the schedule:

Benefit Changes: *The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.*

Changes in Assumptions: *None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.*

* Fiscal year 2015 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015
6/30/2016	6/30/2015	6/30/2014
$ 10,297,536	$ 10,142,245	$ 10,167,167
41,950,593	40,142,006	38,254,517
2,950,295	3,799,388	-
-	(9,563,090)	-
(30,593,589)	(28,747,508)	(27,199,743)
24,604,835	15,773,041	21,221,941
555,571,485	539,798,444	518,576,503
$ 580,176,320	$ 555,571,485	$ 539,798,444
$ 11,488,714	$ 10,652,641	$ 9,352,438
4,607,993	3,797,568	3,348,408
2,062,417	9,408,186	64,842,562
4,762	3,476	-
(258,432)	(477,249)	-
(30,593,589)	(28,747,508)	(27,199,743)
-	-	-
(12,688,135)	(5,362,886)	50,343,665
424,042,794	429,405,680	379,062,015
$ 411,354,659	$ 424,042,794	$ 429,405,680
$ 168,821,661	$ 131,528,691	$ 110,392,764
70.90%	76.33%	79.55%
$ 37,352,212	$ 36,161,966	$ 35,479,947
451.97%	363.72%	311.14%

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Safety Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Contributions - Last 10 Years**

Fiscal Year Ended:	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Actuarially determined contribution	$ 21,315,231	$ 19,355,578	$ 16,363,802	$ 14,013,858
Contributions in relation to actuarially determined contributions	(21,315,231)	(19,355,578)	(16,363,802)	(14,013,858)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 33,272,769	$ 34,316,884	$ 35,870,534	$ 34,439,607
Contributions as a percentage of covered payroll	64.06%	56.40%	45.62%	40.69%
Notes to the schedule:				
Valuation date:	6/30/2019	6/30/2017	6/30/2016	6/30/2015
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age normal			
Amortization method	For details, see June 30 Funding Valuation Report			
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report.			
Inflation	2.63%			
Payroll growth	2.875%			
Salary increases	Varies by Entry Age and Service.			
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019 and 7.25% for 2020, net of pension plan investment and administrative expenses, including inflation.			
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.			
Mortality rate table	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries			

* Fiscal year 2015 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015
$ 12,696,582	$ 11,492,798	$ 10,650,057
(12,696,582)	(11,492,798)	(10,650,057)
$ -	$ -	$ -
$ 37,273,957	$ 37,352,212	$ 36,151,966
34.06%	30.77%	29.46%

6/30/2014	6/30/2013	6/30/2012

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

General Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years**

Fiscal Year Ended:	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total Pension Liability				
Interest	$ 35,526	$ 57,712	$ 70,585	$ 80,100
Differences between actual and expected experience	106,639	-	150,123	-
Changes in assumptions	72,660	66,443	102,792	(20,669)
Benefit payments, including refunds of employee contributions	(401,991)	(424,760)	(494,605)	(524,939)
Net change in the total pension liability	(187,166)	(300,605)	(171,105)	(465,508)
Total pension liability - beginning	1,995,238	2,295,843	2,466,948	2,932,456
Total pension liabilty - ending (a)	$ 1,808,072	$ 1,995,238	$ 2,295,843	$ 2,466,948
Plan Fiduciary Net Position				
Contributions - employer	$ 319,025	$ 503,714	$ 812,561	$ 814,594
Contributions - donations and other income	-	-	-	-
Contributions - member	-	-	-	-
Net investment income	5,501	23,724	8,124	2,207
Benefit payments, including member contribution refunds	(401,991)	(424,760)	(494,605)	(524,939)
Net change in the total pension liability	(77,465)	102,678	326,080	291,862
Plan fidcuiary net position - beginning	1,170,491	1,067,813	741,733	449,871
Plan fidcuiary net position - ending (b)	$ 1,093,026	$ 1,170,491	$ 1,067,813	$ 741,733
Net pension liability - ending (a) - (b)	$ 715,046	$ 824,747	$ 1,228,030	$ 1,725,215
Plan fiduciary net position as a percentage percentage of the total pension liability	60.5%	58.7%	46.5%	30.1%
Covered payroll	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015	6/30/2014
6/30/2017	6/30/2016	6/30/2015	6/30/2014
$ 92,742	$ 107,632	$ 128,954	$ 147,247
40,459	-	345,786	-
-	-	322,312	-
(584,272)	(623,662)	(672,546)	(592,105)
(451,071)	(516,030)	124,506	(444,858)
3,383,527	3,899,557	3,775,051	4,219,909
$ 2,932,456	$ 3,383,527	$ 3,899,557	$ 3,775,051
$ 73,592	$ 602,970	$ 602,970	$ 602,970
-	-	-	-
-	-	-	-
3,351	2,255	2,017	(837)
(584,272)	(623,662)	(672,546)	(592,105)
(507,329)	(18,437)	(67,559)	10,028
957,200	975,637	1,043,196	1,033,168
$ 449,871	$ 957,200	$ 975,637	$ 1,043,196
$ 2,482,585	$ 2,426,327	$ 2,923,920	$ 2,731,855
15.3%	28.3%	25.0%	27.6%
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Police and Firemen's Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years**

Fiscal Year Ended:	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total Pension Liability				
Interest	$ 561,163	$ 606,022	$ 952,312	$ 1,031,753
Differences between actual and expected experience	(3,680,825)	-	(3,103,425)	-
Changes in assumptions	28,483	-	1,037,914	-
Benefit payments, including refunds of employee contributions	(1,412,673)	(1,793,082)	(2,170,136)	(2,656,508)
Net change in the total pension liability	(4,503,852)	(1,187,060)	(3,283,335)	(1,624,755)
Total pension liability - beginning	13,176,626	14,363,686	17,647,021	19,271,776
Total pension liabilty - ending (a)	$ 8,672,774	$ 13,176,626	$ 14,363,686	$ 17,647,021
Plan Fiduciary Net Position				
Contributions - employer	$ 937,004	$ 937,004	$ 1,270,466	$ 1,270,466
Net investment income	2,527,138	584,954	645,593	589,027
Benefit payments, including member contribution refunds	(1,412,673)	(1,793,082)	(2,170,136)	(2,656,508)
Other deductibles	-	-	-	-
Net change in the total pension liability	2,051,469	(271,124)	(254,077)	(797,015)
Plan fidcuiary net position - beginning	11,062,378	11,333,502	11,587,579	12,384,594
Plan fidcuiary net position - ending (b)	$ 13,113,847	$ 11,062,378	$ 11,333,502	$ 11,587,579
Net pension liability - ending (a) - (b)	$ (4,441,073)	$ 2,114,248	$ 3,030,184	$ 6,059,442
Plan fiduciary net position as a percentage percentage of the total pension liability	151.2%	84.0%	78.9%	65.7%
Covered payroll	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015	6/30/2014
6/30/2017	6/30/2016	6/30/2015	6/30/2014
$ 1,111,386	$ 1,214,089	$ 1,464,746	$ 1,579,762
261,891	-	(323,462)	-
-	-	1,380,854	-
(2,859,902)	(3,140,552)	(3,074,421)	(3,436,887)
(1,486,625)	(1,926,463)	(552,283)	(1,857,125)
20,758,401	22,684,864	23,237,147	25,094,272
$ 19,271,776	$ 20,758,401	$ 22,684,864	$ 23,237,147
$ 1,270,466	$ 1,222,197	$ 740,235	$ 740,235
1,340,997	(165,490)	369,240	2,968,492
(2,859,902)	(3,140,552)	(3,074,421)	(3,436,887)
-	-	-	(3,424,568)
(248,439)	(2,083,845)	(1,964,946)	(3,152,728)
12,633,033	14,716,878	16,681,824	19,834,552
$ 12,384,594	$ 12,633,033	$ 14,716,878	$ 16,681,824
$ 6,887,182	$ 8,125,368	$ 7,967,986	$ 6,555,323
64.3%	60.9%	64.9%	71.8%
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Garfield Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years**

Fiscal Year Ended:	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total Pension Liability				
Interest	$ 4,877	$ 7,756	$ 17,334	$ 19,334
Differences between actual and expected experience	51,995	-	(220,079)	-
Changes in assumptions	10,397	10,225	(1,426)	-
Benefit payments, including refunds of employee contributions	(50,048)	(49,067)	(77,703)	(94,323)
Net change in the total pension liability	17,221	(31,086)	(281,874)	(74,989)
Total pension liability - beginning	303,693	334,779	616,653	691,642
Total pension liabilty - ending (a)	$ 320,914	$ 303,693	$ 334,779	$ 616,653
Plan Fiduciary Net Position				
Contributions - employer	$ -	$ -	$ 102,140	$ 102,140
Net investment income	1,984	6,914	7,024	2,627
Benefit payments, including member contribution refunds	(50,048)	(49,067)	(77,703)	(94,323)
Net change in the total pension liability	(48,064)	(42,153)	31,461	10,444
Plan fidcuiary net position - beginning	297,069	339,222	307,761	297,317
Plan fidcuiary net position - ending (b)	$ 249,005	$ 297,069	$ 339,222	$ 307,761
Net pension liability - ending (a) - (b)	$ 71,909	$ 6,624	$ (4,443)	$ 308,892
Plan fiduciary net position as a percentage percentage of the total pension liability	77.6%	97.8%	101.3%	49.9%
Covered payroll	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

6/30/2017	6/30/2016	6/30/2015	6/30/2014
6/30/2017	6/30/2016	6/30/2015	6/30/2014
$ 19,517	$ 21,615	$ 28,597	$ 30,759
67,810	-	(45,458)	-
-	-	64,544	-
(92,474)	(90,660)	(88,883)	(87,140)
(5,147)	(69,045)	(41,200)	(56,381)
696,789	765,834	807,034	863,415
$ 691,642	$ 696,789	$ 765,834	$ 807,034
$ 102,140	$ 102,140	$ 102,140	$ 102,140
1,517	933	577	227
(92,474)	(90,660)	(88,883)	(87,141)
11,183	12,413	13,834	15,226
286,134	273,721	259,887	244,661
$ 297,317	$ 286,134	$ 273,721	$ 259,887
$ 394,325	$ 410,655	$ 492,113	$ 547,147
43.0%	41.1%	35.7%	32.2%
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Schedule of Contributions - Last 10 Years

Fiscal Year Ended	(1) Actuarially Determined Contribution (ADC)	(2) Employer Contributions	(3) Contribution Deficiency (Excess) (1) - (2)	(4) Covered Employee Payroll	(5) ADC / Covered Employee Payroll (1) / (4)
General Pension Plan					
June 30, 2011	$ 486,092	$ 486,092	$ -	n/a	n/a
June 30, 2012	455,662	148,186	307,476	n/a	n/a
June 30, 2013	502,278	660,992	(158,714)	n/a	n/a
June 30, 2014	602,970	602,970	-	n/a	n/a
June 30, 2015	602,970	602,970	-	n/a	n/a
June 30, 2016	750,016	602,970	147,046	n/a	n/a
June 30, 2017	750,016	73,592	676,424	n/a	n/a
June 30, 2018	947,219	814,594	132,625	n/a	n/a
June 30, 2019	947,219	812,561	134,658	n/a	n/a
June 30, 2020	469,402	503,714	(34,312)	n/a	n/a
June 30, 2021	312,462	319,025	(6,563)	n/a	n/a
Police & Firemen's Pension Plan					
June 30, 2011	$ 2,257,912	$ -	$ 2,257,912	n/a	n/a
June 30, 2012	1,596,771	-	1,596,771	n/a	n/a
June 30, 2013	1,813,721	1,596,771	216,950	n/a	n/a
June 30, 2014	740,235	740,234	1	n/a	n/a
June 30, 2015	740,235	740,235	-	n/a	n/a
June 30, 2016	1,270,466	1,222,197	48,269	n/a	n/a
June 30, 2017	1,270,466	1,270,466	-	n/a	n/a
June 30, 2018	1,389,612	1,270,466	119,146	n/a	n/a
June 30, 2019	1,389,612	1,270,466	119,146	n/a	n/a
June 30, 2020	937,004	937,004	-	n/a	n/a
June 30, 2021	937,004	937,004	-	n/a	n/a
Garfield Pension Plan					
June 30, 2011	$ 76,692	$ 76,692	$ -	n/a	n/a
June 30, 2012	78,731	-	78,731	n/a	n/a
June 30, 2013	92,092	77,000	15,092	n/a	n/a
June 30, 2014	102,140	102,140	-	n/a	n/a
June 30, 2015	102,140	102,140	-	n/a	n/a
June 30, 2016	78,987	102,140	(23,153)	n/a	n/a
June 30, 2017	78,987	102,140	(23,153)	n/a	n/a
June 30, 2018	86,103	102,140	(16,037)	n/a	n/a
June 30, 2019	86,103	102,140	(16,037)	n/a	n/a
June 30, 2020	-	-	-	n/a	n/a
June 30, 2021	-	-	-	n/a	n/a

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

Schedule of Contributions - Last 10 Years, Continued

Notes to Schedule:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Actuarially determined contribution rates are calculated as of the end of the fiscal year in which contributions are reported from the July 1, 2019 Actuarial Valuation.			
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost
Amortization method	**Investment Gains & Losses:** Straight-line amortization over a closed 5-year period. **Effects of Assumptions Changes and Experience Gains and Losses:** Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members that are provided with pensions through the pension plan. Since the plan no longer has active members, the effects of assumption changes and experience are recognized immediately.		
Remaining amortization period	5 years	1 year	(A)
Asset valuation method	Market value of assets	Market value of assets	Market value of assets
Inflation (short-term)	2.00%	2.00%	2.00%
Salary increases used to estimate future increases to pensions	n/a	n/a	n/a
Discount rate, net of investment expenses	3.50%	1.00%	1.00%
Retirement age	Closed to new members	Closed to new members	Closed to new members
Mortality	California PERS Mortality Table in its 2017 experience study (based on CalPERS 1997 - 2015 experience)		

(A) There is no amortization of unfudned liability if the plan is more than 100% funded.

*Schedule of Investment Returns - Last 10 Years**

Annual money-weighted rate of return, net of investment expense	2021	2020	2019	2018	2017	2016	2015	2014
General Pension Plan	0.44%	1.54%	0.64%	1.00%	0.50%	0.30%	0.30%	0.10%
Police and Firemen's Pension Plan	22.61%	5.11%	5.51%	4.90%	11.80%	-1.20%	2.40%	3.90%
Garfield Pension Plan	0.72%	2.18%	1.93%	1.00%	0.60%	0.40%	0.30%	0.40%

* Fiscal year 2014 was the 1st year of implementation.

City of Richmond
Required Supplementary Information
For the year ended June 30, 2021

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES

OPEB Plan, an Agent Multiple-Employer Defined Benefit Plan

*Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years**

For the Measurement Period Ended:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability					
Service cost	$ 2,072,961	$ 4,292,499	$ 3,452,679	$ 6,730,397	$ 7,558,987
Interest	6,846,932	7,222,766	7,625,498	7,927,217	7,064,307
Changes in benefit terms	-	-	(19,910,800)	-	-
Differences between actual and expected experience	(140,135)	(28,723,614)	-	(2,816,969)	-
Changes in assumptions	1,173,106	(42,412,472)	(1,409,953)	8,715,168	(15,340,529)
Benefit payments	(7,011,178)	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
Net change in the total OPEB liability	2,941,686	(67,373,950)	(17,489,649)	13,694,284	(7,214,880)
Total OPEB liability - beginning	120,302,967	187,676,917	205,166,566	191,472,282	198,687,162
Total OPEB liabilty - ending (a)	$ 123,244,653	$ 120,302,967	$ 187,676,917	$ 205,166,566	$ 191,472,282
Plan Fiduciary Net Position					
Contributions - employer	$ 9,515,699	$ 12,720,085	$ 6,714,785	$ 13,599,120	$ 13,218,475
Contributions - employee	623,088	642,475	532,288	765,475	278,850
Net investment income	6,562,745	709,908	1,170,454	632,089	227,394
Administrative expense	(111,868)	(89,764)	(81,950)	(49,169)	(11,250)
Benefit payments	(7,011,178)	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
Plan to Plan transfer (1)	-	-	(1,879,640)	-	-
Net change in the total OPEB liability	9,578,486	6,229,575	(791,136)	8,085,986	7,215,824
Plan fidcuiary net position - beginning	22,861,318	16,631,743	17,422,879	9,336,893	2,121,069
Plan fidcuiary net position - ending (b)	$ 32,439,804	$ 22,861,318	$ 16,631,743	$ 17,422,879	$ 9,336,893
Net OPEB liability - ending (a) - (b)	$ 90,804,849	$ 97,441,649	$ 171,045,174	$ 187,743,687	$ 182,135,389
Plan fiduciary net position as a percentage percentage of the total OPEB liability	26.32%	19.00%	8.86%	8.49%	4.88%
Covered employee payroll	$ 46,698,024	$ 50,016,647	$ 49,511,523	$ 65,359,713	$ 66,774,795
Net OPEB liability as a percentage of covered employee payroll	194.45%	194.82%	345.47%	287.25%	272.76%

(1) Transferred to the RPOA Plan established in fiscal year 2019.

* Fiscal year 2017 was the 1st year of implementation.

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES, Continued

OPEB Plan, an Agent Multiple-Employer Defined Benefit Plan, Continued

*Schedule of Plan Contributions - Last 10 Years**

Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Contractually required contributions (CRC) (1)	$ 7,011,178	$ 7,753,129	$ 7,247,073	$ 6,861,529	$ 6,497,645
Contributions in relation to the CRC	(7,011,178)	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -

Notes:

(1) The City does not calculate an Actuarially Determined Contribution, but the City's agreements with its bargaining units provide for various benefit levels as discussed in the Notes to the Financial Statements. Contributions reported include the implicit subsidy.

*Schedule of Investment Returns - Last 10 Years**

Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Annual money weighted rate of return, net of investmentment expense	26.66%	3.48%	6.74%	6.30%	10.75%

* Fiscal year 2017 was the 1st year of implementation.

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES, Continued

RPOA OPEB Plan, an Agent Multiple-Employer Defined Benefit Plan

*Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years**

For the Measurement Period Ended:	6/30/2021	6/30/2020	6/30/2019
Total OPEB Liability			
Service cost	$ 1,871,012	$ 2,053,367	$ 1,939,517
Interest	800,939	850,944	764,597
Changes in benefit terms	-	-	21,995,467
Differences between actual and expected experience	10,367	(1,784,304)	-
Changes in assumptions	(9,082,375)	401,383	-
Benefit payments	(277,277)	(156,536)	(82,673)
Net change in the total OPEB liability	(6,677,334)	1,364,854	24,616,908
Total OPEB liability - beginning	25,981,762	24,616,908	-
Total OPEB liabilty - ending (a)	$ 19,304,428	$ 25,981,762	$ 24,616,908
Plan Fiduciary Net Position			
Contributions - employer	$ 1,028,868	$ 1,851,964	$ -
Contributions - employee	453,163	425,213	82,673
Net investment income	935,134	170,322	-
Plan to Plan transfer (1)	-	-	1,879,640
Benefit payments	(277,277)	(156,536)	(82,673)
Administrative expense	(2,612)	-	-
Net change in the total OPEB liability	2,137,276	2,290,963	1,879,640
Plan fidcuiary net position - beginning	4,170,603	1,879,640	-
Plan fidcuiary net position - ending (b)	$ 6,307,879	$ 4,170,603	$ 1,879,640
Net OPEB liability - ending (a) - (b)	$ 12,996,549	$ 21,811,159	$ 22,737,268
Plan fiduciary net position as a percentage percentage of the total OPEB liability	32.68%	16.05%	7.64%
Covered employee payroll	$ 16,100,126	$ 16,699,113	$ 17,404,407
Net OPEB liability as a percentage of covered employee payroll	80.72%	130.61%	130.64%

(1) Transferred from the OPEB Plan.

* Fiscal year 2019 was the 1st year of implementation.

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES, Continued

RPOA OPEB Plan, an Agent Multiple-Employer Defined Benefit Plan, Continued

*Schedule of Plan Contributions - Last 10 Years**

Fiscal Year Ended:	6/30/2021	6/30/2020	6/30/2019
Contractually required contributions (CRC) (1)	$ 1,028,868	$ 1,851,964	$ 82,673
Contributions in relation to the CRC	(1,028,868)	(1,851,964)	(82,673)
Contribution deficiency (excess)	$ -	$ -	$ -

Notes:

(1) The City does not calculate an Actuarially Determined Contribution, but the City's agreements with its bargaining units provide for various benefit levels as discussed in the Notes to the Financial Statements. Contributions reported include the implicit subsidy.

* Fiscal year 2019 was the 1st year of implementation.

This page intentionally left blank

SUPPLEMENTARY INFORMATION

This page intentionally left blank

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling, and testing.

General Purpose Fund accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

Paratransit Operations Fund accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

Employment & Training Fund is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

Public Safety Fund records the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants, and various other grants.

Lighting and Landscaping Districts Fund was set up to account for maintenance services in the nature of landscaping, lighting, cleaning provided to the Hilltop parking lot area, the Marina Way Development area, and the Marina Bay area.

Developer Impact Fees Fund is used to account for monies received from fees levied by the City on new commercial and residential projects. These funds will be used to mitigate the additional public safety and infrastructure costs resulting from these development projects.

Secured Pension Override Fund records the receipt of Pension Tax override collected through property taxes for payment of pension contributions.

Richmond Neighborhood Stabilization Corporation Fund accounts for the activities of the Corporation.

Rent Control Fund is used to account for fees paid by landlords to find the operation of Richmond's Fair Rent, Just Cause for Eviction, and Homeowner Protection programs.

Cost Recovery Fund is used to record the receipt and use of monies for services provided to the public and developers.

Environmental and Community Investment Agreement (ECIA) Fund accounts for funding received from Chevron in conjunction with the Chevron Modernization Project Environmental and Community Investment Agreement to fund various projects and programs within the City of Richmond.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Debt Service Funds

2005 Pension Obligation Bonds Debt Service Fund receives transfers from the General Fund and the Pension Tax Override Fund, and pays the debt service on the 2005 Pension Obligation Bonds.

General Debt Service Fund accounts for monies received in connection with the 1995A and the 1999 Series A Pension Obligation Bonds and the related payments on such debt. The 1995 Series A bonds were to refinance the cost of capital improvements, and the 1999 Series A bonds were issued to find a portion of the unfunded accrued actuarial liability in the Pension Fund.

Civic Center Debt Service Fund accounts for principal and interest payments on the Civic Center Project Lease Revenue Bonds.

Capital Projects Funds

General Capital Improvement Fund accounts for monies designated for capital improvement projects.

Measure C/J Fund was set up when the voters of Contra Costa County approved Measure C providing for the creation of the Contra Costa County Transportation Authority. The half-cent transportation sales tax was renewed under Measure J, effective April 1, 2009. The Authority collects one-half percent sales and use tax. Twenty percent of this tax is allocated to the City of Richmond to be used for the improvement of local transportation, including streets and roads in accordance with Measure C and Measure J compliance.

Harbor Navigation Fund records expenses relating to the construction of certain public improvements relating to the Port of Richmond consisting of dredging and deepening of the Richmond Harbor.

This page intentionally left blank

City of Richmond
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	State Gas Tax Fund	General Purpose Fund	Paratransit Operations Fund	Employment and Training Fund
ASSETS				
Cash and investments	$ 4,008,432	$ 1,557,533	$ 412,314	$ 2,345,449
Restricted cash and investments	-	-	-	1,398
Receivables:				
Accounts, net	257,813	167	230	46,076
Interest	1,134	540	62	-
Grants	-	1,720,090	35,903	916,825
Loans	-	-	-	-
Total assets	4,267,379	3,278,330	448,509	3,309,748
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	1,025,792	1,086,862	50,587	377,173
Refundable deposits	-	-	-	-
Due to other funds	-	-	-	-
Advances to other funds	-	-	-	-
Unearned revenue	-	327,422	-	600
Total liabilities	1,025,792	1,414,284	50,587	377,773
Deferred inflows of resources:				
Unavailable revenue	-	1,580,079	35,903	456,335
Total deferred inflows of resouces	-	1,580,079	35,903	456,335
Fund Balances:				
Restricted	3,241,587	283,967	362,019	-
Assigned	-	-	-	2,475,640
Unassigned	-	-	-	-
Total fund balances	3,241,587	283,967	362,019	2,475,640
Total liabilities, deferred inflows of resources, and fund balances	$ 4,267,379	$ 3,278,330	$ 448,509	$ 3,309,748

Special Revenue Funds					
Public Safety Fund	Lighting and Landscaping Districts Fund	Developer Impact Fees Fund	Secured Pension Override Fund	Richmond Neighborhood Stabilization Corporation Fund	Rent Control Fund
$ 286,947	$ 1,404,342	$ 10,251,759	$ 144,998	$ -	$ 1,179,244
-	-	-	-	124,772	-
29,443	1,496	-	-	-	9,376
101	454	3,139	-	11	376
-	-	-	-	-	-
-	-	-	-	779,013	-
316,491	1,406,292	10,254,898	144,998	903,796	1,188,996
9,373	47,188	402,676	-	-	39,021
-	-	-	-	-	-
-	-	-	-	1,763	-
-	-	-	-	-	-
-	-	-	-	-	499
9,373	47,188	402,676	-	1,763	39,520
-	1,496	-	-	779,013	-
-	1,496	-	-	779,013	-
307,118	1,357,608	9,852,222	144,998	123,020	1,149,476
-	-	-	-	-	-
-	-	-	-	-	-
307,118	1,357,608	9,852,222	144,998	123,020	1,149,476
$ 316,491	$ 1,406,292	$ 10,254,898	$ 144,998	$ 903,796	$ 1,188,996

City of Richmond
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds		Debt Service Funds	
	Cost Recovery Fund	Environmental and Community Investment Agreement Fund	2005 Pension Obligation Bonds Fund	General Debt Service Fund
ASSETS				
Cash and investments	$ 2,451,253	$ 18,739,152	$ -	$ 8,889
Restricted cash and investments	-	-	11,845,153	-
Receivables:				
Accounts, net	633,007	-	-	-
Interest	2,084	4,510	-	3
Grants	2,865,324	-	-	-
Loans	-	-	-	-
Total assets	5,951,668	18,743,662	11,845,153	8,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	2,186,057	3,337,085	-	-
Refundable deposits	665,933	-	-	-
Due to other funds	-	-	3,969	-
Advances to other funds	-	-	-	-
Unearned revenue	20,093	-	-	-
Total liabilities	2,872,083	3,337,085	3,969	-
Deferred inflows of resources:				
Unavailable revenue	2,859,324	-	-	-
Total deferred inflows of resouces	2,859,324	-	-	-
Fund Balances:				
Restricted	220,261	15,406,577	11,841,184	8,892
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	220,261	15,406,577	11,841,184	8,892
Total liabilities, deferred inflows of resources, and fund balances	$ 5,951,668	$ 18,743,662	$ 11,845,153	$ 8,892

	Capital Projects Funds			
Civic Center Debt Service Fund	General Capital Improvement Fund	Measure C/J Fund	Harbor Navigation Fund	Total Nonmajor Governmental Funds
$ 955,397	$ 2,916,040	$ 242,346	$ 45,445	$ 46,949,540
39	89,354	-	-	12,060,716
-	-	1,657,713	-	2,635,321
123	-	139	14	12,690
-	-	342,865	-	5,881,007
-	-	-	-	779,013
955,559	3,005,394	2,243,063	45,459	68,318,287
-	15,078	323,974	-	8,900,866
-	-	-	-	665,933
-	-	-	-	5,732
-	-	-	-	-
2,551,845	-	-	-	2,900,459
2,551,845	15,078	323,974	-	12,472,990
-	-	342,865	-	6,055,015
-	-	342,865	-	6,055,015
-	2,990,316	1,657,713	-	48,946,958
-	-	-	45,459	2,521,099
(1,596,286)	-	(81,489)	-	(1,677,775)
(1,596,286)	2,990,316	1,576,224	45,459	49,790,282
$ 955,559	$ 3,005,394	$ 2,243,063	$ 45,459	$ 68,318,287

City of Richmond
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2021

	Special Revenue Funds			
	State Gas Tax Fund	General Purpose Fund	Paratransit Operations Fund	Employment and Training Fund
REVENUES:				
Property taxes	$ -	$ -	$ -	$ -
Licenses, permits and fees	-	25,000	-	-
Fines, forfeitures and penalties	-	692	-	-
Use of money and property	11,113	5,923	381	-
Intergovernmental	4,489,591	3,039,844	1,157,832	3,206,590
Charges for services	-	394,595	5,920	-
Other	-	150	-	75,021
Total revenues	4,500,704	3,466,204	1,164,133	3,281,611
EXPENDITURES:				
Current:				
General government	-	1,990,463	776,338	-
Public safety	-	879,671	-	-
Public works	2,658,021	75,192	-	-
Community development	-	8,989	-	4,692,920
Cultural and recreational	-	322,057	-	-
Housing and redevelopment	-	437	-	-
Capital outlay	619,466	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	3,277,487	3,276,809	776,338	4,692,920
REVENUES OVER (UNDER) EXPENDITURES	1,223,217	189,395	387,795	(1,411,309)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	126,186	-	1,495,705
Transfers out	-	(126,186)	-	-
Total other financing sources (uses)	-	-	-	1,495,705
Net change in fund balances	1,223,217	189,395	387,795	84,396
FUND BALANCES (DEFICITS):				
Beginning of year	2,018,370	94,572	(25,776)	2,391,244
End of year	$ 3,241,587	$ 283,967	$ 362,019	$ 2,475,640

Special Revenue Funds					
Public Safety Fund	Lighting and Landscaping Districts Fund	Developer Impact Fees Fund	Secured Pension Override Fund	Richmond Neighborhood Stabilization Corporation Fund	Rent Control Fund
$ -	$ 1,676,745	$ -	$ 11,352,354	$ -	$ -
-	-	3,237,510	-	-	2,764,961
-	-	-	-	-	-
1,410	5,274	35,663	-	145	6,096
258,269	-	-	-	-	-
-	-	-	-	-	-
33,301	-	-	-	-	24,796
292,980	1,682,019	3,273,173	11,352,354	145	2,795,853
-	-	-	6,563	-	-
299,396	-	79,431	937,004	-	-
-	2,444,618	429,829	-	-	-
-	-	-	-	-	-
-	-	66,520	-	-	-
-	-	-	-	35,576	2,143,246
-	-	601,084	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
299,396	2,444,618	1,176,864	943,567	35,576	2,143,246
(6,416)	(762,599)	2,096,309	10,408,787	(35,431)	652,607
-	645,563	-	-	-	-
-	-	-	(10,263,789)	-	-
-	645,563	-	(10,263,789)	-	-
(6,416)	(117,036)	2,096,309	144,998	(35,431)	652,607
313,534	1,474,644	7,755,913	-	158,451	496,869
$ 307,118	$ 1,357,608	$ 9,852,222	$ 144,998	$ 123,020	$ 1,149,476

City of Richmond
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2021

	Special Revenue Funds		Debt Service Funds	
	Cost Recovery Fund	Environmental and Community Investment Agreement Fund	2005 Pension Obligation Bonds Fund	General Debt Service Fund
REVENUES:				
Property taxes	$ -	$ -	$ 12,124,486	$ -
Licenses, permits and fees	8,387,591	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	24,665	62,573	3,281	209
Intergovernmental	718,961	7,000,000	-	-
Charges for services	2,544,424	-	-	-
Other	6,026	50,083	-	-
Total revenues	11,681,667	7,112,656	12,127,767	209
EXPENDITURES:				
Current:				
General government	8,830,541	4,643,862	-	-
Public safety	-	51,908	-	-
Public works	800,652	153,769	-	-
Community development	-	500,000	-	-
Cultural and recreational	-	330,067	-	-
Housing and redevelopment	-	-	-	-
Capital outlay	2,521,583	401,638	-	-
Debt service:				
Principal	-	-	9,458,000	795,000
Interest and fiscal charges	-	-	2,143,869	296,687
Total expenditures	12,152,776	6,081,244	11,601,869	1,091,687
REVENUES OVER (UNDER) EXPENDITURES	(471,109)	1,031,412	525,898	(1,091,478)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	1,092,338
Transfers out	-	(325,000)	-	-
Total other financing sources (uses)	-	(325,000)	-	1,092,338
Net change in fund balances	(471,109)	706,412	525,898	860
FUND BALANCES (DEFICITS):				
Beginning of year	691,370	14,700,165	11,315,286	8,032
End of year	$ 220,261	$ 15,406,577	$ 11,841,184	$ 8,892

Civic Center Debt Service Fund	Capital Projects Funds: General Capital Improvement Fund	Capital Projects Funds: Measure C/J Fund	Capital Projects Funds: Harbor Navigation Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 25,153,585
-	-	-	-	14,415,062
-	-	-	-	692
2,613	22	3,523	195	163,086
-	-	1,657,713	-	21,528,800
5,696,151	-	-	-	8,641,090
-	-	-	-	189,377
5,698,764	22	1,661,236	195	70,091,692
-	-	-	-	16,247,767
-	-	-	-	2,247,410
-	-	716,192	-	7,278,273
-	-	-	-	5,201,909
-	-	-	-	718,644
-	-	-	-	2,179,259
-	839,634	985,430	-	5,968,835
3,260,000	-	-	-	13,513,000
4,466,982	-	-	-	6,907,538
7,726,982	839,634	1,701,622	-	60,262,635
(2,028,218)	(839,612)	(40,386)	195	9,829,057
2,406,458	303,275	-	-	6,069,525
-	-	-	-	(10,714,975)
2,406,458	303,275	-	-	(4,645,450)
378,240	(536,337)	(40,386)	195	5,183,607
(1,974,526)	3,526,653	1,616,610	45,264	44,606,675
$ (1,596,286)	$ 2,990,316	$ 1,576,224	$ 45,459	$ 49,790,282

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
State Gas Tax Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 11,113	$ 11,113
Intergovernmental	4,513,317	4,513,317	4,489,591	(23,726)
Total revenues	4,513,317	4,513,317	4,500,704	(12,613)
EXPENDITURES:				
Current:				
Public works	2,827,121	3,124,644	2,658,021	466,623
Capital outlay	1,450,845	1,153,322	619,466	533,856
Total expenditures	4,277,966	4,277,966	3,277,487	1,000,479
Net change in fund balances	$ 235,351	$ 235,351	1,223,217	$ 987,866
FUND BALANCES (DEFICITS):				
Beginning of year			2,018,370	
End of year			$ 3,241,587	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Purpose Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ 25,000	$ 148,207	$ 25,000	$ (123,207)
Fines, forfeitures and penalties	19,000	500	692	192
Use of money and property	-	1,000	5,923	4,923
Intergovernmental	1,471,859	2,458,423	3,039,844	581,421
Charges for services	50,000	50,000	394,595	344,595
Other	17,733	17,733	150	(17,583)
Total revenues	1,583,592	2,675,863	3,466,204	790,341
EXPENDITURES:				
Current:				
General government	604,977	811,463	1,990,463	(1,179,000)
Public safety	318,618	1,102,824	879,671	223,153
Public works	1,073	112,814	75,192	37,622
Community development	-	-	8,989	(8,989)
Cultural and recreational	477,939	493,326	322,057	171,269
Housing and redevelopment	-	-	437	(437)
Capital outlay	284,000	284,000	-	284,000
Total expenditures	1,686,607	2,804,427	3,276,809	(472,382)
REVENUES OVER (UNDER) EXPENDITURES	(103,015)	(128,564)	189,395	317,959
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	126,186	126,186
Transfers out	-	-	(126,186)	(126,186)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	$ (103,015)	$ (128,564)	189,395	$ 317,959
FUND BALANCES (DEFICITS):				
Beginning of year			94,572	
End of year			$ 283,967	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Paratransit Operations Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 381	$ 381
Intergovernmental	895,000	895,000	1,157,832	262,832
Charges for services	-	-	5,920	5,920
Other	20,000	20,000	-	(20,000)
Total revenues	915,000	915,000	1,164,133	249,133
EXPENDITURES:				
Current:				
General government	1,142,342	1,143,292	776,338	366,954
Community development	25,600	24,650	-	24,650
Total expenditures	1,167,942	1,167,942	776,338	391,604
REVENUES OVER (UNDER) EXPENDITURES	(252,942)	(252,942)	387,795	640,737
OTHER FINANCING SOURCES (USES):				
Transfers in	252,942	252,942	-	(252,942)
Total other financing sources (uses)	252,942	252,942	-	(252,942)
Net change in fund balances	$ -	$ -	387,795	$ 387,795
FUND BALANCES (DEFICITS):				
Beginning of year			(25,776)	
End of year			$ 362,019	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Employment and Training Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental	$ 8,258,640	$ 8,624,536	$ 3,206,590	$ (5,417,946)
Charges for services	116,371	116,371	-	(116,371)
Other	212,940	212,940	75,021	(137,919)
Total revenues	8,587,951	8,953,847	3,281,611	(5,672,236)
EXPENDITURES:				
Current:				
Community development	9,703,826	10,069,722	4,692,920	5,376,802
Total expenditures	9,703,826	10,069,722	4,692,920	5,376,802
REVENUES OVER (UNDER) EXPENDITURES	(1,115,875)	(1,115,875)	(1,411,309)	(295,434)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,495,705	1,495,705	1,495,705	-
Total other financing sources (uses)	1,495,705	1,495,705	1,495,705	-
Net change in fund balances	$ 379,830	$ 379,830	84,396	$ (295,434)
FUND BALANCES (DEFICITS):				
Beginning of year			2,391,244	
End of year			$ 2,475,640	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Safety Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 1,410	$ 1,410
Intergovernmental	360,335	360,335	258,269	(102,066)
Other	-	20,780	33,301	12,521
Total revenues	360,335	381,115	292,980	(88,135)
EXPENDITURES:				
Current:				
Public safety	566,811	566,811	299,396	267,415
Total expenditures	566,811	566,811	299,396	267,415
Net change in fund balances	$ (206,476)	$ (185,696)	(6,416)	$ 179,280
FUND BALANCES (DEFICITS):				
Beginning of year			313,534	
End of year			$ 307,118	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Lighting and Landscaping Districts Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 1,678,479	$ 1,678,479	$ 1,676,745	$ (1,734)
Use of money and property	-	-	5,274	5,274
Total revenues	1,678,479	1,678,479	1,682,019	3,540
EXPENDITURES:				
Current:				
Public works	2,083,585	2,369,939	2,444,618	(74,679)
Total expenditures	2,083,585	2,369,939	2,444,618	(74,679)
REVENUES OVER (UNDER) EXPENDITURES	(405,106)	(691,460)	(762,599)	(71,139)
OTHER FINANCING SOURCES (USES):				
Transfers in	645,563	645,563	645,563	-
Total other financing sources (uses)	645,563	645,563	645,563	-
Net change in fund balances	$ 240,457	$ (45,897)	(117,036)	$ (71,139)
FUND BALANCES (DEFICITS):				
Beginning of year			1,474,644	
End of year			$ 1,357,608	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Developer Impact Fees Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ -	$ 436,278	$ 3,237,510	$ 2,801,232
Use of money and property	-	-	35,663	35,663
Total revenues	-	436,278	3,273,173	2,836,895
EXPENDITURES:				
Current:				
Public safety	-	-	79,431	(79,431)
Public works	-	-	429,829	(429,829)
Cultural and recreational	-	-	66,520	(66,520)
Capital outlay	-	-	601,084	(601,084)
Total expenditures	-	-	1,176,864	(1,176,864)
Net change in fund balances	$ -	$ 436,278	2,096,309	$ 1,660,031
FUND BALANCES (DEFICITS):				
Beginning of year			7,755,913	
End of year			$ 9,852,222	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Secured Pension Override Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 11,200,793	$ 11,200,793	$ 11,352,354	$ 151,561
Total revenues	11,200,793	11,200,793	11,352,354	151,561
EXPENDITURES:				
Current:				
General government	-	-	6,563	(6,563)
Public safety	937,004	937,004	937,004	-
Total expenditures	937,004	937,004	943,567	(6,563)
REVENUES OVER (UNDER) EXPENDITURES	10,263,789	10,263,789	10,408,787	144,998
OTHER FINANCING SOURCES (USES):				
Transfers out	(10,263,789)	(10,263,789)	(10,263,789)	-
Total other financing sources (uses)	(10,263,789)	(10,263,789)	(10,263,789)	-
Net change in fund balances	$ -	$ -	144,998	$ 144,998
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			$ 144,998	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Richmond Neighborhood Stabilization Corporation Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ 766	$ 766	$ 145	$ (621)
Total revenues	766	766	145	(621)
EXPENDITURES:				
Current:				
Housing and redevelopment	4,750	4,750	35,576	(30,826)
Total expenditures	4,750	4,750	35,576	(30,826)
Net change in fund balances	$ (3,984)	$ (3,984)	(35,431)	$ (31,447)
FUND BALANCES (DEFICITS):				
Beginning of year			158,451	
End of year			$ 123,020	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Rent Control Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ 2,609,056	$ 2,609,056	$ 2,764,961	$ 155,905
Use of money and property	-	-	6,096	6,096
Other	-	-	24,796	24,796
Total revenues	2,609,056	2,609,056	2,795,853	186,797
EXPENDITURES:				
Current:				
Housing and redevelopment	2,425,312	2,425,312	2,143,246	282,066
Total expenditures	2,425,312	2,425,312	2,143,246	282,066
Net change in fund balances	$ 183,744	$ 183,744	652,607	$ 468,863
FUND BALANCES (DEFICITS):				
Beginning of year			496,869	
End of year			$ 1,149,476	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Cost Recovery Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$ 6,871,937	$ 6,905,005	$ 8,387,591	$ 1,482,586
Use of money and property	-	-	24,665	24,665
Intergovernmental	22,213,448	28,573,951	718,961	(27,854,990)
Charges for services	2,195,718	3,495,718	2,544,424	(951,294)
Other	-	-	6,026	6,026
Total revenues	31,281,103	38,974,674	11,681,667	(27,293,007)
EXPENDITURES:				
Current:				
General government	8,338,655	10,801,139	8,830,541	1,970,598
Public works	909,949	1,498,517	800,652	697,865
Capital outlay	21,629,581	26,551,616	2,521,583	24,030,033
Total expenditures	30,878,185	38,851,272	12,152,776	26,698,496
Net change in fund balances	$ 402,918	$ 123,402	(471,109)	$ (594,511)
FUND BALANCES (DEFICITS):				
Beginning of year			691,370	
End of year			$ 220,261	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Environmental and Community Investment Agreement Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 62,573	$ 62,573
Intergovernmental	9,258,000	9,258,000	7,000,000	(2,258,000)
Other	-	-	50,083	50,083
Total revenues	9,258,000	9,258,000	7,112,656	(2,145,344)
EXPENDITURES:				
Current:				
General government	7,269,907	6,944,807	4,643,862	2,300,945
Public safety	304,569	235,940	51,908	184,032
Public works	303,800	303,800	153,769	150,031
Community development	3,500,000	3,500,100	500,000	3,000,100
Cultural and recreational	781,514	781,514	330,067	451,447
Capital outlay	1,826,312	1,894,941	401,638	1,493,303
Total expenditures	13,986,102	13,661,102	6,081,244	7,579,858
REVENUES OVER (UNDER) EXPENDITURES	(4,728,102)	(4,403,102)	1,031,412	5,434,514
OTHER FINANCING SOURCES (USES):				
Transfers out	(252,942)	(577,942)	(325,000)	252,942
Total other financing sources (uses)	(252,942)	(577,942)	(325,000)	252,942
Net change in fund balances	$ (4,981,044)	$ (4,981,044)	706,412	$ 5,687,456
FUND BALANCES (DEFICITS):				
Beginning of year			14,700,165	
End of year			$ 15,406,577	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
2005 Pension Obligation Bonds Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property taxes	$ 12,124,486	$ 12,124,486	$ 12,124,486	$ -
Use of money and property	-	-	3,281	3,281
Total revenues	12,124,486	12,124,486	12,127,767	3,281
EXPENDITURES:				
Debt service:				
Principal	9,458,000	9,458,000	9,458,000	-
Interest and fiscal charges	4,575,500	4,575,500	2,143,869	2,431,631
Total expenditures	14,033,500	14,033,500	11,601,869	2,431,631
Net change in fund balances	$ (1,909,014)	$ (1,909,014)	525,898	$ 2,434,912
FUND BALANCES (DEFICITS):				
Beginning of year			11,315,286	
End of year			$ 11,841,184	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Debt Service Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 209	$ 209
Total revenues	-	-	209	209
EXPENDITURES:				
Debt service:				
Principal	795,000	795,000	795,000	-
Interest and fiscal charges	295,838	295,838	296,687	(849)
Total expenditures	1,090,838	1,090,838	1,091,687	(849)
REVENUES OVER (UNDER) EXPENDITURES	(1,090,838)	(1,090,838)	(1,091,478)	(640)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,092,338	1,092,338	1,092,338	-
Total other financing sources (uses)	1,092,338	1,092,338	1,092,338	-
Net change in fund balances	$ 1,500	$ 1,500	860	$ (640)
FUND BALANCES (DEFICITS):				
Beginning of year			8,032	
End of year			$ 8,892	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Civic Center Debt Service Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 2,613	2,613
Charges for services	5,580,311	5,580,311	5,696,151	115,840
Total revenues	5,580,311	5,580,311	5,698,764	118,453
EXPENDITURES:				
Debt service:				
Principal	3,260,000	(74,055,000)	3,260,000	(77,315,000)
Interest and fiscal charges	4,455,769	4,455,769	4,466,982	(11,213)
Total expenditures	7,715,769	(69,599,231)	7,726,982	(77,326,213)
REVENUES OVER (UNDER) EXPENDITURES	(2,135,458)	75,179,542	(2,028,218)	(77,207,760)
OTHER FINANCING SOURCES (USES):				
Payment to refunded bonds escrow agent	-	(77,315,000)	-	77,315,000
Transfers in	2,406,458	2,406,458	2,406,458	-
Total other financing sources (uses)	2,406,458	(74,908,542)	2,406,458	77,315,000
Net change in fund balances	$ 271,000	$ 271,000	378,240	$ 107,240
FUND BALANCES (DEFICITS):				
Beginning of year			(1,974,526)	
End of year			$ (1,596,286)	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Capital Improvement Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 22	$ 22
Total revenues	-	-	22	22
EXPENDITURES:				
Capital outlay	-	-	839,634	(839,634)
Total expenditures	-	-	839,634	(839,634)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(839,612)	(839,612)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	303,275	303,275	-
Total other financing sources (uses)	-	303,275	303,275	-
Net change in fund balances	$ -	$ 303,275	(536,337)	$ (839,612)
FUND BALANCES (DEFICITS):				
Beginning of year			3,526,653	
End of year			$ 2,990,316	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure C/J Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 3,523	$ 3,523
Intergovernmental	4,756,391	4,756,391	1,657,713	(3,098,678)
Total revenues	4,756,391	4,756,391	1,661,236	(3,095,155)
EXPENDITURES:				
Current:				
Public works	-	-	716,192	(716,192)
Capital outlay	-	-	985,430	(985,430)
Total expenditures	-	-	1,701,622	(1,701,622)
REVENUES OVER (UNDER) EXPENDITURES	4,756,391	4,756,391	(40,386)	(4,796,777)
Net change in fund balances	$ 4,756,391	$ 4,756,391	(40,386)	$ (4,796,777)
FUND BALANCES (DEFICITS):				
Beginning of year			1,616,610	
End of year			$ 1,576,224	

City of Richmond
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Harbor Navigation Fund
For the year ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Use of money and property	$ -	$ -	$ 195	$ 195
Total revenues	-	-	195	195
Net change in fund balances	$ -	$ -	195	$ 195
FUND BALANCES (DEFICITS):				
Beginning of year			45,264	
End of year			$ 45,459	

NONMAJOR ENTERPRISE FUNDS

Richmond Marina Fund records revenues collected from berth rentals and the use of the marina facilities. The fund also records expenses incurred for the operation of the facility and for the payment of the loan from the California Department of Boating and Waterways.

Storm Sewer Fund records the revenues from storm sewer fees and transfers from operations reserves. It also records the expenses of maintaining a clean storm sewer system so that the City is in compliance with the federally mandated Storm Water Pollution Prevention Program.

Cable TV Fund was setup for the administration and enforcement of the franchise agreements with two cable television systems, management of municipal cable channel, departmental video services, media and public information, and telecommunications planning. The fund records revenue received from franchise fees and indirect charges to other funds and administration expenses incurred in operating the system.

City of Richmond
Combining Statement of Net Position
Nonmajor Enterprise Funds
For the year ended June 30, 2021

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	$ 4,200,928	$ 953,168	$ 669,936	$ 5,824,032
Restricted cash and investments	89,726	-	-	89,726
Receivables:				
Accounts, net	138,887	5,579	290,323	434,789
Interest	1,298	-	189	1,487
Total current assets	4,430,839	958,747	960,448	6,350,034
Noncurrent assets:				
Capital assets:				
Nondepreciable	330,794	3,523,900	-	3,854,694
Depreciable	4,338,356	30,889,661	120,981	35,348,998
Less accumulated depreciation	(3,150,267)	(29,847,123)	(120,981)	(33,118,371)
Net capital assets	1,518,883	4,566,438	-	6,085,321
Total noncurrent assets	1,518,883	4,566,438	-	6,085,321
Total assets	5,949,722	5,525,185	960,448	12,435,355
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	-	46,594	263,370	309,964
Deferred outflows of resources - OPEB	-	4,608	24,930	29,538
Total deferred outflows of resources	-	51,202	288,300	339,502
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	-	323,610	10,327	333,937
Interest payable	96,395	-	-	96,395
Refundable deposits	87,973	1,200	-	89,173
Compensated absences - current	-	-	41,737	41,737
Long-term debt - current	101,656	-	-	101,656
Total current liabilities	286,024	324,810	52,064	662,898
Noncurrent liabilities:				
Advances from other funds	-	2,580,535	-	2,580,535
Unearned revenue	-	591,867	-	591,867
Compensated absences	-	-	5,838	5,838
Long-term debt	2,235,202	-	-	2,235,202
Net pension liability	-	355,891	2,011,645	2,367,536
Net OPEB liability	-	149,582	809,501	959,083
Total noncurrent liabilities	2,235,202	3,677,875	2,826,984	8,740,061
Total liabilities	2,521,226	4,002,685	2,879,048	9,402,959
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	-	6,125	34,622	40,747
Deferred inflows of resources - OPEB	-	71,005	384,261	455,266
Total deferred inflows of resources	-	77,130	418,883	496,013
NET POSITION (DEFICIT)				
Net investment in capital assets	(817,975)	4,566,438	-	3,748,463
Restricted for debt service	89,726	-	-	89,726
Unrestricted	4,156,745	(3,069,866)	(2,049,183)	(962,304)
Total net position	$ 3,428,496	$ 1,496,572	$ (2,049,183)	$ 2,875,885

City of Richmond
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the year ended June 30, 2021

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Service charges	$ -	$ 2,098,685	$ 1,145,886	$ 3,244,571
Lease income	574,453	5,243	-	579,696
Other	-	-	50	50
Total operating revenues	574,453	2,103,928	1,145,936	3,824,317
OPERATING EXPENSES:				
Salaries and benefits	-	134,662	536,089	670,751
General and administrative	36,305	1,543,522	252,868	1,832,695
Depreciation	85,563	45,088	-	130,651
Total operating expenses	121,868	1,723,272	788,957	2,634,097
OPERATING INCOME (LOSS)	452,585	380,656	356,979	1,190,220
NONOPERATING REVENUES (EXPENSES):				
Interest income	18,789	-	2,310	21,099
Grants	-	1,722,930	-	1,722,930
Interest expense	(105,523)	(73,150)	-	(178,673)
Total nonoperating revenues (expenses)	(86,734)	1,649,780	2,310	1,565,356
Income (loss) before contributions and transfers	365,851	2,030,436	359,289	2,755,576
CONTRIBUTIONS AND TRANSFERS:				
Transfers out	(86,778)	-	-	(86,778)
Total contributions and transfers	(86,778)	-	-	(86,778)
Change in net position	279,073	2,030,436	359,289	2,668,798
NET POSITION:				
Beginning of year	3,149,423	(533,864)	(2,408,472)	207,087
End of year	$ 3,428,496	$ 1,496,572	$ (2,049,183)	$ 2,875,885

City of Richmond
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended June 30, 2021

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 588,224	$ 2,695,408	$ 1,149,802	$ 4,433,434
Payments to suppliers	(35,651)	(1,463,315)	(242,727)	(1,741,693)
Payments to employees	-	(179,976)	(699,233)	(879,209)
Net cash provided by (used in) operating activities	552,573	1,052,117	207,842	1,812,532
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts (payments)	-	(46,719)	-	(46,719)
Transfers out	(86,778)	-	-	(86,778)
Net cash provided by (used in) noncapital financing activities	(86,778)	(46,719)	-	(133,497)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Grant receipts	-	1,722,930	-	1,722,930
Acquisition of capital assets	-	(1,702,010)	-	(1,702,010)
Principal payments on capital debt	(97,279)	-	-	(97,279)
Interest paid	(109,536)	(73,150)	-	(182,686)
Net cash provided by (used in) capital and related financing activities	(206,815)	(52,230)	-	(259,045)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	22,777	-	2,646	25,423
Net cash provided by (used in) investing activities	22,777	-	2,646	25,423
Net cash flows	281,757	953,168	210,488	1,445,413
CASH AND INVESTMENTS - Beginning of year	4,008,897	-	459,448	4,468,345
CASH AND INVESTMENTS - End of year	$ 4,290,654	$ 953,168	$ 669,936	$ 5,913,758
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	$ 452,585	$ 380,656	$ 356,979	$ 1,190,220
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	85,563	45,088	-	130,651
Changes in assets and liabilities:				
Receivables, net	13,771	(387)	3,866	17,250
Accounts payable and accrued liabilities	-	80,207	10,141	90,348
Refundable deposits	654	-	-	654
Unearned revenue	-	591,867	-	591,867
Compensated absences payable	-	(14,890)	1,348	(13,542)
Net pension liability and deferred outflows/inflows	-	626	3,539	4,165
Net OPEB liability and deferred outflows/inflows	-	(31,050)	(168,031)	(199,081)
Net cash provided by (used in) operating activities	$ 552,573	$ 1,052,117	$ 207,842	$ 1,812,532

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement No. 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement No. 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the fund financial statements, including the funds below.

Insurance Reserves Fund is used to report activities related to employees' claims due to industrial injuries and activities related to general claims against the City for damages incurred.

Equipment Services and Replacement Fund is used to report activities related to maintenance and replacement of City vehicles.

Police Telecommunications Fund is used to report activities related to CAD dispatch, RMS records, maintenance, and 800 MHz equipment expense.

Compensated Absences Fund is used to account for sick, vacation and compensatory time leave payouts related to employee retirements.

City of Richmond
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2021

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Compensated Absences	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 50,812,459	$ 313,895	$ -	$ 910,951	$ 52,037,305
Restricted cash and investments	-	1,233,426	-	-	1,233,426
Receivables:					
Accounts, net	9,000	-	-	-	9,000
Interest	16,130	62	-	-	16,192
Total current assets	50,837,589	1,547,383	-	910,951	53,295,923
Noncurrent assets:					
Receivables:					
Advances to other funds	2,580,535	-	-	-	2,580,535
Capital assets:					
Nondepreciable	-	2,826,937	-	-	2,826,937
Depreciable	-	24,784,013	-	-	24,784,013
Less accumulated depreciation	-	(19,681,861)	-	-	(19,681,861)
Net capital assets	-	7,929,089	-	-	7,929,089
Total noncurrent assets	2,580,535	7,929,089	-	-	10,509,624
Total assets	53,418,124	9,476,472	-	910,951	63,805,547
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension	481,556	-	-	-	481,556
Deferred outflows of resources - OPEB	44,441	-	-	-	44,441
Deferred charge on refunding	-	-	-	-	-
Total deferred outflows of resources	525,997	-	-	-	525,997
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,609,733	-	-	-	1,609,733
Interest payable	-	9,717	-	-	9,717
Compensated absences - current	35,782	-	-	-	35,782
Claims payable - current	13,033,895	-	-	-	13,033,895
Long-term debt - current	-	251,951	-	-	251,951
Total current liabilities	14,679,410	261,668	-	-	14,941,078
Noncurrent liabilities:					
Compensated absences	75,445	-	-	-	75,445
Claims payable	31,358,444	-	-	-	31,358,444
Long-term debt	-	1,736,079	-	-	1,736,079
Net pension liability	3,678,178	-	-	-	3,678,178
Net OPEB liability	1,443,023	-	-	-	1,443,023
Total noncurrent liabilities	36,555,090	1,736,079	-	-	38,291,169
Total liabilities	51,234,500	1,997,747	-	-	53,232,247
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	63,305	-	-	-	63,305
Deferred inflows of resources - OPEB	684,987	-	-	-	684,987
Total deferred inflows of resources	748,292	-	-	-	748,292
NET POSITION (DEFICIT)					
Net investment in capital assets	-	7,174,485	-	-	7,174,485
Unrestricted	1,961,329	304,240	-	910,951	3,176,520
Total net position	$ 1,961,329	$ 7,478,725	$ -	$ 910,951	$ 10,351,005

City of Richmond
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2021

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Compensated Absences	Total Internal Service Funds
OPERATING REVENUES:					
Service charges - internal	$ 17,985,992	$ 1,245,000	$ 106,026	$ 2,400,000	$ 21,737,018
Service charges - external	-	-	-	-	-
Other	272	-	-	-	272
Total operating revenues	17,986,264	1,245,000	106,026	2,400,000	21,737,290
OPERATING EXPENSES:					
Salaries and benefits	1,317,218	-	-	2,175,310	3,492,528
General and administrative	1,097,351	-	-	-	1,097,351
Maintenance	1,756,589	24,382	-	-	1,780,971
Depreciation	-	985,343	-	-	985,343
Claims losses	13,476,986	-	-	-	13,476,986
Other	1,005	-	-	-	1,005
Total operating expenses	17,649,149	1,009,725	-	2,175,310	20,834,184
OPERATING INCOME (LOSS)	337,115	235,275	106,026	224,690	903,106
NONOPERATING REVENUES (EXPENSES):					
Interest income	285,258	4,249	-	-	289,507
Grants	1,292,953	-	-	-	1,292,953
Interest expense	-	(82,498)	-	-	(82,498)
Total nonoperating revenues (expenses)	1,578,211	(78,249)	-	-	1,499,962
Income (loss) before contributions and transfers	1,915,326	157,026	106,026	224,690	2,403,068
CONTRIBUTIONS AND TRANSFERS:					
Transfers in	-	426,018	-	-	426,018
Transfers out	-	-	(196,550)	-	(196,550)
Total contributions and transfers	-	426,018	(196,550)	-	229,468
Change in net position	1,915,326	583,044	(90,524)	224,690	2,632,536
NET POSITION:					
Beginning of year	46,003	6,895,681	90,524	686,261	7,718,469
End of year	$ 1,961,329	$ 7,478,725	$ -	$ 910,951	$ 10,351,005

City of Richmond
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2021

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Compensated Absences	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services	$ 18,282,044	$ 1,245,000	$ 176,058	$ 2,400,000	$ 22,103,102
Payments to suppliers	(1,410,930)	(194,850)	(3,614)	-	(1,609,394)
Payments to employees	(1,638,880)	-	(150,985)	(2,175,310)	(3,965,175)
Insurance premiums and claims paid	(12,325,014)	-	-	-	(12,325,014)
Net cash provided by (used in) operating activities	2,907,220	1,050,150	21,459	224,690	4,203,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund receipts (payments)	9,703,154	-	-	-	9,703,154
Transfers in	-	426,018	-	-	426,018
Transfers out	-	-	(151,591)	-	(151,591)
Net cash provided by (used in) noncapital financing activities	9,703,154	426,018	(151,591)	-	9,977,581
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Grant receipts	1,292,953	-	-	-	1,292,953
Acquisition of capital assets	-	(2,003,389)	-	-	(2,003,389)
Principal payments on capital debt	-	(242,336)	-	-	(242,336)
Interest paid	-	(83,682)	-	-	(83,682)
Net cash provided by (used in) capital and related financing activities	1,292,953	(2,329,407)	-	-	(1,036,454)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest	331,912	5,851	998	-	338,761
Net cash provided by (used in) investing activities	331,912	5,851	998	-	338,761
Net cash flows	14,235,239	(847,388)	(129,134)	224,690	13,483,407
CASH AND INVESTMENTS - Beginning of year	36,577,220	2,394,709	129,134	686,261	39,787,324
CASH AND INVESTMENTS - End of year	$ 50,812,459	$ 1,547,321	$ -	$ 910,951	$ 53,270,731
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	$ 337,115	$ 235,275	$ 106,026	$ 224,690	$ 903,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	-	985,343	-	-	985,343
Changes in assets and liabilities:					
Receivables, net	295,780	-	70,032	-	365,812
Accounts payable and accrued liabilities	1,444,015	(170,468)	(3,614)	-	1,269,933
Compensated absences payable	(28,603)	-	(150,985)	-	(179,588)
Claims payable	1,151,972	-	-	-	1,151,972
Net pension liability and deferred outflows/inflows	6,474	-	-	-	6,474
Net OPEB liability and deferred outflows/inflows	(299,533)	-	-	-	(299,533)
Net cash provided by (used in) operating activities	$ 2,907,220	$ 1,050,150	$ 21,459	$ 224,690	$ 4,203,519

This page intentionally left blank

TRUST FUNDS

Pension Trust Funds

General Pension Fund records the activity of the General Pension Plan, a defined benefit plan that covers 28 former City employees not covered by PERS, all of whom have retired.

Police and Firemen's Pension Fund records the activity of the Police and Firemen's Pension Plan, a defined benefit pension plan that covers 75 police and fire personnel employed prior to October 1964.

Garfield Pension Fund records the activity of the Garfield Pension Plan, a defined contribution pension plan that was set up for a retired police chief.

Private-Purpose Trust Funds

Pt. Molate Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate.

Successor Agency to the Richmond Community Redevelopment Agency Fund accounts for the activities of the Successor Agency to the former Redevelopment Agency.

City of Richmond
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2021

	Pension			
	General Pension	Police and Firemen's Pension	Garfield Pension	Total
ASSETS				
Restricted cash and investments	$ 1,092,667	$ 71,321	$ 62,921	$ 1,226,909
Local Agency Investment Fund	-	-	186,062	186,062
Mutual fund investments	-	13,042,440	-	13,042,440
Interest receivable	359	86	22	467
Total assets	1,093,026	13,113,847	249,005	14,455,878
NET POSITION:				
Restricted for employees' pension and OPEB benefits	1,093,026	13,113,847	249,005	14,455,878
Total net position	$ 1,093,026	$ 13,113,847	$ 249,005	$ 14,455,878

City of Richmond
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the year ended June 30, 2021

	Pension			
	General Pension	Police and Firemen's Pension	Garfield Pension	Total
ADDITIONS:				
Contributions to trust - employers	$ 319,025	$ 937,004	$ -	$ 1,256,029
Net investment income:				
Net increase (decrease) in fair value of investments	101	2,392,461	22	2,392,584
Interest income	5,400	207,245	1,963	214,608
Less investment management fees	-	(72,568)	-	(72,568)
Total additions	324,526	3,464,142	1,985	3,790,653
DEDUCTIONS:				
Pension and OPEB benefits	401,991	1,412,673	50,049	1,864,713
Total deductions	401,991	1,412,673	50,049	1,864,713
Change in net position	(77,465)	2,051,469	(48,064)	1,925,940
NET POSITION:				
Beginning of year	1,170,491	11,062,378	297,069	12,529,938
End of year	$ 1,093,026	$ 13,113,847	$ 249,005	$ 14,455,878

City of Richmond
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2021

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
ASSETS			
Cash and investments	$ -	$ 7,075,368	$ 7,075,368
Restricted cash and investments	2,266,164	15,439,808	17,705,972
Accounts receivable	-	33,665	33,665
Interest receivable	131	22,141	22,272
Grants receivable	-	451,406	451,406
Loans receivable	-	1,021,000	1,021,000
Prepaids and other assets	-	5,716,860	5,716,860
Total assets	2,266,295	29,760,248	32,026,543
DEFERRED OUTFLOWS OF RESOURCES			
Deferred ouflows of resources - deferred loss on refunding	-	436,160	436,160
Total deferred outflows of resources	-	436,160	436,160
LIABILITIES			
Accounts payable and accrued liabilities	71,757	194,505	266,262
Interest payable	-	697,901	697,901
Long-term debt:			
Due within one year	-	6,645,000	6,645,000
Due in more than one year	-	53,465,925	53,465,925
Total liabilities	71,757	61,003,331	61,075,088
NET POSITION:			
Held in trust for other governments	2,194,538	(30,806,923)	(28,612,385)
Total net position	$ 2,194,538	$ (30,806,923)	$ (28,612,385)

City of Richmond
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2021

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
ADDITIONS:			
Property taxes	$ -	$ 12,927,768	$ 12,927,768
Contributions from the City	-	451,406	451,406
Interest income	1,989	1,044,655	1,046,644
Gain from sale of property	-	925,585	925,585
Total additions	1,989	15,349,414	15,351,403
DEDUCTIONS:			
Community development	-	1,970,023	1,970,023
Payments in accordance with trust agreements	211,835	-	211,835
Interest and fiscal charges	-	4,128,651	4,128,651
Total deductions	211,835	6,098,674	6,310,509
Change in net position	(209,846)	9,250,740	9,040,894
NET POSITION:			
Beginning of year	2,404,384	(40,057,663)	(37,653,279)
End of year	$ 2,194,538	$ (30,806,923)	$ (28,612,385)

City of Richmond
Subcombining Statement of Fiduciary Net Position
Successor Agency to the Richmond Community Redevelopment Agency
June 30, 2021

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
ASSETS				
Cash and investments	$ 5,166,462	$ 16,627	$ 1,891,316	$ -
Restricted cash and investments	-	-	3,678,229	-
Accounts receivable	-	-	33,665	-
Interest receivable	-	-	22,141	-
Grants receivable	-	-	451,406	-
Loans receivable	-	-	1,021,000	-
Prepaids and other assets	-	-	5,716,860	-
Total assets	5,166,462	16,627	12,814,617	-
DEFERRED OUTFLOWS OF RESOURCES				
Deferred ouflows of resources - deferred loss on refunding	-	-	-	-
Total deferred outflows of resources	-	-	-	-
LIABILITIES				
Accounts payable and accrued liabilities	-	16,627	176,915	-
Interest payable	-	-	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	16,627	176,915	-
NET POSITION:				
Held in trust for successor agency	5,166,462	-	12,637,702	-
Total net position	$ 5,166,462	$ -	$ 12,637,702	$ -

Bond Payments	Intrafund Eliminations	Total
$ 963	$ -	$ 7,075,368
11,761,579	-	15,439,808
-	-	33,665
-	-	22,141
-	-	451,406
-	-	1,021,000
-	-	5,716,860
11,762,542	-	29,760,248
436,160	-	436,160
436,160	-	436,160
963	-	194,505
697,901	-	697,901
6,645,000	-	6,645,000
53,465,925	-	53,465,925
60,809,789	-	61,003,331
(48,611,087)	-	(30,806,923)
$ (48,611,087)	$ -	$ (30,806,923)

City of Richmond
Subcombining Statement of Changes in Fiduciary Net Position
Successor Agency to the Richmond Community Redevelopment Agency
For the year ended June 30, 2021

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
ADDITIONS:				
Property taxes	$ 12,927,768	$ -	$ -	$ -
Contributions from the local agency	-	-	451,406	-
Contributions from employees	-	-	-	-
Net investment income:				
Net increase (decrease) in fair value of investments	-	-	-	-
Interest income	-	-	59,996	-
Less investment management fees	-	-	-	-
Transfers from other funds	-	309,863	85,457	-
Gain from sale of property	-	-	925,585	-
Total additions	12,927,768	309,863	1,522,444	-
DEDUCTIONS:				
Community development	-	309,863	1,074,504	-
Interest and fiscal charges	-	-	-	-
Transfers to other funds	13,975,965	-	6,211,600	-
Total deductions	13,975,965	309,863	7,286,104	-
Change in net position	(1,048,197)	-	(5,763,660)	-
NET POSITION:				
Beginning of year	6,214,659	-	18,401,362	-
End of year	$ 5,166,462	$ -	$ 12,637,702	$ -

Bond Payments	Intrafund Eliminations	Total
$ -	$ -	$ 12,927,768
-	-	451,406
-	-	-
-	-	-
984,659	-	1,044,655
-	-	-
19,792,245	(20,187,565)	-
-	-	925,585
20,776,904	(20,187,565)	15,349,414
585,656	-	1,970,023
4,128,651	-	4,128,651
-	(20,187,565)	-
4,714,307	(20,187,565)	6,098,674
16,062,597	-	9,250,740
(64,673,684)	-	(40,057,663)
$ (48,611,087)	$ -	$ (30,806,923)

This page intentionally left blank

CUSTODIAL FUNDS

Custodial Funds

Special Assessment Fund accounts for the monies collected and disbursed for land-based debt, where the City is not obligated for the debt.

General Agency Fund accounts for the assets held by the City as an agent for individuals, private organizations, and other governments.

Johnson Library Fund accounts for nonexpendable funds to be used to provide funding for special library projects.

Senior Center Fund accounts for assets held by the City in an agent capacity for programs benefiting the senior citizens residing within the City.

JPFA Reassessment Fund receives secured tax payments (from assessment rolls), and makes payments on the JPFA Revenue Reassessment Bonds; Series 2011A.

2016 A&B Reassessment District Fund receives payments of principal and interest on prior assessment bonds, and makes payment on the JPFA Reassessment Revenue Bonds Series A and B.

City of Richmond
Combining Statement of Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2021

	Special Assessment	General Agency	Johnson Library
ASSETS			
Cash and investments	$ 895,415	$ 2,691,854	$ 10,765
Restricted cash and investments	342,219	17,264	-
Interest receivable	259	847	4
Total assets	1,237,893	2,709,965	10,769
LIABILITIES			
Accounts payable and accrued liabilities	-	3,691	-
Total liabilities	-	3,691	-
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	1,237,893	2,706,274	10,769
Total net position	$ 1,237,893	$ 2,706,274	$ 10,769

Senior Center	JPFA Reassessment	2016 A&B Reassessment District	Total Custodial Funds
$ 64,927	$ 1,845,567	$ 1,063,705	$ 6,572,233
-	-	564,014	923,497
21	576	298	2,005
64,948	1,846,143	1,628,017	7,497,735
1,965	-	-	5,656
1,965	-	-	5,656
62,983	1,846,143	1,628,017	7,492,079
$ 62,983	$ 1,846,143	$ 1,628,017	$ 7,492,079

City of Richmond
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2021

	Special Assessment	General Agency	Johnson Library
ADDITIONS:			
Property taxes	$ 316,243	$ -	$ -
Contributions	-	1,501,073	-
Net investment income:			
Interest income	3,474	12,433	46
Total additions	319,717	1,513,506	46
DEDUCTIONS:			
Interest and fiscal charges	307,186	-	-
Other	13,324	460,457	-
Total deductions	320,510	460,457	-
Change in net position	(793)	1,053,049	46
NET POSITION:			
Beginning of year	-	-	-
Restatements	1,238,686	1,653,225	10,723
Beginning of year, as restated	1,238,686	1,653,225	10,723
End of year	$ 1,237,893	$ 2,706,274	$ 10,769

Senior Center	JPFA Reassessment	2016 A&B Reassessment District	Total Custodial Funds
$ 2,997	$ -	$ 885,094	$ 1,204,334
-	-	-	1,501,073
301	7,912	3,140	27,306
3,298	7,912	888,234	2,732,713
-	-	668,592	975,778
10,947	-	16,128	500,856
10,947	-	684,720	1,476,634
(7,649)	7,912	203,514	1,256,079
-	-	-	-
70,632	1,838,231	1,424,503	6,236,000
70,632	1,838,231	1,424,503	6,236,000
$ 62,983	$ 1,846,143	$ 1,628,017	$ 7,492,079

This page intentionally left blank

STATISTICAL SECTION (UNAUDITED)

This page intentionally left blank

STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections
5. Utility Users Tax Collections
6. Utility Users Tax Direct Rates
7. Top Ten Utility Users Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage - 1999, 2006, 2008, 2010A & 2010B Wastewater Revenue Bonds
3. Revenue Bond Coverage - 1996, 1999, 2004, 2007, and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds.
4. General Bonded Debt - Pension Obligation Bonds
5. Bonded Debt Pledged Revenue Coverage - Tax Allocation Bonds all Refunding Bonds
6. Computation of Direct and Overlapping Debt
7. Computation of Legal Bonded Debt Margin

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

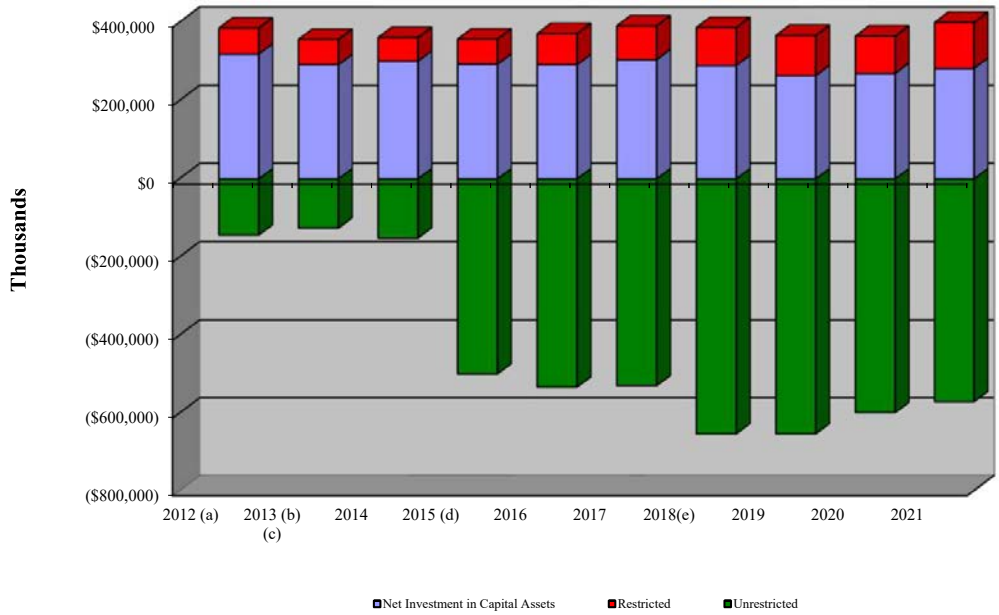
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

This page intentionally left blank

CITY OF RICHMOND
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30				
	2012 (a)	**2013 (b) (c)**	**2014**	**2015 (d)**	**2016**
Governmental activities					
Net investment in capital assets	$242,281,323	$214,572,546	$227,828,243	$218,144,811	$228,292,389
Restricted	57,989,820	55,396,056	50,461,923	54,578,939	70,322,707
Unrestricted	(118,620,471)	(119,231,699)	(148,161,106)	(479,961,080)	(508,981,299)
Total governmental activities net position	$181,650,672	$150,736,903	$130,129,060	($207,237,330)	($210,366,203)
Business-type activities					
Net investment in capital assets	$76,731,871	$76,966,448	$72,911,000	$74,922,303	$63,405,228
Restricted	8,169,878	9,196,255	9,793,767	9,408,237	9,008,038
Unrestricted	(24,759,367)	(6,365,742)	(3,096,845)	(18,432,590)	(23,382,659)
Total business-type activities net position	$60,142,382	$79,796,961	$79,607,922	$65,897,950	$49,030,607
Primary government					
Net investment in capital assets	$319,013,194	$291,538,994	$300,739,243	$293,067,114	$291,697,617
Restricted	66,159,698	64,592,311	60,255,690	63,987,176	79,330,745
Unrestricted	(143,379,838)	(125,597,441)	(151,257,951)	(498,393,670)	(532,363,958)
Total primary government net position	$241,793,054	$230,533,864	$209,736,982	($141,339,380)	($161,335,596)

(a) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.
(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
(c) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.
(d) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.
(e) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

Fiscal Year Ended June 30				
2017	**2018(e)**	**2019**	**2020**	**2021**
$233,619,046	$221,336,363	$211,717,676	$205,374,054	$206,419,763
76,810,440	87,380,363	93,157,922	93,703,974	103,401,613
(504,602,583)	(625,067,289)	(644,341,826)	(597,270,745)	(568,565,683)
($194,173,097)	($316,350,563)	($339,466,228)	($298,192,717)	($258,744,307)
$71,000,240	$68,213,687	$52,161,380	$64,270,898	$75,738,268
9,441,288	9,514,522	9,440,965	1,517,087	13,859,999
(24,096,174)	(27,908,968)	(8,644,683)	(1,045,003)	(1,417,443)
$56,345,354	$49,819,241	$52,957,662	$64,742,982	$88,180,824
$304,619,286	$289,550,050	$263,879,056	$269,644,952	$282,158,031
86,251,728	96,894,885	102,598,887	95,221,061	117,261,612
(528,698,757)	(652,976,257)	(652,986,509)	(598,315,748)	(569,983,126)
($137,827,743)	($266,531,322)	($286,508,566)	($233,449,735)	($170,563,483)

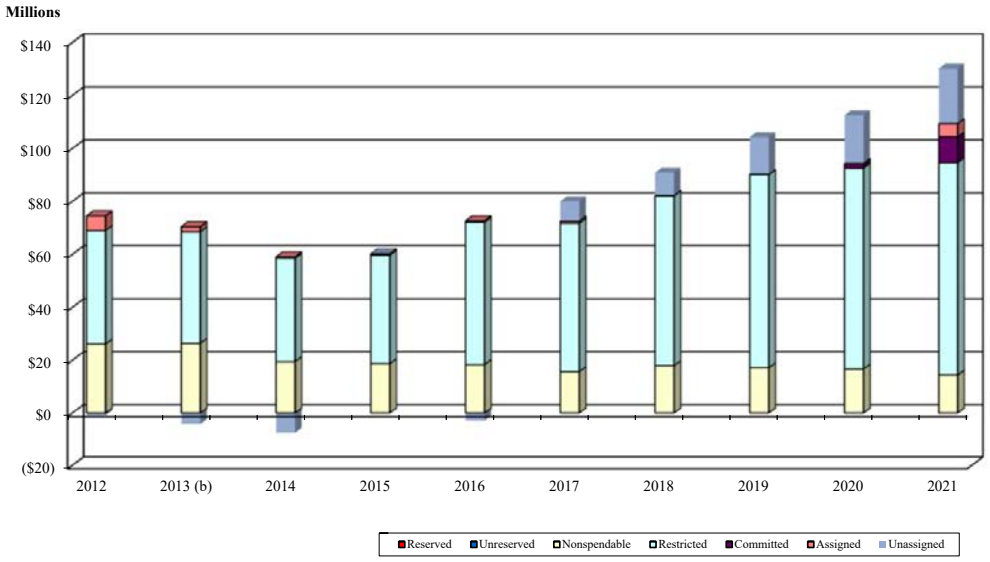
CITY OF RICHMOND
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30				
	2012	**2013 (b)**	**2014**	**2015 (c)**	**2016**
Expenses					
Governmental Activities:					
General Government	$32,549,754	$35,272,517	$36,119,297	$28,879,074	$32,197,941
Public Safety	100,403,365	97,136,602	102,664,551	102,732,652	107,380,286
Public Works	42,747,958	46,011,618	46,403,830	43,363,799	44,410,102
Community Development	5,845,968	4,909,158	4,618,101	4,771,875	5,003,045
Cultural and Recreational	14,583,687	12,129,962	10,808,931	10,492,020	11,021,226
Housing and Redevelopment	19,768,765	2,816,094	1,984,908	2,751,290	2,051,898
Interest and Fiscal Charges	19,633,486	15,411,831	19,439,248	17,219,905	18,902,831
Total Governmental Activities Expenses	235,532,983	213,687,782	222,038,866	210,210,615	220,967,329
Business-Type Activities:					
Richmond Housing Authority	30,989,229	28,992,229	29,771,151	28,049,474	26,385,133
Port of Richmond	7,868,918	9,337,252	9,530,693	9,923,282	11,132,997
Richmond Marina	1,681,461	266,918	253,190	235,054	237,129
Municipal Sewer	14,655,752	16,964,175	16,298,623	15,965,608	16,446,626
Storm Sewer	2,744,775	2,815,541	3,210,678	3,282,406	2,465,929
Cable TV	1,037,142	990,802	890,846	948,426	2,114,436
Total Business-Type Activities Expenses	58,977,277	59,366,917	59,955,181	58,404,250	58,782,250
Total Primary Government Expenses	$294,510,260	$273,054,699	$281,994,047	$268,614,865	$279,749,579
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	$8,496,532	$11,596,612	$16,917,113	$11,107,654	$12,468,525
Public Safety	5,075,588	5,400,290	6,217,749	10,466,292	7,271,472
Public Works	2,596,312	3,090,211	4,160,804	3,609,577	3,936,242
Community Development	361,706	234,836	405,404	1,385,689	1,069,767
Cultural and Recreational	1,118,777	516,499	584,475	475,091	1,128,267
Housing and Redevelopment					42,040
Operating Grants and Contributions	11,259,829	9,703,416	8,434,018	9,231,039	20,994,534
Capital Grants and Contributions	17,238,057	11,360,153	34,530,908	21,097,186	17,534,992
Total Government Activities Program Revenues	46,146,801	41,902,017	71,250,471	57,372,528	64,445,839
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority	2,354,197	2,619,669	2,638,834	1,917,602	1,851,337
Port of Richmond	7,745,580	9,043,026	10,201,751	9,480,367	10,581,419
Richmond Marina	259,777	466,921	456,956	488,201	517,108
Municipal Sewer	17,565,632	17,733,454	18,569,191	19,033,406	19,757,863
Storm Sewer	1,800,536	1,842,001	1,869,064	1,845,648	1,966,537
Cable TV	1,022,100	1,320,552	1,228,864	1,376,194	1,320,486
Operating Grants and Contributions	22,742,102	22,323,336	21,953,401	22,112,391	21,951,328
Capital Grants and Contributions	3,775,002	10,087,538	1,673,398	2,189,724	2,155,686
Total Business-Type Activities Program Revenue	57,264,926	65,436,497	58,591,459	58,443,533	60,101,764
Total Primary Government Program Revenues	$103,411,727	$107,338,514	$129,841,930	$115,816,061	$124,547,603
Net (Expense)/Revenue					
Governmental Activities	($189,386,182)	($171,785,765)	($150,788,395)	($152,838,087)	($156,521,490)
Business-Type Activities	(1,712,351)	6,069,580	(1,363,722)	39,283	1,319,514
Total Primary Government Net Expense	($191,098,533)	($165,716,185)	($152,152,117)	($152,798,804)	($155,201,976)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes:					
Current Collections	$52,219,777	$47,207,734	$42,226,820	$45,129,392	$51,302,638
Sales Taxes	27,788,339	29,865,548	29,627,711	33,155,376	40,877,125
Utility User Taxes	45,984,315	48,398,349	48,033,706	48,299,958	43,365,249
Documentary Transfer Taxes	2,765,842	2,957,834	3,461,473	4,818,936	6,187,096
Other Taxes	3,784,986	3,289,518	3,592,218	5,099,511	5,734,802
Unrestricted Intergovernmental	4,752,245	44,814		1,806,532	43,312
Use of Money and Property	(22,064,295)	11,331,823	(1,164,987)	(4,752,198)	1,198,266
Gain From Sale of Capital Assets			174,874	268,927	262,667
Miscellaneous	7,917,715	3,461,402	3,229,898	2,151,042	4,258,061
Pension Stabilization Revenue	2,544,175	2,549,922	998,839	954,202	915,860
Developer Revenue Sharing	55,958				
Transfers	1,030,428	(590,394)		178,487	600,000
Special/Extraordinary Items:					
Swap Termination					(16,321,171)
Transfer of Loans to Housing Successor					
Assets Transferred To/Liabilities Assumed By					14,968,712
Housing Successor/Successor Agency	84,426,106 (a)	(5,328,244)			
Total Government Activities	211,205,591	143,188,306	130,180,552	137,110,165	153,392,617
Business-Type Activities:					
Taxes:					
Property Taxes					
Use of Money and Property	(5,331,300)	4,054,073	(185,246)	(563,129)	(3,076,857)
Settlement					
Other					
Special Item					(14,510,000)
Transfers	(1,030,428)	590,394		(178,487)	(600,000)
Extraordinary Items		9,023,704	1,359,929		
Total Business-Type Activities	(6,361,728)	13,668,171	1,174,683	(741,616)	(18,186,857)
Total Primary Government	$204,843,863	$156,856,477	$131,355,235	$136,368,549	$135,205,760
Change in Net Position					
Governmental Activities	$21,819,409	($28,597,459)	($20,607,843)	($15,727,922)	($3,128,873)
Business-Type Activities	(8,074,079)	19,737,751	(189,039)	(702,333)	(16,867,343)
Total Primary Government	$13,745,330	($8,859,708)	($20,796,882)	($16,430,255)	($19,996,216)

(a) The Redevelopment Agency was dissolved effective January 31, 2012 and its net position transferred to a Successor Agency.
(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
(c) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.
(d) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

Fiscal Year Ended June 30				
2017	2018 (d)	2019	2020	2021
$34,851,005	$45,715,329	$45,626,305	$43,495,871	$47,854,126
104,919,259	114,932,219	116,621,006	108,947,688	93,441,711
41,558,084	48,617,290	49,893,124	45,051,479	33,979,639
3,290,142	4,589,328	5,791,630	4,115,214	4,433,192
10,996,526	14,280,985	15,074,312	10,409,881	9,006,470
7,449,423	3,442,239	2,676,897	2,807,611	3,108,240
16,387,887	16,127,479	15,380,005	14,896,558	12,825,356
219,452,326	247,704,869	251,063,279	229,724,302	204,648,734
26,241,916	30,978,813	36,766,319	5,834,686	3,607,603
10,102,104	10,257,553	8,811,486	7,744,773	6,263,232
230,621	327,442	273,929	21,767,690	20,466,640
17,720,735	21,696,370	19,259,997	241,445	227,391
2,320,723	1,661,808	1,643,453	1,965,353	1,796,422
1,028,185	1,697,155	973,747	671,790	788,957
57,644,284	66,619,141	67,728,931	38,225,737	33,150,245
$277,096,610	$314,324,010	$318,792,210	$267,950,039	$237,798,979
$15,543,381	$16,838,782	$15,310,347	$13,211,033	$13,777,010
8,932,212	8,147,458	7,124,227	6,631,900	3,674,412
4,796,586	6,529,172	5,118,216	7,792,157	7,198,221
615,388	1,748,222	1,603,581	827,055	665,999
1,252,192	1,545,399	2,200,702	1,111,472	814,073
	1,878,958	2,189,703		
16,083,370	20,556,989	20,514,833	25,354,387	29,316,141
14,008,833	10,471,376	5,778,572	4,987,273	4,386,950
61,231,962	67,716,356	59,840,181	59,915,277	59,832,806
3,067,020	1,740,399	3,329,072	841,319	861,943
10,182,777	10,580,246	10,629,229	10,454,061	10,704,024
540,567	537,438	602,591	27,934,684	27,759,474
20,767,925	22,447,439	24,476,967	564,988	574,453
1,992,758	2,068,110	1,942,171	2,087,561	2,103,928
1,339,104	1,281,952	1,240,754	1,203,837	1,145,936
22,636,922	26,098,804	28,666,300	4,027,791	3,771,674
969,910	1,155,536	2,170,137	322,164	13,167
61,496,983	65,909,924	73,057,221	47,436,405	46,934,599
$122,728,945	$133,626,280	$132,897,402	$107,351,682	$106,767,405
($158,220,364)	($179,988,513)	($191,223,098)	($169,809,025)	($144,815,928)
3,852,699	(709,217)	5,328,290	9,210,668	13,784,354
($154,367,665)	($180,697,730)	($185,894,808)	($160,598,357)	($131,031,574)
$56,588,547	59,441,796	60,592,022	63,004,942	65,075,408
41,620,189	44,474,973	47,659,481	44,537,156	48,998,406
44,966,489	46,079,755	45,905,937	45,552,523	45,240,705
7,452,985	6,486,347	8,011,672	8,707,564	19,857,680
5,329,465	6,144,968	6,227,213	7,127,375	7,424,135
49,448	58,842	4,705,047	5,367,784	6,593,602
12,230,256	7,000,785	(6,825,744)	2,946,978	1,461,004
64,651	39,226	71,779	82,036	71,458
5,138,724	4,195,794	1,980,973	1,992,600	1,357,022
885,938				
86,778	86,778	(220,947)	86,778	(11,279,988)
	1,208,259			
174,413,470	175,217,523	168,107,433	179,405,736	184,799,432
3,548,826	3,431,293	(1,015,459)	770,319	145,810
(86,778)	(86,778)	220,947	(86,778)	11,279,988
3,462,048	3,344,515	(794,512)	683,541	11,425,798
$177,875,518	$178,562,038	$167,312,921	$180,089,277	$196,225,230
$16,193,106	($4,770,990)	($23,115,665)	$9,596,711	$39,983,504
7,314,747	2,635,298	4,533,778	9,894,209	25,210,152
$23,507,853	($2,135,692)	($18,581,887)	$19,490,920	$65,193,656

CITY OF RICHMOND
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30										
	2012	2013 (b)	2014	2015	2016	2017	2018	2019	2020	2021	
General Fund											
Nonspendable	$25,944,325	$26,366,829	$19,505,987	$18,708,682	$18,404,669	$15,697,680	$17,967,653	$17,170,714	$16,705,993	$14,399,738	
Committed									1,500,000	9,800,000	
Assigned	377,181	219,646	56,786	23,934	4,460	10,013	72,506	63,180	113,349	2,436,475	
Unassigned	11,036,847	10,238,862	7,979,055	9,949,120	10,988,266	19,709,197	17,590,764	19,534,660	20,326,889	22,477,829	
Total General Fund	$37,358,353	$36,825,337	$27,541,828	$28,681,736	$29,397,395	$35,416,890	$35,630,923	$36,768,554	$38,646,231	$49,114,042	(a)
All Other Governmental Funds											
Nonspendable	$174,067			$484	$550						
Restricted	42,888,150	$42,117,459	$39,066,351	41,017,602	53,752,247	$56,052,014	$64,125,353	$72,865,392	$75,880,927	$80,161,994	
Committed											
Assigned	5,147,506	1,734,260	428,766	430,083	431,867	782,617	43,906	44,602	45,264	2,521,099	
Unassigned	(11,929,833)	(14,357,112)	(15,499,990)	(9,755,130)	(13,824,433)	(12,190,388)	(8,939,781)	(5,403,755)	(2,000,302)	(1,677,775)	
Total all other governmental funds	$36,279,890	$29,494,607	$23,995,127	$31,693,039	$40,360,231	$44,644,243	$55,229,478	$67,506,239	$73,925,889	$81,005,318	(a)

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.

This page intentionally left blank

CITY OF RICHMOND
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenues					
Property taxes	$51,964,005	$48,518,328	$43,559,305	$46,498,061	$52,714,540
Sales taxes	27,788,339	29,865,548	29,627,711	33,131,486	40,877,125
Utility user fees	50,984,315	48,398,349	48,033,706	48,299,958	43,365,249
Other taxes	6,550,828	6,247,352	7,053,691	9,918,447	11,628,519
Licenses, permits and fees	9,393,833	11,830,426	7,713,634	12,409,625	12,235,483
Developer revenue sharing	55,958				
Fines, forfeitures and penalties	536,510	617,509	821,411	1,353,518	901,838
Use of money and property	932,393	557,936	153,958	225,529	212,787
Intergovernmental	36,121,561	19,995,922	17,078,035	19,228,997	14,440,543
Private grants					12,971,138
Charges for services	9,204,016	9,350,051	20,022,968	13,607,840	13,462,270
Pension stabilization revenue	2,544,175	2,549,922	998,839	954,202	915,860
Rent	793,144	681,141	708,626	809,113	768,753
Other	7,142,854	2,703,133	2,845,117	1,977,688	4,300,150
Total Revenues	204,011,931	181,315,617	178,617,001	188,414,464	208,794,255
Expenditures					
Current:					
General government	30,303,614	33,251,610	32,005,878	29,786,089	31,819,369
Public safety	87,286,248	87,573,539	91,676,955	90,219,981	94,774,545
Public works	25,555,928	26,065,996	26,363,885	25,806,437	25,690,663
Community development	5,643,542	4,709,478	4,357,885	4,586,333	4,843,687
Cultural and recreational	12,183,399	11,175,362	10,223,708	10,021,481	10,551,337
Housing and redevelopment	6,267,418	3,089,640	2,266,265	2,625,533	3,038,135
SERAF					
Capital outlay	28,721,772	15,704,486	14,365,888	8,178,649	8,566,563
Debt service:					
Principal repayment	14,312,544	8,691,629	6,775,769	7,842,830	9,148,909
Interest and fiscal charges	11,393,091	7,504,922	10,989,996	13,407,604	12,503,442
Swap termination payment					28,554,000
Total Expenditures	221,667,556	197,766,662	199,026,229	192,474,937	229,490,650
Excess (deficiency) of revenues over (under) expenditures	(17,655,625)	(16,451,045)	(20,409,228)	(4,060,473)	(20,696,395)
Other Financing Sources (Uses)					
Transfers in	38,456,022	21,145,031	20,145,264	12,879,975	12,124,166
Transfers out	(33,437,663)	(19,666,470)	(20,859,344)	(13,815,569)	(12,091,206)
Sale of property	188,489	53,618	174,874	268,927	262,667
Payment to refund bond escrow agent					
Issuance of long-term debt	3,214,243	2,621,558	6,165,445	11,175,436	28,390,000
Bond issuance premium	109,701	106,740		82,880	1,393,619
Total other financing sources (uses)	8,530,792	4,260,477	5,626,239	10,591,649	30,079,246
Special and Extraordinary Items					
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency	(33,902,636) (a)				
Transfer of loans to housing successor					
Interfund advance restructuring		745,119			
Total Special and Extraordinary Items	(33,902,636)	745,119			
Net Change in fund balances	($43,027,469)	($11,445,449)	($14,782,989)	$6,531,176	$9,382,851
Debt service as a percentage of noncapital expenditures	12.3%	8.7%	9.4%	11.4%	9.8%

NOTE:
(a) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

Fiscal Year Ended June 30,				
2017	2018	2019	2020	2021
$58,042,766	$60,963,189	$66,816,032	$68,285,321	$70,294,487
41,620,189	44,474,973	47,659,481	44,537,156	48,998,406
44,966,489	46,079,755	45,905,937	45,552,523	45,240,705
12,566,579	12,413,127	14,020,347	15,619,151	27,066,292
16,577,695	21,552,883	18,865,730	15,385,538	18,316,552
1,065,421	1,001,927	964,255	815,910	455,470
422,324	746,525	1,302,922	1,302,020	472,216
19,913,858	20,137,593	17,691,976	24,284,779	23,912,334
5,000,000	9,000,000	9,000,000		
15,947,909	17,045,201	16,625,733	16,807,806	15,371,589
885,938				
839,821	852,940	988,741	892,579	699,301
5,472,719	4,418,779	2,999,947	1,998,535	1,491,314
223,321,708	238,686,892	242,841,101	235,481,318	252,318,666
36,973,645	44,009,256	42,470,628	47,122,400	47,429,988
95,479,682	96,546,035	99,824,574	100,037,206	97,682,457
30,327,553	35,016,495	37,133,097	34,207,196	32,067,844
6,374,607	8,057,638	5,126,848	5,189,613	5,606,322
10,786,216	11,347,436	12,713,460	11,482,027	9,717,875
7,672,540	1,942,637	3,436,988	3,544,492	3,225,876
3,667,134	10,000,595	5,774,234	4,871,461	6,135,189
9,966,416	11,032,933	12,518,807	12,552,283	14,423,082
11,471,169	10,785,342	10,026,887	10,431,652	7,044,795
212,718,962	228,738,367	229,025,523	229,438,330	223,333,428
10,602,746	9,948,525	13,815,578	6,042,988	28,985,238
18,770,780	14,472,164	19,215,848	18,336,677	15,524,305
(19,251,041)	(14,868,906)	(19,688,813)	(18,221,126)	(27,033,761)
181,022	39,226	71,779	82,036	71,458
			(77,315,000)	
			79,171,752	
(299,239)	(357,516)	(401,186)	2,054,339	(11,437,998)
	1,208,259			
	1,208,259			
$10,303,507	$10,799,268	$13,414,392	$8,097,327	$17,547,240
10.3%	10.0%	10.2%	10.3%	9.9%

CITY OF RICHMOND
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
ASSESSED VALUE [1]										
Land	$3,329,164	$3,216,147	$3,218,339	$3,781,609	$4,186,239	$4,520,312	$4,946,654	$5,423,245	$5,888,775	$6,277,934
Improvements	7,413,276	9,268,934	7,181,567	8,187,280	8,683,770	9,216,704	9,400,903	10,129,347	10,214,867	10,541,291
Total Real Property	10,742,440	12,485,081	10,399,906	11,968,889	12,870,009	13,737,016	14,347,557	15,552,592	16,103,642	16,819,225
Personal Property	681,204	795,573	53,195	460,661	669,634	585,832	$589,457	$584,968	$617,157	$652,386
TOTAL	$11,423,644	$13,280,654	$10,453,101	$12,429,550	$13,539,643	$14,322,848	$14,937,014	$16,137,560	$16,720,799	$17,471,611
EXEMPTIONS[2]										
Homeowners[a]	$107,571	$104,144	$100,680	$98,456	$96,539	$95,052	$94,266	$93,219	$91,907	$91,372
Other[b]	495,344	519,976	527,179	587,350	641,475	688,713	760,841	809,325	932,222	1,008,837
TOTAL	$602,915	$624,120	$627,859	$685,806	$738,014	$783,765	$855,107	$902,544	$1,024,129	$1,100,209
ASSESSED VALUE										
(Net of Exemptions)	$10,820,729	$12,656,534	$9,825,242	$11,743,744	$12,801,629	$13,539,083	$14,081,907	$15,235,016	$15,696,670	$16,371,402
Redevelopment Tax Increments[3]	1,578,082	1,558,233	1,595,033	1,799,831	2,055,811	2,248,742	2,567,061	2,892,823	3,175,294	3,175,294
NET ASSESSED VALUE	$9,242,647	$11,098,301	$8,230,209	$9,943,913	$10,745,818	$11,290,341	$11,514,846	$12,342,193	$12,521,376	$13,196,108
NET INCREASE (DECREASE)	$601,337	$1,855,654	($2,868,092)	$1,713,704	$801,905	$544,523	$224,505	$827,347	$179,183	$674,732
% OF INCREASE (DECREASE)	6.96%	20.08%	-25.84%	20.82%	8.06%	5.07%	1.99%	7.19%	1.45%	5.39%
Total Direct Tax Rate[4]	0.00000%	0.38653%	0.41948%	0.41930%	0.43781%	0.43675%	0.43591%	0.43540%	0.43473%	0.43394%

[1] Assessed value (full cash value) of taxable property represents all property within the City. For the fiscal year 1981-82 and thereafter, the assessed value is 100% of the full cash value in accordance with State legislation. The maximum tax rate is 1% of the full cash value or $1/$100 of the assessed value, excluding the tax rate for debt service.

[2] Exemptions are summarized as follows:
(a) Homeowners' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homeowners' exemption in Article XIII(3)(k).
(b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

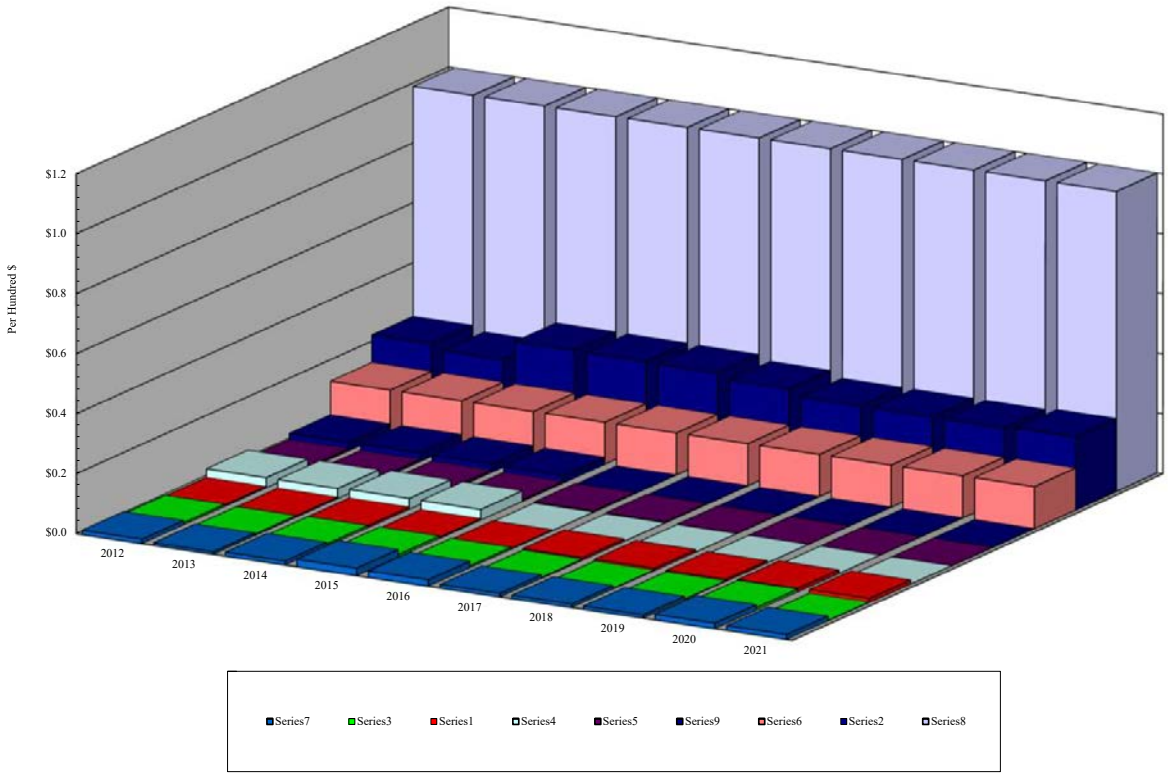
[3] Tax increments are allocations made to the Redevelopment Agency under authority of California Constitution, Article XVI.

[4] California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
The City of Richmond encompasses more than 92 tax rate areas.
See Property Tax Rates statistics for additional information.

Source: County of Contra Costa, Office of the Auditor-Controller
HdL reports

This page intentionally left blank

CITY OF RICHMOND
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy (1)	City of Richmond 1981 Pension Liability (2)	BART	East Bay Regional Parks District	Acalanes Union	East Bay MUD Dist. 1 Bond	Orinda Elementary	West Contra Costa Unified	Contra Costa Community College	Total Direct & Overlapping Tax Rates (3)
2012	1.00000	0.14000	0.00410	0.00710	0.03330	0.00670	0.02740	0.23220	0.01440	1.46520
2013	1.00000	0.14000	0.00430	0.00510	0.03330	0.00680	0.02730	0.21570	0.00870	1.44120
2014	1.00000	0.14000	0.00750	0.00780	0.03610	0.00660	0.02550	0.28180	0.01330	1.51860
2015	1.00000	0.14000	0.00450	0.00850	0.03500	0.00470	0.02320	0.28030	0.02520	1.52140
2016	1.00000	0.14000	0.00260	0.00670	0.00000	0.00340	0.00000	0.27810	0.02200	1.45280
2017	1.00000	0.14000	0.00800	0.00320	0.00000	0.00280	0.00000	0.26040	0.01200	1.42640
2018	1.00000	0.14000	0.00840	0.00210	0.00000	0.00110	0.00000	0.23970	0.01140	1.40270
2019	1.00000	0.14000	0.00700	0.00210	0.00000	0.00000	0.00000	0.23900	0.01100	1.39910
2020	1.00000	0.14000	0.01200	0.00940	0.00000	0.00000	0.00000	0.23790	0.01880	1.41810
2021	1.00000	0.14000	0.01390	0.00140	0.00000	0.00000	0.00000	0.24320	0.01610	1.41460

NOTES:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Voter approved debt.

(3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(4) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest next taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

(5) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California state statute. RDA direct and overlapping rates are applied only to the incremental property values.

(6) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes the rates reported, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: County of Contra Costa, Office of the Auditor-Controller

City's Share of 1% Levy Per Prop 13 (4)	General Obligation Debt Rate	Redevelopment Rate (5)	Total Direct Rate (6)
0.28784	0.14000	1.14710	0.40618
0.28784	0.14000	0.00000	0.38653
0.28784	0.14000	0.00000	0.41948
0.28784	0.14000	0.00000	0.41930
0.28784	0.14000	0.00000	0.43781
0.28784	0.14000	0.00000	0.43675
0.28784	0.14000	0.00000	0.43591
0.28784	0.14000	0.00000	0.43540
0.28784	0.14000	0.00000	0.43473
0.28784	0.14000	0.00000	0.43394

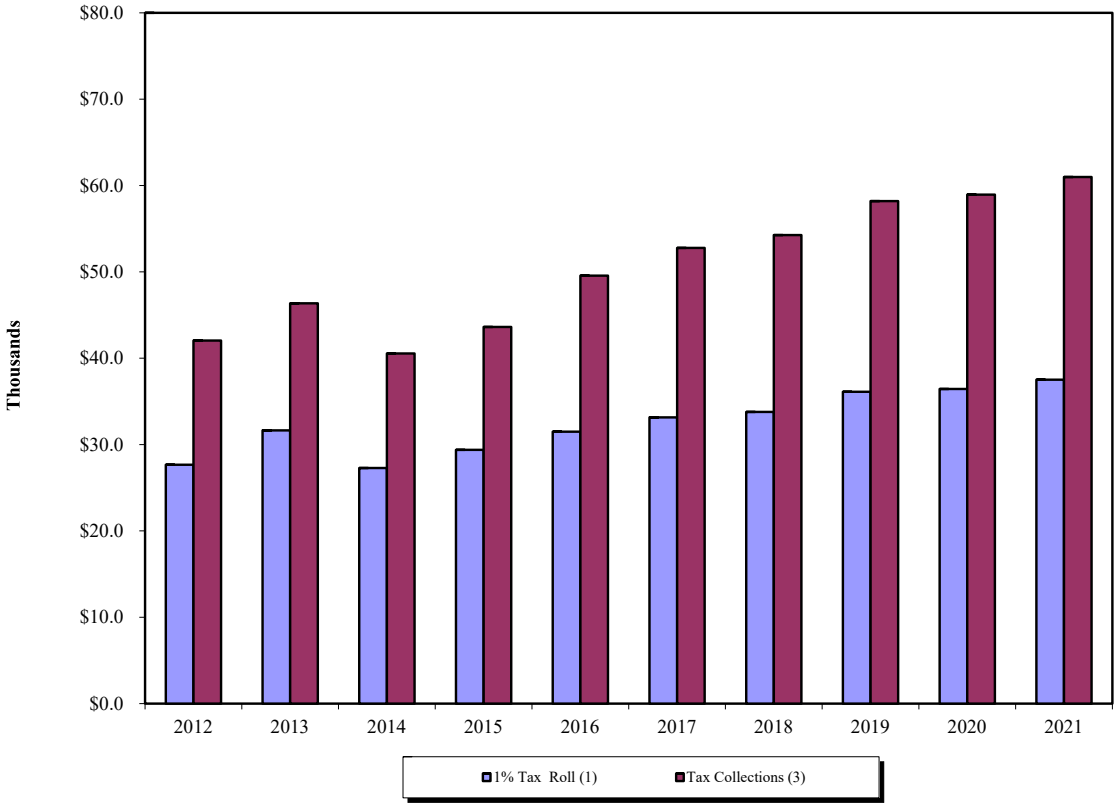
CITY OF RICHMOND
Principal Property Tax Payers
Current Year and Nine Years Ago
(In Thousands)

		2020-2021			2011-2012		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Chevron USA Inc.	Industrial	$3,489,775	1	21.32%	$3,143,118	1	29.05%
Guardian KW Hilltop LLC	Residential	209,287	2	1.28%	101,776	2	0.94%
Kaiser Foundation Hospitals	Industrial	91,884	3	0.56%	70,302	3	
LIPT Giant Road Inc.	Industrial	89,226	4	0.55%			
Richmond Essex, LP	Residential	81,861	5	0.50%	47,694	7	0.44%
Centerpoint Properties Trust	Industrial	56,312	6	0.34%			
Pacific Atlantic Terminals LLC	Industrial	54,639	7	0.33%	43,478	10	0.40%
Phillips 66 Company	Industrial	51,218	8	0.31%			
2930 Technology Court LLC	Institutional	50,870	9	0.31%			
KM Phoenix Holdings LLC	Industrial	50,412	10	0.31%			
Richmond Associates LLC	Commercial				65,002	4	0.60%
Berlex Laboratories, Inc.	Industrial				60,228	5	0.56%
BP West Coast Products	Industrial				58,405	6	0.54%
Cherokee Simeon Venture I LLC	Commercial				46,605	8	0.43%
Auto Warehousing Company	Unsecured				44,748	9	0.41%
Subtotal		$4,225,484		25.81%	$3,681,357		34.02%

Total Net Assessed Valuation:
Fiscal Year 2020-2021 $16,371,402
Fiscal Year 2011-2012 $10,820,729

Source: Contra Costa County Assessor Fiscal Year Combined Tax Rolls and the SBE Non Unitary Tax Roll

CITY OF RICHMOND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

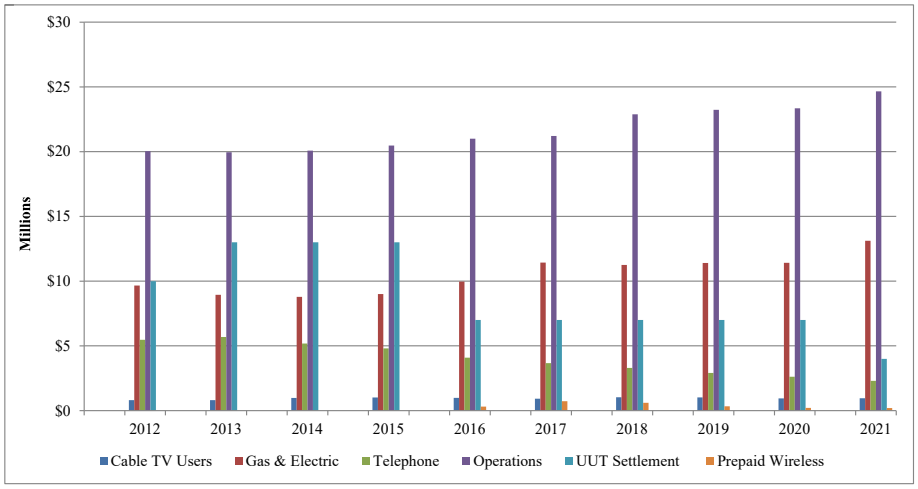


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2012	27,669	14,377	42,046	100%
2013	31,638	14,718	46,356	100%
2014	27,289	13,267	40,556	100%
2015	29,392	14,225	43,617	100%
2016	31,490	18,071	49,561	100%
2017	33,152	19,618	52,770	100%
2018	33,780	20,481	54,261	100%
2019	36,116	22,078	58,194	100%
2020	36,435	22,513	58,948	100%
2021	37,506	23,477	60,983	100%

Source: City of Richmond Records

NOTES:
(1) The maximum tax rate is 1% of the assessed value or $1/$100 of the assessed value, excluding the tax rate for debt.
(2) Voter approved tax roll for debt is in addition to the 1% rate shown in note **(1)**.
(3) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF RICHMOND
UTILITY USERS TAX COLLECTIONS
LAST TEN FISCAL YEARS



	Fiscal Year Ended June 30									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Cable TV Users	$810,755	$809,972	$983,465	$1,016,552	$988,547	$924,912	$1,036,854	$1,025,549	$951,147	$961,286
Gas & Electric	9,660,557	8,943,183	8,787,715	9,003,928	9,966,642	11,433,006	11,250,415	11,404,175	11,416,601	13,118,252
Telephone	5,473,445	5,688,505	5,183,418	4,807,499	4,093,128	3,668,092	3,300,001	2,910,450	2,621,565	2,302,969
Operations	20,039,558	19,956,689	20,079,108	20,471,979	21,004,080	21,209,540	22,884,443	23,230,610	23,351,283	24,657,999
UUT Settlement	10,000,000	13,000,000	13,000,000	13,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	4,000,000
Prepaid Wireless					312,852	730,939	608,042	335,153	211,927	200,199
Combined (A)										
	$45,984,315	$48,398,349	$48,033,706	$48,299,958	$43,365,249	$44,966,489	$46,079,755	$45,905,937	$45,552,523	$45,240,705

NOTES:

(A) Components of collections by type are not available, therefore amount represents total UUT collections for the fiscal year, and these amounts have been excluded from the graph.

SOURCE: City of Richmond, Finance Department (Revenue)

CITY OF RICHMOND
UTILITY USERS TAX DIRECT RATES
ON CHARGES FOR SERVICES
LAST TEN FISCAL YEARS (A)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cable TV Users	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Gas & Electric	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Telephone	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Operations	(B)	(B)	(B)	(B)	(B)	(B)	(B)	(B)	(B)	(B)
UUT Settlement	(C)	(C)	(C)	(C)	(C)	(C)	(C)	(C)	(C)	(C)

NOTES:

(A) Based on the Cap Provision in the City of Richmond Municipal Code Section 13.52.100 - Maximum Tax Payable of the Richmond Municipal Code.

(B) Annual amount is per agreement signed by a Major Taxpayer and the City in 2010.

SOURCE: City of Richmond, Finance Department (Revenue)

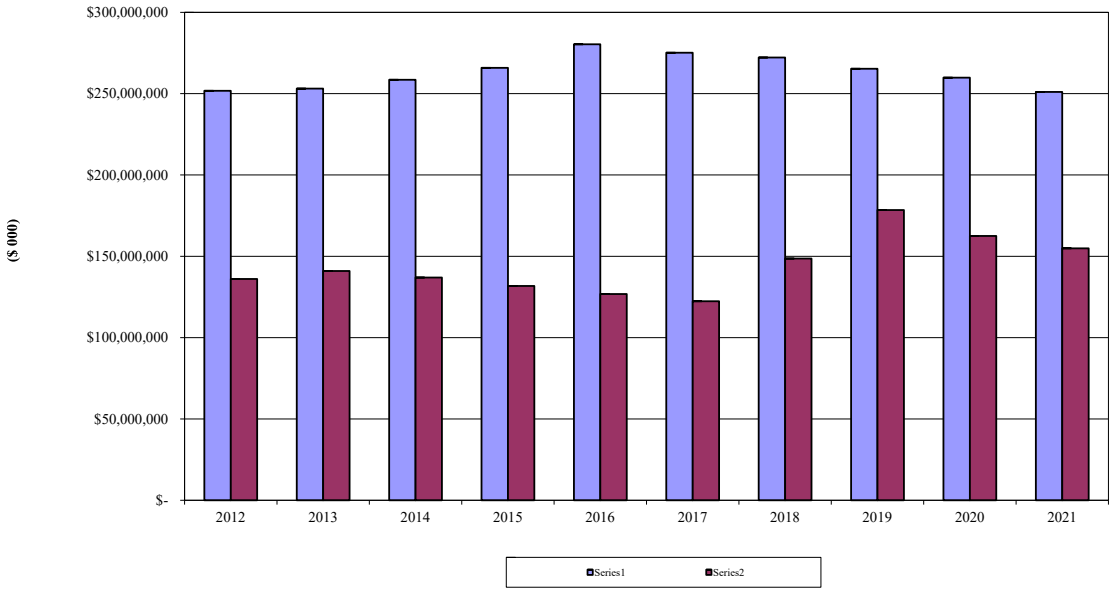
CITY OF RICHMOND
TOP TEN UTILITY USERS TAXPAYERS
(ALPHABETICAL ORDER)
Current Year

Taxpayer	Type of Business (A)
CHEVRON	Industrial
COMCAST	Cable
CONSTELLATION NEW ENERGY	Utility
GTE MOBILNET OF CALIFORNIA LTD	Telecommunications
MARIN CLEAN ENERGY	Utility
NEW CINGULAR WIRELESS	Telecommunications
PACIFIC BELL	Telecommunications
PG&E	Utility
SHELL ENERGY	Utility
SPRINT SPECTRUM	Telecommunications

NOTES:
(A) Revenue base information by taxpayer is confidential.

SOURCE: City of Richmond, Finance Department (Revenue)

CITY OF RICHMOND
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



	Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total
2012	(B)	$ 155,060,554	$ 87,526,545	$ 635,646	(B) $ 8,523,072	$ 251,745,817
2013	(B)	156,483,676	87,121,545	1,231,880	8,269,494	253,106,595
2014	(B)	157,555,624	87,121,545	2,631,887	11,186,685	258,495,741
2015	(B)	156,491,679	87,121,545	12,970,813	9,295,123	265,879,160
2016	(B)	155,070,539	115,218,619	2,143,560	7,944,891	280,377,609
2017	(B)	153,058,033	113,275,266	1,993,820	6,872,843	275,199,962
2018	(B)	150,485,289	111,241,920	1,844,775	8,650,840	272,222,824
2019	(B)	147,275,826	109,098,574	1,287,277	7,640,339	265,302,016
2020	(B)	144,339,640	107,666,888	1,156,441	6,661,805	259,824,774
2021	(B)	140,816,305	103,543,450	1,023,224	5,642,605	251,025,583

	Business-Type Activities						
Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2012	$ 84,246,892	$ 48,252,294	$ 3,516,009	$ 136,015,195	$ 387,761,012	15.37%	3,671
2013	90,096,593 (C)	47,834,187	3,007,372	140,938,152	394,044,747	15.51%	3,757
2014	89,012,056	44,944,399	2,935,889	136,892,344	395,388,085	15.11%	3,746
2015	86,867,520	41,984,610	2,861,189	131,713,319	397,592,479	14.62%	3,746
2016	84,637,983	39,354,875	2,783,127	126,775,985	407,153,594	15.04%	3,827
2017	82,313,447	36,588,791	3,401,553	122,303,791	397,503,753	14.49%	3,601
2018	111,698,772	33,587,707	3,316,308	148,602,787	420,825,611	15.04%	3,765
2019	144,811,738	30,331,623	3,227,227	178,370,588	443,672,604	15.19%	3,969
2020	141,391,552	17,940,892	3,134,137	162,466,581	422,291,355	13.95%	3,834
2021	137,886,366	13,604,419	3,338,388	154,829,173	405,854,756	12.53%	3,649

Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.

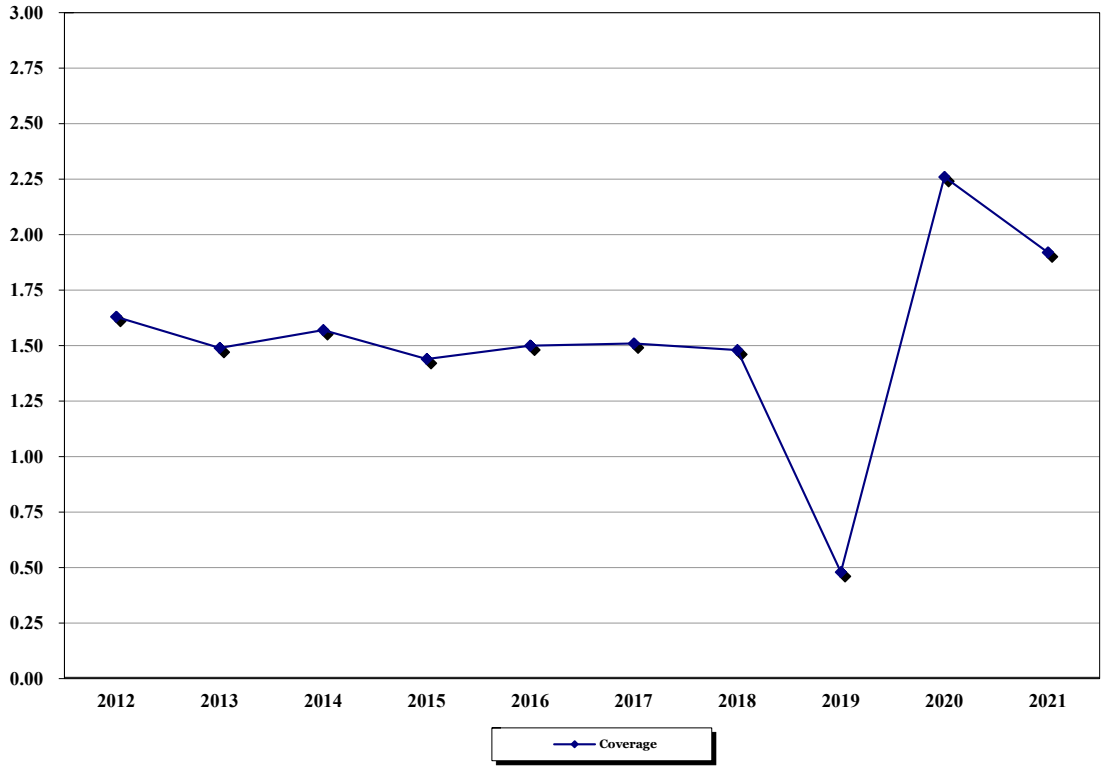
(A) See Demographic Statistics for personal income and population data.

(B) Due to the dissolution of the Redevelopment Agency, the Tax Allocation Bonds and the Loans and Notes Payable that were related to the Redevelopment Agency were transferred to the Successor Agency as of February 1, 2012 and are no longer governmental commitments.

(C) With the implementation of GASB Statement No. 65, the deferred amount on refunding previously reported as a component of the long-term debt balance is not reported as a deferred inflows of resources.

Sources: City of Richmond
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

CITY OF RICHMOND
REVENUE BOND COVERAGE
1999, 2006, 2008, 2010A, 2010B, 2017A, 2019A and 2019B WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS

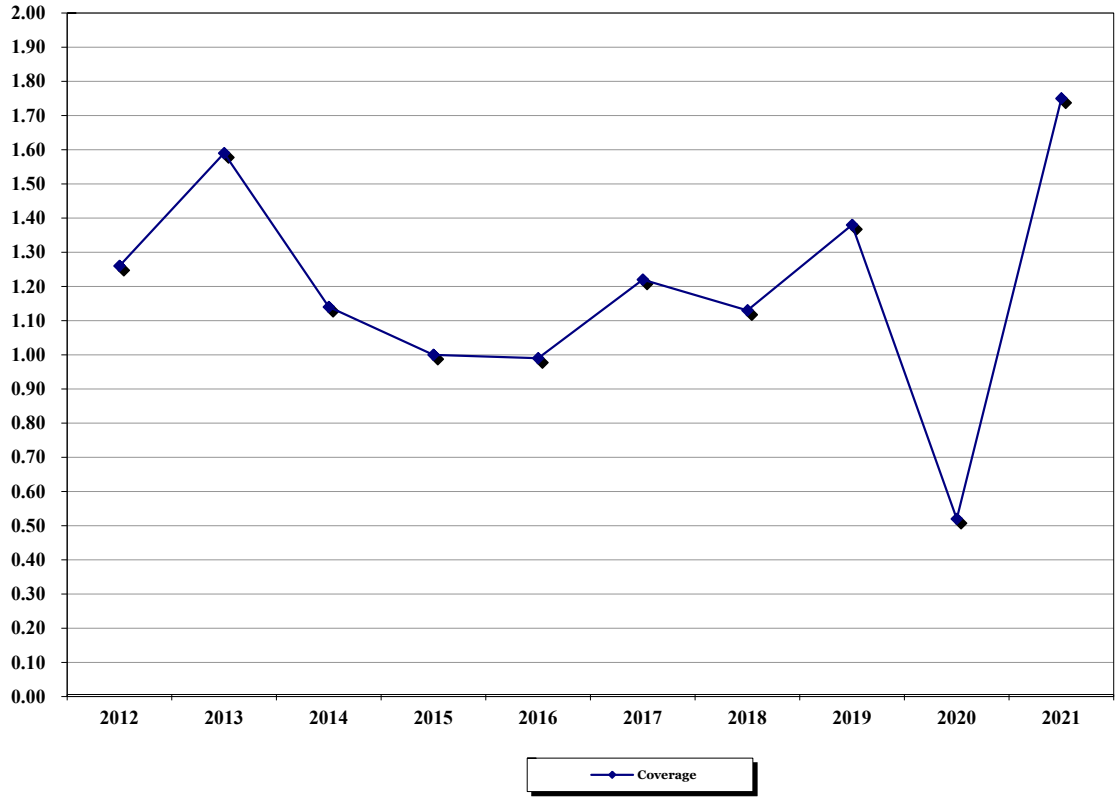


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	$ 17,697,208	$ 8,956,411	$ 8,740,797	$ 975,000	$ 4,399,406	$ 5,374,406	1.63
2013	17,840,042	9,447,236	8,392,806	1,005,000	4,613,635	5,618,635	1.49
2014	18,569,191	9,734,277	8,834,914	1,055,000	4,560,528	5,615,528	1.57
2015	19,098,835	9,524,878	9,573,957	2,115,000	4,536,302	6,651,302	1.44
2016	19,843,677	9,954,037	9,889,640	2,200,000	4,393,375	6,593,375	1.50
2017	20,880,739	10,831,250	10,049,489	2,295,000	4,344,233	6,639,233	1.51
2018	23,752,946	11,885,819	11,867,127	2,400,000	5,599,008	7,999,008	1.48
2019	29,993,700	10,647,739	19,345,961	35,240,000	5,286,578	40,526,578	0.48
2020	28,589,996	13,183,065	15,406,931	3,420,186	3,386,178	6,806,364	2.26 (3)
2021	27,879,891	12,214,607	15,665,284	2,515,000	5,633,851	8,148,851	1.92

Notes: (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
(2) Includes all Municipal Sewer Operating Expenses less Depreciation and Pension and OPEB Expense related to GASB Statements 68 and 75.
(3) Includes the current refunding of the 2008A Wastewater Revenue Refunding Bonds

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
REVENUE BOND COVERAGE
1996, 1999, 2004, 2007 AND 2009 PORT TERMINAL LEASE REVENUE BONDS, NOTE AND POINT POTRERO LEASE REVENUE BONDS
LAST TEN FISCAL YEARS

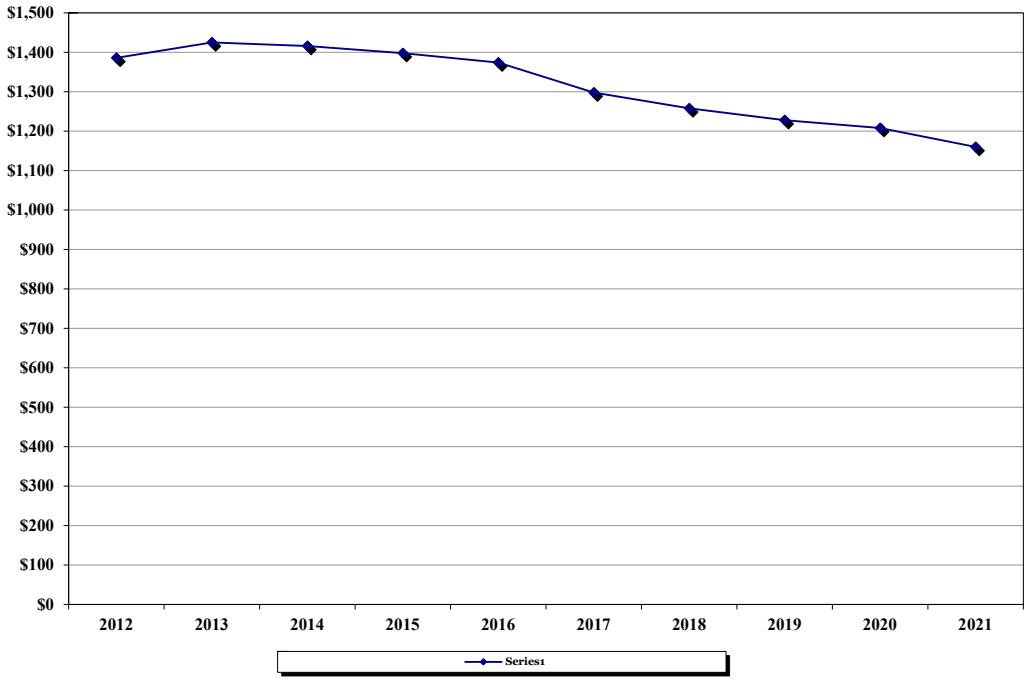


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	$ 7,822,496	$ 2,931,799	$ 4,890,697	$ 505,000	$ 3,381,546	$ 3,886,546	1.26
2013	9,138,193	2,964,060	6,174,133	525,000	3,348,154	3,873,154	1.59
2014	10,280,894	3,189,866	7,091,028	2,955,000	3,255,221	6,210,221	1.14
2015	9,481,315	3,380,916	6,100,399	3,025,000	3,077,165	6,102,165	1.00
2016	10,081,074	4,533,796	5,547,278	2,723,455	2,869,343	5,592,798	0.99
2017	10,194,121	3,522,216	6,671,905	2,830,000	2,641,797	5,471,797	1.22
2018	10,633,233	4,450,592	6,182,641	3,065,000	2,393,977	5,458,977	1.13
2019	10,783,561	3,289,965	7,493,596	3,320,000	2,126,229	5,446,229	1.38
2020	10,511,283	2,972,218	7,539,065	12,390,731	2,141,506	14,532,237	0.52
2021	10,707,743	2,495,128	8,212,615	3,945,000	748,210	4,693,210	1.75

Notes: (1) Includes all Port of Richmond Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
(2) Includes all Port of Richmond Operating Expenses, less Depreciation and Pension and OPEB Expense related to GASB Statements 68 and 75.

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
GENERAL BONDED DEBT
PENSION OBLIGATION BONDS (1)
LAST TEN FISCAL YEARS

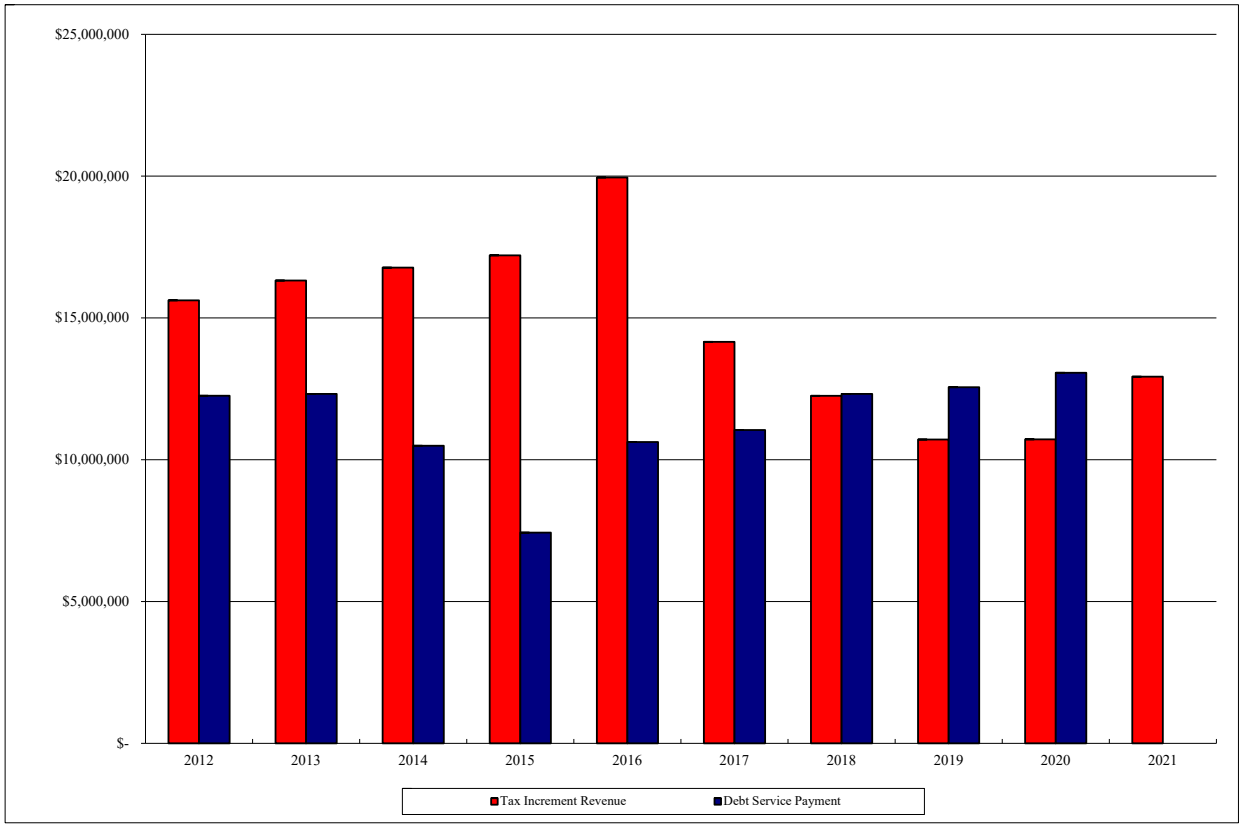


Fiscal Year	Bonds Outstanding	Restricted Cash and Investments (2)	Net Bonds Outstanding	Net Assessed Value of Property	Ratio of General Bonded Debt to Net Assessed Value of Property	Net General Bonded Debt per Capita
2012	$ 155,060,554	$ 8,617,952	$ 146,442,602	$ 9,242,647,000	1.58%	$ 1,386
2013	156,483,676	7,054,942	149,428,734	11,098,301,000	1.35%	1,425
2014	157,555,624	8,089,647	149,465,977	8,230,209,000	1.82%	1,416
2015	156,491,679	8,148,121	148,343,558	9,943,913,000	1.49%	1,398
2016	155,070,539	8,936,523	146,134,016	10,745,818,000	1.36%	1,374
2017	153,058,033	9,777,863	143,280,170	11,290,341,000	1.27%	1,298
2018	150,485,289	9,844,431	140,640,858	11,514,846,000	1.22%	1,258
2019	147,275,826	10,041,550	137,234,276	12,342,193,000	1.11%	1,228
2020	144,339,640	11,315,256	133,024,384	12,521,376,000	1.06%	1,208
2021	140,816,305	11,845,153	128,971,152	13,196,108,000	0.98%	1,160

Note: **(1)** Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.
(2) Restricted cash is being held with the City's fiscal agent, Union Bank, and is restricted for the payment of the bonds.

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
BONDED DEBT PLEDGED REVENUE COVERAGE
TAX ALLOCATION BONDS AND REFUNDING BONDS (1)
LAST TEN FISCAL YEARS



Fiscal Year	Tax Revenue		Debt Service Requirements Principal	Interest	Total	Coverage
2012	$ 15,619,530	(3) (4)	$ 6,285,000	$ 5,972,529	$ 12,257,529	1.27
2013	16,320,481	(4)	6,565,000	5,754,825	12,319,825	1.32
2014	16,776,169	(4)	5,030,000	5,461,989	10,491,989	1.60
2015	17,206,306	(4)	2,930,000	4,500,409	7,430,409	2.32
2016	19,953,198	(4)	6,180,000	4,445,674	10,625,674	1.88
2017	14,156,746	(4)	6,395,000	4,653,678	11,048,678	1.28
2018	12,255,069	(4)	7,575,000	4,746,564	12,321,564	0.99
2019	10,714,239	(4)	7,895,000	4,662,021	12,557,021	0.85
2020	10,720,489	(4)	8,820,000	4,244,580	13,064,580	0.82
2021	12,927,768	(4)	12,949,294	4,128,651	17,077,945	0.76

Note:
(1) Includes the 1991, 1998, 2000, 2003, 2004, 2007, 2010 and 2014 Bonds.
(2) Includes current refunding of the 2007 Bonds of $64,275,000.
(3) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
(4) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2021

2020-2021 Assessed Valuation: $16,462,773,688

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt June 30, 2021	% Applicable (1)	City's Share of Debt June 30, 2021
Bay Area Rapid Transit District	$1,871,890,000	1.922%	$35,977,726
Contra Costa Community College District	596,325,000	7.300%	$43,531,725
West Contra Costa Unified School District	1,214,983,000	46.630%	$566,546,573
West Contra Costa Healthcare District Parcel Tax Obligations	51,237,000	43.802%	$22,442,831
East Bay Regional Park District	133,170,000	3.075%	$4,094,978
City of Richmond Community Facilities District No. 1998-1	1,980,000	100%	$1,980,000
City of Richmond 1915 Act Bonds	5,940,000	100%	$5,940,000
California Statewide Community Development Authority 1915 Act Bonds	1,480,173	100%	$1,480,173
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			681,994,006
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	$254,570,000	7.275%	18,519,968
Contra Costa County Pension Obligation Bonds	44,925,000	7.275%	3,268,294
Alameda-Contra Costa Transit District Certificates of Participation	11,655,000	5.806%	676,689
West Contra Costa Unified School District Certificates of Participation	7,105,000	46.630%	3,313,062
City of Richmond General Fund Obligations	**101,295,000**	**100%**	**101,295,000**
City of Richmond Pension Obligations Bonds	**62,482,525**	**100%**	**62,482,525**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			189,555,538
Less: Contra Costa County general fund obligations supported by revenue funds			2,981,493
City of Richmond obligations supported by port revenues			**12,430,000**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			174,144,045
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	$48,638,477	100%	48,638,477
TOTAL GROSS DIRECT DEBT			**$163,777,525**
TOTAL NET DIRECT DEBT			**$151,347,525**
TOTAL GROSS OVERLAPPING DEBT			$756,410,496
TOTAL NET OVERLAPPING DEBT			$753,429,003
GROSS COMBINED TOTAL DEBT			$920,188,021 (2)
NET COMBINED TOTAL DEBT			$904,776,528

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2020-21 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	4.14%
Ratios to Adjusted Assessed Valuation:	
Gross Total Direct Debt ($163,777,525)	**0.99%**
Net Total Direct Debt ($151,347,525)	**0.92%**
Gross Combined Total Debt	5.59%
Net Combined Total Debt	5.50%
Ratios to Redevelopment Successor Agency Incremental Valuation ($3,477,991,163):	
Total Overlapping Tax Increment Debt	1.40%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor, City of Richmond Finance Department

CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2021

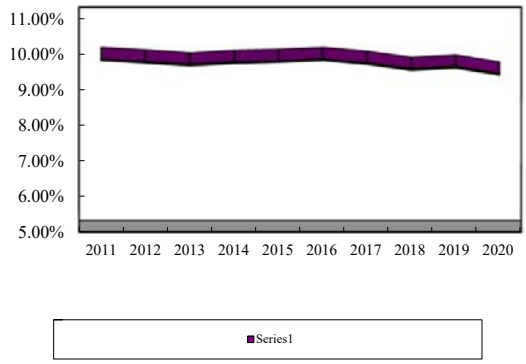
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$16,371,402,000	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$613,927,575
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$0	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$613,927,575

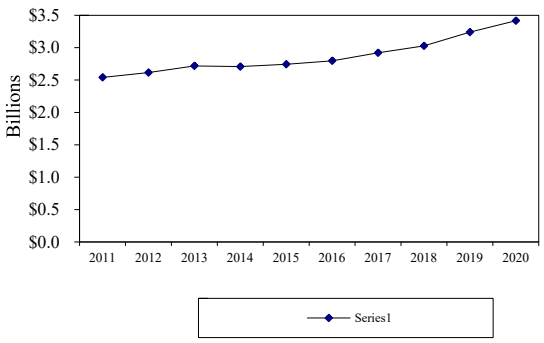
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2012	405,777,338	0	405,777,338	0.00%
2013	474,620,025	0	474,620,025	0.00%
2014	368,446,575	0	368,446,575	0.00%
2015	440,390,400	0	440,390,400	0.00%
2016	480,061,088	0	480,061,088	0.00%
2017	507,715,613	0	507,715,613	0.00%
2018	528,071,513	0	528,071,513	0.00%
2019	571,313,100	0	571,313,100	0.00%
2020	588,625,125	0	588,625,125	0.00%
2021	613,927,575	0	613,927,575	0.00%

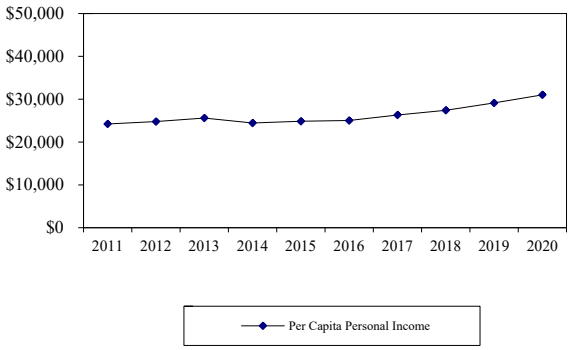
NOTE:

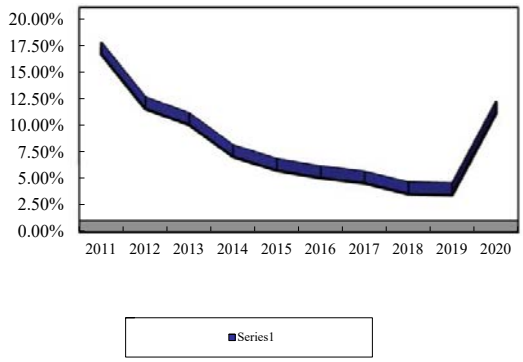
(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

CITY OF RICHMOND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS









Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2011	104,887	2,540,888,000	24,225	16.7%	1,065,117	9.85%
2012	105,562	2,615,932,000	24,781	11.6%	1,079,597	9.78%
2013	106,138	2,718,619,000	25,614	10.1%	1,094,205	9.70%
2014	106,388	2,707,894,000	24,453	7.1%	1,089,291	9.77%
2015	110,378	2,743,560,000	24,856	5.8%	1,126,745	9.80%
2016	111,785	2,797,360,000	25,024	5.1%	1,135,127	9.85%
2017	111,785	2,920,370,000	26,317	4.6%	1,147,439	9.74%
2018	110,146	3,027,471,000	27,413	3.6%	1,150,215	9.58%
2019	111,217	3,240,034,000	29,132	3.5%	1,153,526	9.64%
2020	110,130	3,416,146,000	31,019	11.2%	1,165,927	9.45%

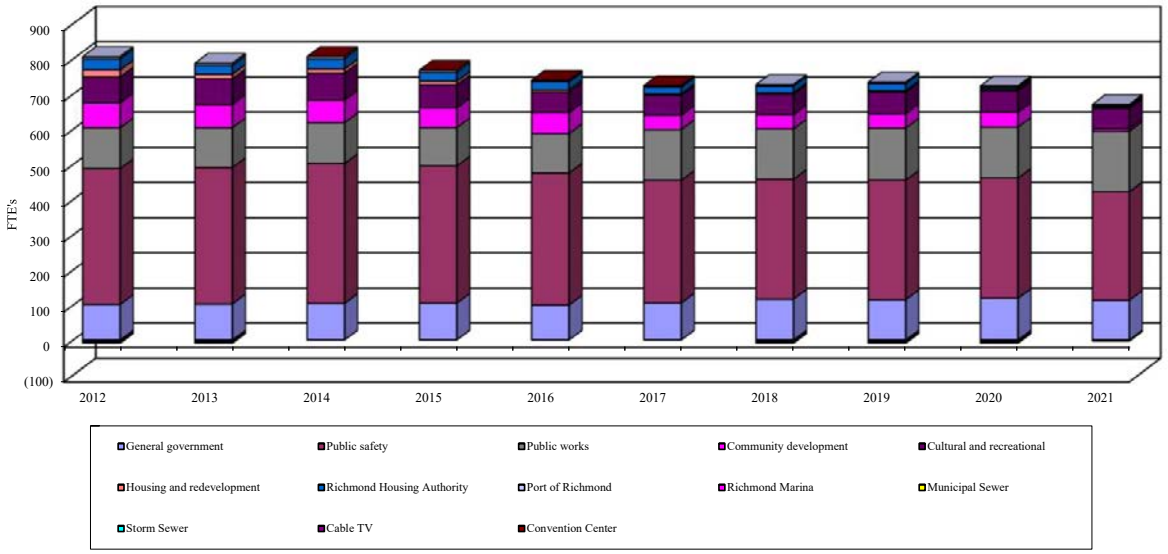
Source: HdL, Coren & Cone

CITY OF RICHMOND
Principal Employers
Current Year and Nine Years Ago

	2020-2021			2011-2012		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Chevron Refinery	3,264	1	3.3%	1,950	1	1.9%
West Contra Costa Unified School District	1,658	2	1.7%	1,580	2	1.5%
Kaiser Foundation Hospitals	1,596	3	1.6%	677	7	0.6%
United Parcel Service	1,332	4	1.4%			
Social Security Administration	1,259	5	1.3%	1,259	3	1.2%
Amazon.com Services	1,055	6	1.1%			
The Permanente Medical Group	1,051	7	1.1%			
U.S. Postal Service	1,047	8	1.1%	1,047	4	1.0%
Contra Costa County	844	9	0.9%	844	5	0.8%
City of Richmond	860	10	0.9%	771	6	0.7%
Bio-RAD Laboratories				473	8	0.5%
Michael Stead Auto Depot & Sales				472	9	0.5%
Walmart				400	10	0.4%
Dicon Fiberoptic				400	10	0.4%
Subtotal	13,966		14.2%	9,873		9.4%
Total City Day Population	98,229			104,887		

Source: City of Richmond Community Development Department

CITY OF RICHMOND
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	Adopted for Fiscal Year Ended June 30									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Function										
General government	101.7	102.9	104.4	105.2	99.8	105.4	116.5	114.7	118.7	113.1
Public safety	386.0	388.0	398.0	390.0	375.5	349.0	341.0	340.0	342.0	309.0
Public works	116.0	113.0	116.0	109.0	112.0	144.0	143.0	148.0	145.0	171.5
Community development	71.0	66.0	64.0	56.0	59.5	41.0	40.0	41.0	42.0	7.0
Cultural and recreational	73.8	73.2	76.8	66.0	59.0	57.0	59.1	61.7	61.7	58.1
Housing and redevelopment	19.6	13.0	12.0	10.0	5.9	3.8	3.8	3.8	3.8	2.8
Richmond Housing Authority and RHA Properties	32.0	25.0	29.0	25.0	23.0	19.0	19.0	20.0	5.3	4.0
Port of Richmond	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	4.0	4.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Convention Center	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Total	806.1	787.1	806.2	767.2	738.7	723.2	726.4	733.2	722.5	669.5

Source: City of Richmond Budget
Notes:
(1) These services are provided by outside contractors.
(2) Convention Center closed during renovation and staff moved under cultural and recreational.
(3) Staff that perform these functions are included under General Government and Cultural and Recreational.

CITY OF RICHMOND
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Fire:										
Fire calls for service	12,770	12,868	12,988	13,670	14,497	14,372	14,375	13,900	14,318	18,150
Primary fire inspections conducted	1,071	2,716	3,000	1,569	1,134	1,160	5,378	3,929	2,919	3,320
Number of firefighters	85	93	85	94	91	90	91	90	89	89
Number of firefighters and civilians per thousand population	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Police:										
Number of police officers per thousand population	1.8	1.8	1.7	1.8	1.7	1.6	1.6	1.6	1.6	1.3
Number of sworn officers	191	195	186	196	185	182	178	178	178	157
Water										
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	160	194

Source: City of Richmond

CITY OF RICHMOND
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Public safety:										
Fire stations	7	7	7	7	7	7	7	7	7	7
Police stations	4	4	4	4	4	4	4	4	4	4
Library (#) of Locations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	280	280	280	280	280	280	280	280	290	280
Street lights	7,000	7,000	6,543	8,343	8,543	9,000	9,000	9,000	7,801	9,000
Urban Forest (trees) (a)	41,562	26,000	21,609	22,009	35,620	35,782	36,231	36,499	36,766	36,700
Culture and recreation:										
Community services:										
City parks	55	55	55	55	55	55	55	55	55	55
City parks acreage	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1	1	1	1	1	1
Recreation centers	8	8	8	8	8	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Senior centers	2	2	2	2	2	2	2	2	2	2
Headstart centers/day cares	6	6	6	6	6	6	6	6	6	6
Putting green	1	1	1	1	1	1	1	1	1	1
Basketball courts	28	28	28	28	28	28	28	28	28	28
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	20	20	20	20	20	20	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Cricket fields	2	2	2	2	2	2	2	2	2	2
Water										
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153
Wastewater										
Miles of sanitary sewers	183	183	183	183	183	183	183	230	189	194
Miles of storm sewers	310	310	310	310	310	310	310	310	198	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32	32	32	32	32	32

Source: City of Richmond

(a) Trees managed by the City for 2013 to present.
Data Prior to 2013 includes trees managed by other entities, such as East Bay Regional Park District, National Parks and Privately owned.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takse no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2022 Bonds, payment of principal, premium, if any, and interest on the Series 2022 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2022 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2022 Bond will be issued for each annual maturity of the Series 2022 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com, and information set forth on the DTCC website is not incorporated in this Official Statement by reference.

Purchases of Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022 Bonds documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2022 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 City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Series 2022 Bond Owner shall give notice to elect to have its Series 2022 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2022 Bond by causing the Direct Participant to transfer the Participant's interest in the Series 2022 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2022 Bond in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2022 Bond are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2022 Bond to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2022 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2022 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO

DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2022 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

THE INDENTURE AND FIRST SUPPLEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

INDENTURE

by and between

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

and the

CITY OF RICHMOND

for the

CITY OF RICHMOND
TAXABLE PENSION FUNDING BONDS, SERIES 2005

Executed and Entered Into as of November 1, 2005

INDEX OF SERIES, MODES AND PRINCIPAL AMOUNTS

Series 2005A Fixed Rate Bonds
$26,530,000 aggregate principal amount maturing on August 1, 2013

Series 2005B-1 Convertible Auction Rate Securities
$47,061,960 aggregate principal amount maturing on August 1, 2023

Series 2005B-2 Convertible Auction Rate Securities
$41,403,172.50 aggregate principal amount maturing on August 1, 2034

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions 2
SECTION 1.02. Equal Security 22

ARTICLE II
ISSUANCE OF THE SERIES 2005 BONDS; GENERAL BOND PROVISIONS

SECTION 2.01. Authorization and Purpose of and Obligation Under the Series 2005 Bonds 23
SECTION 2.02. Assignment and Pledge for the Series 2005 Bonds 23
SECTION 2.03. Terms of the Series 2005 Bonds 23
SECTION 2.04. Redemption of the Series 2005 Bonds 25
SECTION 2.05. Procedure for the Issuance of the Series 2005 Bonds; Application of Proceeds of the Series 2005 Bonds 26
SECTION 2.06. Form of the Series 2005 Bonds 27
SECTION 2.07. Execution of the Bonds 27
SECTION 2.08. Transfer and Payment of the Bonds; Transfer Restrictions 27
SECTION 2.09. Exchange of the Bonds 29
SECTION 2.10. Bond Registration Books 29
SECTION 2.11. Mutilated, Destroyed, Stolen or Lost Bonds 29
SECTION 2.12. Temporary Bonds 30
SECTION 2.13. Validity of the Bonds 30
SECTION 2.14. Book-Entry System for the Series 2005 Bonds 30
SECTION 2.15. Methodology and Interest Rate Setting for Auction Rate Securities 32
SECTION 2.16. Methodology and Interest-Rate Setting for Index Bonds 32

ARTICLE III
ISSUANCE OF ADDITIONAL BONDS

SECTION 3.01. Conditions for the Issuance of Additional Bonds 33
SECTION 3.02. Procedure for the Issuance of Additional Bonds 34

ARTICLE IV
FUNDS AND ACCOUNTS

SECTION 4.01. Deposits to Bond Fund 35
SECTION 4.02. Allocation of Money in the Bond Fund 35

TABLE OF CONTENTS
(continued)

Page

SECTION 4.03. Deposit and Investments of Money in Accounts and Funds 37
SECTION 4.04. Establishment of Deposit Fund and Transfers Therefrom 38
SECTION 4.05. Establishment of Pension Funding Stabilization Fund 38

ARTICLE V
COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance 38
SECTION 5.02. Extension of Payment of the Bonds 39
SECTION 5.03. Accounting Records and Reports 39
SECTION 5.04. Prosecution and Defense of Suits 39
SECTION 5.05. Continuing Disclosure 39
SECTION 5.06. Waiver of Laws 39
SECTION 5.07. Further Assurances 40
SECTION 5.08. Limitation on Additional Obligations of the City 40
SECTION 5.09. Monthly Investment Reports 40

ARTICLE VI
THE TRUSTEE

SECTION 6.01. The Trustee 40
SECTION 6.02. Liability of the Trustee 41
SECTION 6.03. Compensation and Indemnification of the Trustee 44

ARTICLE VII
AMENDMENT OF THE INDENTURE

SECTION 7.01. Amendment of the Indenture. 44
SECTION 7.02. Disqualified Bonds 46
SECTION 7.03. Endorsement or Replacement of Bonds After Amendment 46
SECTION 7.04. Amendment by Mutual Consent 46
SECTION 7.05. Bond Insurer Notice and Consent 46

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 8.01. Events of Default 47
SECTION 8.02. Remedies for Events of Default 47
SECTION 8.03. Application of Funds Upon Acceleration 47

TABLE OF CONTENTS
(continued)

Page

SECTION 8.04.	Institution of Legal Proceedings by the Trustee	48
SECTION 8.05.	Non Waiver	48
SECTION 8.06.	Actions by the Trustee as Attorney in Fact	49
SECTION 8.07.	Remedies Not Exclusive	49
SECTION 8.08.	Limitation on Holders' Right to Sue	49
SECTION 8.09.	Absolute Obligation of the City	49
SECTION 8.10.	Rights of the Bond Insurer	50
	ARTICLE IX DEFEASANCE	
SECTION 9.01.	Discharge of the Bonds	50
SECTION 9.02.	Unclaimed Money	50
	ARTICLE X MISCELLANEOUS	
SECTION 10.01.	Benefits of the Indenture Limited to Parties	51
SECTION 10.02.	Successor Is Deemed Included In All References To Predecessor	51
SECTION 10.03.	Execution of Documents by Holders	51
SECTION 10.04.	Waiver of Personal Liability	52
SECTION 10.05.	Acquisition of Bonds by the City	52
SECTION 10.06.	Notice to Holders	52
SECTION 10.07.	Content of Certificates	52
SECTION 10.08.	Accounts and Funds; Business Days	53
SECTION 10.09.	Addresses of Notice Parties	53
SECTION 10.10.	Article and Section Headings, Singular and Plural Forms, Gender and References	53
SECTION 10.11.	Partial Invalidity	54
SECTION 10.12.	Execution in Counterparts	54
SECTION 10.13.	Governing Law	54

INDENTURE

This Indenture (the "Indenture"), is executed and entered into as of November 1, 2005, by and between Union Bank of California, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), and the City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City");

WITNESSETH:

WHEREAS, the City is obligated by Sections 20000 et seq. of the California Government Code (the "Retirement Law"), to make payments to the California Public Employees' Retirement System, or any successor system established by the State (the "System") relating to pension benefits accruing to current and retired City employees who are System members;

WHEREAS, the City has entered into a contract with PERS dated January 1, 1954, as amended effective, October 16, 1964, January 1, 1966, July 1, 1966, August 1, 1966, May 1, 1968, October 1, 1968, April 1, 1972, October 1, 1972, July 1, 1973, May 1, 1975, March 1, 1976, July 1, 1978, September 1, 1978, July 1, 1979, September 28, 1979, December 1, 1979, September 1, 1980, February 23, 1982, November 1, 1988, July 1, 1992, August 11, 1992, November 3, 1993, January 14, 2000, October 1, 2002, January 1, 2003 and March 1, 2003, as heretofore and hereafter amended from time to time (the "PERS Contract"), evidencing the City's obligation to pay the System the City's unfunded accrued actuarial liability; and

WHEREAS, the City's obligation to the System as evidenced by the PERS Contract is a debt obligation of the City imposed by law; and

WHEREAS, the City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue refunding bonds for the purpose of refunding any evidence of indebtedness of the City; and

WHEREAS, for the purpose of refunding the City's obligations to the System evidenced by the PERS Contract, the City has determined to issue its City of Richmond Taxable Pension Funding Bonds, Series 2005, in the aggregate principal amount of $114,995,132.50 (the "Series 2005 Bonds" in three series and, together with Additional Bonds, the "Bonds") under the Act in the form and manner provided herein; and

WHEREAS, in order to provide for the execution, authentication and delivery of the Bonds and to establish and declare the conditions and terms under which the Bonds will be issued and to secure the payment of the principal, Accreted Value or redemption price of and the interest on the Bonds, the City has authorized the execution and delivery of the Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City and authenticated and delivered by the Trustee hereunder, the

legal, valid and binding obligations of the City payable in accordance with their terms, and to constitute the Indenture 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 the Indenture has been in all respects duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the principal, Accreted Value or redemption price of and the interest on all Bonds at any time issued and outstanding hereunder according to their tenor, and to secure the performance and observance of all agreements and covenants contained herein and therein, and to declare the conditions and terms upon and subject to which the Bonds will be issued, delivered and received, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the respective registered holders thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the City hereby agrees and covenants with the Trustee, for the benefit of the respective registered 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 Indenture and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein:

"AA" Financial Commercial Paper Rate

The term "'AA' Financial Commercial Paper Rate," on any date of determination for any Auction Rate Period, means:

(i) (A) for any Standard Auction Rate Period of 35 days or any Special Auction Rate Period of fewer than 49 days, the interest equivalent of the 30-day rate, and (B) for any Special Auction Rate Period of: (1) 49 or more but fewer than 70 days, the interest equivalent of the 60-day rate; (2) 70 or more but fewer than 85 days, the arithmetic average of the interest equivalent of the 60-day and 90-day rates; (3) 85 or more but fewer than 99 days, the interest equivalent of the 90-day rate; (4) 99 or more but fewer than 120 days, the arithmetic average of the interest equivalent of the 90-day and the 120-day rates; (5) 120 or more but fewer than 141 days, the interest equivalent of the 120-day rate; (6) 141 or more but fewer than 162 days, the arithmetic average of the interest equivalent of the 120-day and 180-day rates; and (7) 162 or more but fewer than 183 days, the interest equivalent of the 180-day rate, in each case on commercial paper placed on behalf of entities whose corporate bonds are rated "Aa" by Moody's and "AA" by S&P or Fitch, or the equivalent of such rating by Moody's, S&P or Fitch or another rating agency, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination; or

(ii) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealers to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination;

provided, that if any Commercial Paper Dealer does not quote a commercial paper rate required in order to make the foregoing determinations, the "AA" Financial Commercial Paper Rate shall be determined on the basis of such quotations as may be furnished by a substitute Commercial Paper Dealer or Dealers selected by the City. For the purpose of this definition, the "interest equivalent" means the equivalent yield of an interest-bearing security on a 360-day basis or a rate stated on a discount basis (a "discount rate") for commercial paper of a given number of days maturity which shall be equal to the product of (A) 100, times (B) the quotient (rounded upwards to the next higher one-thousandth (0.001) of 1% of ((x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.0 and (2) a fraction, the numerator of which shall be the product of the discount rate (expressed in decimals) times the number of days in which such commercial paper matures, and the denominator of which shall be 360).

Accreted Value

The term "Accreted Value" means with respect to any Capital Appreciation Bond, Convertible Auction Rate Security or Convertible Capital Appreciation Bond, as of any date of calculation, the sum of the Principal Amount thereof and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at, (i) in the case of Capital Appreciation Bonds, the stated yield to maturity thereof (provided, that the Accreted Value on any date other than an Interest Payment Date shall be calculated by straight line interpolation of the Accreted Values as of the immediately preceding and succeeding Interest Payment Date), (ii) in the case of Convertible Auction Rate Securities, the stated yield to the Full Accretion Date, on the Interest Accrual Dates indicated on Appendix J hereto, and (iii) in the case of Convertible Capital Appreciation Bonds, the stated yield to the Conversion Date thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months.

Act

The term "Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State.

Actuary's Report

"Actuary's Report" means a report signed by an Independent Actuary.

Administrative Expense Account

The term "Administrative Expense Account" means the account by that name established pursuant to Section 4.02.

Applicable Percentage

"Applicable Percentage" means for each Series of Bonds, the percentage of the then outstanding unfunded accrued actuarial liability of the City to the System to be funded from such Series of Bonds relating to City pension benefits at the levels in existence on June 30, 1978. In accordance with the report of Bartel Associates, LLC, dated June 21, 2005 and entitled "CalPERS Actuarial Issues "Cost" of Benefit Improvements Subsequent to July 1, 1978," the City has determined that the Applicable Percentage is 86.13% with respect to the Series 2005 Bonds.

Auction Rate Securities

The term "Auction Rate Securities" means all Bonds issued in such Mode prior to their Fixed Rate Conversion Date, if any, in any one or more Tranches. References herein to Auction Rate Securities shall not include Convertible Auction Rate Securities, unless the Series 2005 Conversion Requirements are met.

Authorized Denominations

The term "Authorized Denominations" means (a) as to Bonds issued as Fixed Rate Bonds, $100,000 principal amount or any integral multiple of $5,000 in excess thereof; (b) as to Bonds issued as Listed Securities, $25.00 principal amount or any integral multiple thereof; (c) as to Bonds issued as Auction Rate Securities, $100,000 principal amount or any integral multiple of $5,000 in excess thereof; (d) as to Bonds issued as Capital Appreciation Bonds, $100,000 Maturity Amount or any integral multiple of $5,000 in excess thereof (provided any initial purchases must be in amount greater than $100,0000); (e) as to Bonds issued as Index Bonds, $100,000 principal amount or any integral multiple of $5,000 in excess thereof; (f) as to Bonds issued as Convertible Auction Rate Securities, $100,000 Maturity Amount or any integral multiple of $1,000 in excess thereof (provided any initial purchases must be in amount greater than $100,000); (g) as to Bonds issued as Convertible Capital Appreciation Bonds, $5,000 Conversion Date Amount or any integral multiple thereof; and (h) any other principal amount or integral multiple thereof as provided in a Supplemental Indenture.

Beneficial Owner

The term "Beneficial Owner" means, (a) as to Auction Rate Securities, a customer of a Broker-Dealer (other than the City) who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of Auction Rate Securities; and (b) as to all Bonds that are not issued in the form of Auction Rate Securities, the beneficial owner of each such Bond, determined under the rules of DTC.

Bond Fund

The term "Bond Fund" means the Bond Fund established in Section 4.02.

Bond Insurer

The term "Bond Insurer" means the issuer, if any, of the Insurance Policy on the Bonds, but only so long as the Insurance Policy is then in effect.

Bonds, Series 2005 Bonds, Additional Bonds, Serial Bonds, Term Bonds

The term "Bonds" means the Series 2005 Bonds and all Additional Bonds.

The term "Series 2005 Bonds" means the Bonds designated the "City of Richmond Taxable Pension Funding Bonds, Series 2005" authorized to be issued pursuant hereto and at any time Outstanding hereunder that are executed, authenticated, issued and delivered in accordance with Article II.

The term "Additional Bonds" means all Bonds of the City authorized to be issued pursuant hereto and at any time Outstanding hereunder that are executed, authenticated, issued and delivered in accordance with Article III.

The term "Serial Bonds" means Bonds for which no Sinking Fund Account Payments are provided.

The term "Term Bonds" means Bonds which are payable on or before their specified maturity date or dates from Sinking Fund Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Bond Year

The term "Bond Year" means the twelve-month period ending on September 30 of each year to which reference is made. The first Bond Year shall commence on the date the Series 2005 Bonds are originally delivered and shall end on September 30, 2006.

Business Day

The term "Business Day" means any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions in the city in which the Corporate Trust Office of the Trustee is located or banking institutions in New York, New York, are authorized or required by law to be closed, or (iii) a day on which the New York Stock Exchange is closed.

Calculation Agent

The term "Calculation Agent" means the Calculation Agent for Standard Bonds and Index Bonds, designated on Appendix J hereto, if any, or its successor appointed by the City.

Capital Appreciation Bonds

The term "Capital Appreciation Bonds" means those Bonds issued in Maturity Amounts of $5,000 or any integral multiple thereof, which by their terms accrete interest on a compounded basis payable, together with their Principal Amount, solely at maturity or on a Redemption Date, if any.

Certificate of the City

The term "Certificate of the City" means an instrument in writing signed by a City Representative.

City

The term "City" means the City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter.

City Manager

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

City Representative

The term "City Representative" means the City Manager, the Director of Finance, or any other person authorized by the City in a written order or resolution to perform an act or sign a document on behalf of the City for the purposes hereof.

Closing Date

The term "Closing Date" means the date on which the Bonds are initially delivered to the Purchaser against payment by the Purchaser to the Trustee of the purchase price thereof.

Commercial Paper Dealers

The term "Commercial Paper Dealers" means Lehman Commercial Paper Inc., or in lieu of any thereof, its affiliates or successors, if such entity is a commercial paper dealer; provided that in the event that any Commercial Paper Dealer should fail to qualify as a commercial paper dealer, the City may appoint another organization to serve as a Commercial Paper Dealer hereunder.

Conversion Date

The term "Conversion Date" means the date set on Appendix J hereto, with respect to the Series 2005 Bonds, if any, that are Convertible Capital Appreciation Bonds, and (b) on the corresponding appendix of any Supplemental Indenture pursuant to which Convertible Capital Appreciation Bonds are subsequently issued

Conversion Date Amount

The term "Conversion Date Amount" means the Accreted Value of any Convertible Capital Appreciation Bond on its Convertible Conversion Date.

Convertible Auction Rate Securities

The term "Convertible Auction Rate Securities (CARS)^{SM}" means all Bonds issued as Auction Rate Securities or Index Bonds, as applicable, which by their terms accrete interest on a compounded basis through the Full Accretion Date and, thereafter bear interest at a rate which will be established in accordance with the provisions of Appendix F, payable, together with their Accreted Value, solely at maturity or on a Redemption Date, if any, prior to their Fixed Rate Conversion Date, if any.

Convertible Capital Appreciation Bonds

The term "Convertible Capital Appreciation Bonds" means those Bonds constituting convertible capital appreciation bonds issued as serial and term bonds with Accreted Values at the Conversion Date for such Bonds in integral multiples of $5,000

Corporate Trust Office

The term "Corporate Trust Office" means the principal corporate trust office of the Trustee in San Francisco, California; provided, that for the purpose of payment, redemption, exchange, transfer, surrender and cancellation of Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California, or as otherwise by the Trustee.

Costs of Issuance

The Term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to each Series of 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 related Series of Bonds, and any other cost, charge or fee in connection with the original issuance of the related Series of Bonds.

Director of Finance

The term "Director of Finance" means the Director of Finance of the City.

DTC

The term "DTC" means The Depository Trust Company and any successor to it or any nominee of it.

Event of Bankruptcy

The term "Event of Bankruptcy" means the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the City.

Event of Default

The term "Event of Default" means an event described as such in Section 8.01.

Federal Securities

"Federal Securities" means

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

(2) Direct obligations of the Department of Treasury of the United States of America which have been stripped by the Treasury itself.

(3) 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.

(4) 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.

(5) 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 Advisor

The term "Financial Advisor" means Tamalpais Advisors, Inc. or any other entity designated by the City in writing.

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 designated by the City as its Fiscal Year under applicable law.

Fitch

The term "Fitch" means Fitch, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City and satisfactory to and approved by the Bond Insurer.

Fixed Rate

The term "Fixed Rate" means a rate of interest that does not change during a specific term, without adjustment, resetting or variation due to the effects of marketing, remarketing or indices.

Fixed Rate Bonds

The term "Fixed Rate Bonds" means those Bonds which, by their terms, have been issued in denominations of $100,000 Principal Amount or any integral multiple of $5,000 in excess thereof, bear interest at Fixed Rates, payable semiannually (except that the first interest period with respect thereto may be less than six months but not more than twelve months following their Closing Date), and shall include Standard Bonds and those Bonds issued as Listed Securities.

Full Accretion Date

The term "Full Accretion Date" means the date, initially as set forth in Appendix J hereto, that each Convertible Auction Rate Security shall reach its stated Maturity Amount, assuming in any semiannual period that the value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

Holder

The term "Holder" means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee under Section 2.10.

Indenture

The term "Indenture" means the Indenture executed and entered into under the Act as of November 1, 2005, by and between the Trustee and the City, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed under the provisions hereof.

Independent Actuary

"Independent Actuary" means a representative of the System or any firm of certified actuaries duly licensed and entitled to practice and practicing as such under the laws of the State, appointed and paid by the City, and each of whom –

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

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

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

Independent Certified Public Accountant

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

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

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

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

Index Adjustment Date

The term "Index Adjustment Date" means each Thursday (whether or not such day is a Business Day) following the Closing Date.

Index Bonds

The term "Index Bonds" means those Bonds which have been issued in denominations of $100,000 Principal Amount or integral multiples of $5,000 in excess thereof, bear interest at an Index Rate, and are payable as to principal and interest quarterly. All references herein to Index Bonds shall include Convertible Auction Rate Securities following the Full Accretion Date, unless the Series 2005 Conversion Requirements are met.

Index Rate

The term "Index Rate" means the interest rate on Index Bonds established as provided in Section 2.16; provided, that the Index Rate shall not exceed 17% per annum or the maximum rate, if any, established under the laws of the State for obligations of public agencies such as the City, if less than 17%.

Index Rate Determination Date

The term "Index Rate Determination Date" means the first Business Day of the applicable Index Rate Period.

Index Rate Period

The term "Index Rate Period" means, with respect to the Index Bonds, each period commencing on an Index Adjustment Date and ending on the day before the next Index Adjustment Date.

Information Services

The term "Information Services" means Financial Information, Inc., Daily Called Bond Service, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, NC 28217. Attn: Called Bond Department; and Standard & Poor's J.J. Kenny Drake, Inc., 55 Water Street, New York, NY 10041-0001, Attention: Notification Department; or, in accordance with then current guidelines of the Securities and Exchange Commission, any other service providing information with respect to called bonds that the City may designate in a Certificate of the City delivered to the Trustee.

Insurance Policy

The term "Insurance Policy" means the financial guaranty insurance policy issued by the Bond Insurer.

Interest Account

The term "Interest Account" means the account by that name established pursuant to Section 4.02.

Interest Accrual Date

The term "Interest Accrual Date" means each date established for the accrual and compounding of interest on Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Convertible Auction Rate Securities, initially as set forth in Appendix J hereto and as may be modified as set forth in a Supplemental Indenture.

Interest Payment Date

The term "Interest Payment Date" means each date upon which interest is due on the Bonds (excepting Capital Appreciation Bonds and Convertible Auction Rate Securities, prior to the Full Accretion Date, and Convertible Capital Appreciation Bonds, prior to the Conversion Date), as initially set forth in Appendix J hereto.

Interest Rate Period

The term "Interest Rate Period" means any designated period during which a Series of Bonds are Outstanding in the form of Auction Rate Securities or bear interest at the Index Rate.

LIBOR

The term "LIBOR" on any date of determination for any Auction Rate Period, means:

(i) subject to clause (ii) below, (A) for any Standard Auction Rate Period or any Special Auction Rate period of fewer than 49 days, the offered rate for deposits in U.S. dollars for a one-month period which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a London Business Day, then on the next preceding London Business day (the "calculation date") and (b) for any Special Auction Rate period of (i) 49 or more but fewer than 70 days, such rates for deposits in U.S. dollars for a two-month period; (ii) 70 or more but fewer than 85 days, the arithmetic average of such rates for deposits in U.S. dollars for two- and three-month periods; (iii) 85 or more but fewer than 120 days, such rate for deposits in U.S. dollars for a three-month period; (iv) 120 or more but fewer than 148 days, the arithmetic average of such rates for deposits in U.S. dollars for three- and six-month periods; (v) 148 or more but fewer than 180 days, such rate for deposits in U.S. dollars for a six-month period; (vi) 180 or more but fewer than 225 days, the arithmetic average of such rates for deposits in U.S. dollars for six- and nine-month periods; (vii) 225 or more but fewer than 290 days, such rate for deposits in U.S. dollars for a nine-month period; (viii) 290 or more but fewer than 325 days, the arithmetic average of such rates for deposits in U.S. dollars for nine-month and one-year periods; and (ix) 325 days or more, such rate for deposits in U.S. dollars for a one-year period; or

(ii) if, on any calculation date, no rate appears on Telerate Page 3750 as specified in clause (i) above, the arithmetic average of the offered quotations of four major banks in the London interbank market, selected by the Auction Agent for deposits in U.S. dollars for the respective periods specified in clause (i) above to prime banks in

the London interbank market at approximately 11:00 a.m., London time, on such calculation date and in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time, unless fewer than two such quotations are provided, in which case, the arithmetic average of the rates quoted at approximately 11:00 a.m., New York time, on the date next preceding such calculation date by three major banks in the City of New York, selected by the Auction Agent, for loans in U.S. dollars to leading European banks in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time.

LIBOR Spread

The term "LIBOR Spread" means the percentage of LIBOR (as described in clause (i) (A) in the definition of "LIBOR" above) established on the Closing Date for the affected Bonds, as provided in Appendix J hereto.

Listed Securities

The term "Listed Securities" means those Bonds which, by their terms, bear interest at a Fixed Rate, payable semiannually, issued in denominations of $25.00 Principal Amount and integral multiples thereof, which are listed on the New York Stock Exchange.

London Business Day

The term "London Business Day" means a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date, are expected to be transacted, in the London, U.K., interbank market.

Maturity Amount

The term "Maturity Amount" means (i) the Accreted Value of any Capital Appreciation Bond on its maturity date, (ii) the Accreted Value of any Convertible Auction Rate Security as of the Full Accretion Date, and (iii) the Conversion Date Amount.

Mode

The term "Mode" means the Principal Amount, Authorized Denomination, interest rate and payment structure, including any methodology for the reset thereof, for any Series of Bonds. The Indenture authorizes the issuance of Bonds in the following Modes: Fixed Rate Bonds, Listed Securities, Auction Rate Securities, Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, Index Bonds and any other Mode as set forth in a Supplemental Indenture.

Monthly Investment Reports

The term "Monthly Investment Reports" means reports detailing the City's cash investments as submitted to the City by Union Bank of California, N.A., as custodian of such investments in the City's general fund.

Moody's

The term "Moody's" means Moody's Investors Service, a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the services of a municipal securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City and satisfactory to and approved by the Bond Insurer.

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 City and satisfactory to and approved by the Trustee and the Bond Insurer (neither of whom shall be under any liability by reason of such approval).

Outstanding

The term "Outstanding," when used as of any particular time with reference to any Bonds, means (subject to the provisions of Section 7.02) all Bonds executed by the City and authenticated by the Trustee hereunder except

(1) Bonds theretofore cancelled and destroyed by the Trustee or surrendered to the Trustee for cancellation and destruction under Section 10.05;

(2) Bonds paid or deemed to have been paid under Section 9.01; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the City and authenticated and delivered by the Trustee under Section 2.11.

Participant

The term "Participant" or "DTC Participant" has the meaning given to that term in Section 2.14(b).

Payment Date

The term "Payment Date" means any Interest Payment Date, any Principal Payment Date or any Redemption Date.

Pension Tax Override Revenues

The term "Pension Tax Override Revenues" means all of the revenues received by or payable to the City from the *ad valorem* tax override annually levied at the rate of 0.14% of the assessed value of all taxable property within the City pursuant to Article XIIIA, Section 1(b)(1) of the California Constitution.

Permitted Investments

The term "Permitted Investments" means any of the following obligations if and to the extent that, at the time of making the investment, they are permitted by law:

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

(2) Bonds, debentures, notes or other evidence 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. Federal Housing Administration Debentures (FHA)

E. General Services Administration

F. Government National Mortgage Association (GNMA or "Ginnie Mae")

G. U.S. Maritime Administration

H. U.S. Department of Housing and Urban Development (HUD)

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

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

B. Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac").

C. Mortgage-backed securities and senior debt obligations of Fannie Mae.

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

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

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

(4) 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, a rating by Moody's of

Aaa, Aa1 or Aa2, including money market funds for which the Trustee or its parent and their affiliates provide investment advice or other investment management services.

(5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) 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.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation.

(7) Repurchase agreements with any financial institution which is rated by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services in a rating category at least equal to "A" (or equivalent), or repurchase agreements fully secured by collateral security described in clauses (1) or (2) of this definition continuously having a market value at least equal to the amount so invested so long as such underlying obligations or securities are in the possession of the Trustee or the Securities Investors Protection Corporation.

(8) Collateralized investment agreements or other collateralized contractual arrangements with corporations, financial institutions or national associations within the United States fully secured by collateral security described in clause (1), (2) or (3) of this definition; or investment agreements or other contractual arrangements with corporations, financial institutions or national associations within the United States, provided that the senior long-term debt of such corporations, institutions or associations is rated by Moody's Investors Services, Inc. and Standard & Poor's Ratings Services in a rating category at least equal to the higher of "A" (or equivalent);

(9) Commercial paper 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 agencies.

(11) Federal funds or bankers acceptances with a maximum term of one year of any bank 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) Any state administered pool investment fund in which the City is statutorily permitted or required to invest.

(13) Other forms of investments authorized by California Government Code Section 53601 et seq. and approved in writing by the City.

PERS Contract

The term "PERS Contract" means the contract dated January 1, 1954, as amended effective, October 16, 1964, January 1, 1966, July 1, 1966, August 1, 1966, May 1, 1968, October 1, 1968, April 1, 1972, October 1, 1972, July 1, 1973, May 1, 1975, March 1, 1976, July

1, 1978, September 1, 1978, July 1, 1979, September 28, 1979, December 1, 1979, September 1, 1980, February 23, 1982, November 1, 1988, July 1, 1992, August 11, 1992, November 3, 1993, January 14, 2000, October 1, 2002, January 1, 2003 and March 1, 2003 between the City and the System, as heretofore and hereafter amended from time to time.

PERS Obligation

The term "PERS Obligation" means the unfunded accrued actuarial liability of the City under the PERS Contract as shown in an Actuary's Report filed by the City with the Trustee at the time of issuance of any Bonds hereunder.

PORTAL

The term "PORTAL" means the Private Offering, Resales and Trading through Automated Linkages system of the National Association of Securities, Inc.

Principal Account

The term "Principal Account" means the account by that name established pursuant to Section 4.02.

Principal Amount

The term "Principal Amount" means (a) as to any Fixed Rate Bond, Auction Rate Security or Index Bond, the principal amount thereof; or (b) as to any Capital Appreciation Bond, Convertible Capital Appreciation Bond or Convertible Auction Rate Security, the Maturity Amount thereof.

Principal Payment Date

The term "Principal Payment Date" means a date on which principal is due on the Bonds as set forth on Appendix J attached hereto.

Purchaser

The term "Purchaser" means the purchaser named in the bond purchase contract for the Bonds, as original purchaser, as principal and as agent, of the Bonds.

Qualified Institutional Buyer

The term "Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

Qualified Swap Agreement

The term "Qualified Swap Agreement" or "Swap Agreement" means (i) any ISDA Master Swap Agreement, by and between the City and a Qualified Swap Provider, which includes Schedule A thereto and the applicable Commitment, (a) which is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into;

(b) which provides that the City shall pay to such entity an amount based on the interest accruing at a Fixed Rate on an amount equal to the Principal Amount of Outstanding Bonds covered by such Swap Agreement, if any, and that such entity shall pay to the City an amount based on the interest accruing on a principal amount equal to the then-Outstanding Principal Amount of the affected Bonds, at a variable rate of interest computed according to a formula set forth in the Swap Agreement (which need not be the same formula by which the Auction Rate, if applicable, is calculated) or that one shall pay to the other any net amount due under such arrangement; and (c) which has been designated in writing to the Trustee in a Certificate of the City as a Qualified Swap Agreement with respect to the affected Bonds; provided, that any Qualified Swap Agreement shall be subject to the prior written approval of the Bond Insurer.

Qualified Swap Provider

The term "Qualified Swap Provider" means with respect to the counterparty under any other Swap Agreement meeting the requirements of the definition thereof, a financial institution approved by the City and the Bond Insurer, (A) the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the related Qualified Swap Agreement by at least two Rating Agencies as: (i) at least "A3" by Moody's, "A-" by S&P or "A-" by Fitch; or (B) the obligations of which under the particular Qualified Swap Agreement and any Swap Policy related thereto are unconditionally guaranteed by a bank or non-bank financial institution, the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the Qualified Swap Agreement by at least two Rating Agencies as: (i) at least "A3" by Moody's, "A-" by S&P or "A-" by Fitch.

Rating Agencies

The term "Rating Agencies" means Fitch, Moody's and Standard & Poor's, but in each case only to the extent that any of them is then rating the Bonds at the request of the City.

Record Date

The term "Record Date" means, with respect to (a) Fixed Rate Bonds, the first day (whether or not such day is a Business Day) of the month immediately preceding each Interest Payment Date, (b) Auction Rate Securities, the fifth day (whether or not such day is a Business Day) immediately preceding each Interest Payment Date, (c) Capital Appreciation Bonds, the first day (whether or not such day is a Business Day) of the month immediately preceding the maturity thereof, (d) Convertible Auction Rate Securities, the fifth day (whether or not such day is a Business Day) of the month immediately preceding the Fixed Rate Conversion Date, and after such Fixed Rate Conversion Date, the first day (whether or not such day is a Business Day) of the month immediately preceding each Interest Payment Date (e) Index Bonds, the close of business on the Business Day prior to the next Interest Payment Date and (f) Convertible Capital Appreciation Bonds, the first day (whether or not such day is a Business Day) of the month immediately preceding the Conversion Date, and after such Conversion Date, the first day (whether or not such day is a Business Day) of the month immediately preceding each Interest Payment Date.

Redemption Date

The term "Redemption Date" means a date on which any of the Bonds is called for redemption prior to the Principal Payment Date of such Bonds.

Refunding Fund

The term Refunding Fund" means the City of Richmond 2005 Pension Obligation Refunding Fund established and maintained by the Director of Finance under Section 2.05(a).

Reported Rate

The term "Reported Rate" means the rate that appears on Telerate Page 3750 or a successor reporter of such rates, selected by the Calculation Agent and acceptable to the City.

Representation Letter

The term "Representation Letter" means the letter of representation to The Depository Trust Company from the City and the Trustee relating to the Bonds.

Retirement Law

The term "Retirement Law" means Section 20000 et seq. of the California Government Code.

Securities Depository

The term "Securities Depository" means, initially, DTC, and its successors and assigns, and any replacement securities depository appointed under the Indenture.

Series

The term "Series" means all of the Bonds designated as being within a certain series, as indicated on the inside cover hereof, regardless of variations in maturity date, interest rate (but within the same Mode), redemption and other provisions, and any Bonds thereafter issued in transfer or exchange for such Bonds pursuant to the Indenture.

Series 2005 Conversion Requirements

"Series 2005 Conversion Requirements" means, with respect to the Series 2005 Bonds which are Convertible Auction Rate Securities, (i) the delivery to the Trustee on a date no later than sixty (60) days prior to the Full Accretion Date for such Series 2005 Bonds of an Insurance Policy covering such Series 2005 Bonds and issued by a Bond Insurer which is rated by Moody's and S&P in a rating category at least equal to "AA" (or equivalent), (ii) the delivery, within five Business Days prior to such Full Accretion Date, of an official statement of the City with respect to such Series 2005 Bonds meeting the requirements of Securities Exchange Commission Rule 15c2-12 and any other applicable securities laws then in effect to the Broker-Dealer appointed for such Series 2005 Bonds, (iii) the approval of an Auction Agent Agreement by the City to be entered into by the Trustee and the Auction Agent for the Series 2005 Bonds and the execution and delivery thereof by the parties thereto on or prior to the Full Accretion Date for such Series 2005 Bonds, and (iv) the execution and delivery on or prior to the Full Accretion Date for such Series 2005 Bonds by the City and the other parties thereto of one or more Broker Dealer Agreements by the City to be entered into among the City, the Broker Dealer(s) and the Auction Agent appointed for the Series 2005 Bonds.

Sinking Fund Account, Series 2005 Sinking Fund Account

The term "Sinking Fund Account" means any subaccount established for the Term Bonds of any Series and maturity within the Principal Account, as more particularly designated as provided in Section 4.02.

The term "Series 2005 Sinking Fund Account" means the Sinking Fund Account established for the Series 2005 Bonds pursuant to Section 2.03.

Sinking Fund Account Payment

The term "Sinking Fund Account Payment" means the amount of money required hereby or by any Supplemental Indenture to be deposited by the Trustee in any Sinking Fund Account on any Sinking Fund Account Payment Date for the redemption of the Term Bonds of any Series and maturity.

Sinking Fund Account Payment Date

The term "Sinking Fund Account Payment Date" means any date on which any Sinking Fund Account Payments for the Term Bonds of any Series and maturity are required to be deposited in the Sinking Fund Account for the Bonds of such Series and maturity.

Standard Bonds

The term "Standard Bonds" means those Fixed Rate Bonds issued in Authorized Denominations of $100,000 and any integral multiple of $5,000 in excess thereof.

Standard & Poor's or "S&P"

"Standard & Poor's" or "S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, then the term "Standard & Poor's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the City and satisfactory to and approved by the Bond Insurer.

State

The term "State" means the State of California.

Subordinate Pension Tax Override Revenues

The term "Subordinate Pension Tax Override Revenues" means the Pension Tax Override Revenues less such amounts needed to pay debt service on the City's Taxable Limited Obligation Pension Bonds, 1999 Series A and any additional bonds issued under that certain Trust Agreement, dated of as November 1, 1999, by and between the City and U.S. Bank Trust National Association.

Supplemental Indenture

The term "Supplemental Indenture" means any indenture then in full force and effect which has been duly executed and delivered by the Trustee and the City amendatory hereof or supplemental hereto, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Swap Payments

The term "Swap Payments" means any of the periodic payments due from the City pursuant to the terms of a Qualified Swap Agreement.

System

The term "System" means the California Public Employees' Retirement System, or any successor System established by the State.

Telerate Page 3750

The term "Telerate Page 3750" means the display designated on page 3750 on Moneyline Telerate, Inc. (or such other page as may subsequently replace the 3750 page on that service or such other service as may be nominated by the British Banker's Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

Tranche

The term "Tranche" means the designated portion of a Series of Bonds sharing a particular Mode, and other characteristics, designated as such on the inside cover hereof. Each Tranche of Bonds within a Series of Bonds must be within the same Mode.

Triggering Event

The term "Triggering Event" means the upgrade of the Issuer Credit Rating of the City to at least Moody's "A3" and S&P "A-" or equivalent.

Treasury Note Rate

The term "Treasury Note Rate" means (a) the bond equivalent yield, calculated in accordance with prevailing industry conventions, of the rate on the most recently auctioned direct obligation of the United States Government having a remaining maturity closest to the length of the applicable Auction Rate Period, as quoted in The Wall Street Journal on such date for the Business Day next preceding such date; or (b) in the event that such rate is not published in The Wall Street Journal, then the bond equivalent yield, calculated in accordance with prevailing industry conventions, as calculated by reference to the arithmetic average of the bid price quotations of the most recently auctioned direct obligation of the United States Government having a remaining maturity closest to the length of the applicable Auction Rate Period, based on bid price quotations on such date obtained by the Auction Agent from the U.S. Government Securities Dealers.

Trustee

The term "Trustee" means Union Bank of California, N.A., a national banking association duly organized and existing under the laws of the United States of America, or any other bank with trust powers or trust company which may at any time be substituted in its place as provided in Section 6.01.

Written Request of the City

The term "Written Request of the City" means an instrument in writing signed by a City Representative.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract by and among the City, the Trustee and the Holders from time to time of all Bonds authorized, executed, authenticated and delivered hereunder and then Outstanding to provide for the payment of the principal, Accreted Value or redemption price of and the interest on all Bonds which may from time to time be authorized, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein required to be performed by or on behalf of the City 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, execution, authentication or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

ISSUANCE OF THE SERIES 2005 BONDS; GENERAL BOND PROVISIONS

SECTION 2.01. Authorization and Purpose of and Obligation Under the Series 2005 Bonds. The City has reviewed all proceedings heretofore taken relative to the authorization of the Series 2005 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 the issuance of the Series 2005 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, that the City is duly authorized, pursuant to each and every requirement of the Act, to execute and enter into the Indenture and to issue the Series 2005 Bonds in the form and manner and for the purpose provided herein, that the Series 2005 Bonds shall be entitled to the benefit, protection and security of the provisions hereof, that the Series 2005 Bonds will be legal, valid and binding obligations of the City payable in accordance with their terms, that the obligation of the City under the Series 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the Series 2005 Bonds on their respective Payment Dates, is exempt from the debt limitations of the California Constitution, and that the City is obligated to satisfy its obligations under the Series 2005 Bonds from any lawfully available funds of the City. The Series 2005 Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation, and neither the Series 2005 Bonds nor the obligation of the City to make payment of the principal, Accreted Value or redemption price of or the interest on the Bonds constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

SECTION 2.02. Assignment and Pledge for the Series 2005 Bonds. The City hereby irrevocably assigns and pledges to the Trustee, in trust for the security of the Holders upon the terms hereof, all the City's rights, title and interest in and to all money and securities for deposit in, or deposited in, the Bond Fund, and all investment earnings thereon, and all collateral security for, and all proceeds of, any of the foregoing. The Trustee shall hold all such rights, title and interest received by it under this section and all money and securities (exclusive of money to which the Trustee is entitled in its own right as a fee, indemnity, reimbursement or otherwise) received from the City or derived from the exercise of the City's powers hereunder in trust for the security of the Holders in accordance with the provisions hereof, and the City shall from time to time execute, deliver, file and record such instruments as the Trustee may reasonably require to confirm or maintain the security created hereby and the assignment and pledge hereby of the rights, title and interest assigned and pledged by the City to the Trustee hereunder.

SECTION 2.03. Terms of the Series 2005 Bonds. The Series 2005 Bonds shall be designated the "City of Richmond Taxable Pension Funding Bonds, Series 2005" and shall be further designated as set forth in the definitions hereof, in the Modes, Series and Tranches and with the maturities set forth thereon.

Sinking Fund Account Payments are hereby established for the mandatory redemption and payment of the Series 2005A Bonds, the Series 2005B-1 Bonds and the Series 2005B-2 Bonds (the "Series 2005 Term Bonds"), which payments shall become due (i) with

respect to Convertible Auction Rate Securities, following the Full Accretion Date and (ii) with respect to Standard Bonds, prior to maturity, for each Tranche of Bonds, during the years ending on the dates and in the amounts set forth (a) in Appendix J, with respect to the Series 2005 Bonds (except that if any Series 2005 Term Bonds have been optionally redeemed pursuant to Section 2.04, the amounts of such Sinking Fund Account Payments shall be reduced proportionately by the Principal Amount of all such Series 2005 Term Bonds so optionally redeemed as provided therein), and (b) in the corresponding appendix of any Supplemental Indenture pursuant to which Additional Bonds are subsequently issued.

All such Sinking Fund Account Payments shall be deposited in a subaccount in the Redemption Account to be known as the "Series 2005 Sinking Fund Account," which is hereby created and which the Trustee hereby agrees and covenants to cause to be maintained so long as any Series 2005 Term Bonds are Outstanding. All money in the Series 2005 Sinking Fund Account on August 1 of each year indicated on Appendix J hereto, beginning on August 1, 2006, shall be used and withdrawn by the Trustee on such August 1 for the mandatory redemption or payment of the Series 2005 Term Bonds; and the Trustee hereby agrees and covenants with the Holders of the Series 2005 Term Bonds to call and redeem in accordance herewith or pay such Series 2005 Term Bonds from such Sinking Fund Account Payments deposited in the Series 2005 Sinking Fund Account pursuant to this section whenever on August 1 of each year indicated on Appendix J hereto, there is money in the Series 2005 Sinking Fund Account available for such purpose.

The Principal Amount of the Series 2005 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee; provided, that payments of the Principal Amount of Auction Rate Securities, at maturity or upon earlier redemption, shall be made by wire transfer of immediately available funds to the Securities Depository so long as the Auction Rate Securities are in book-entry form, unless such method of payment of Principal Amount shall have been modified by written agreement among the Trustee, the Securities Depository and the Auction Agent.

The Series 2005 Bonds shall mature on the dates and in the Principal Amounts and bear or accrete interest at the rates (based on a 360-day calendar year of twelve 30-day months), and shall be payable on Interest Payment Dates all as set forth in Appendix J. The Series 2005 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 Record Date 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 the date of original delivery; provided, that if at the time of authentication of any Series 2005 Bond interest is then in default on the Outstanding Series 2005 Bonds, such Series 2005 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2005 Bonds. Payment of interest on the Series 2005 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the Series 2005 Bonds registration books kept by the Trustee pursuant to Section 2.10 as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, 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 one million dollars ($1,000,000) or more in aggregate principal amount of Series 2005 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds.

Payment of the principal, Accreted Value or redemption price of the Series 2005 Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the Corporate Trust Office of the Trustee.

SECTION 2.04. Redemption of the Series 2005 Bonds. The Series 2005 Bonds are subject to optional redemption by the City prior to their respective stated maturities as set forth in Appendix J. Notice of optional redemption shall be given by the City to the Trustee not less than 45 days prior to any optional redemption date.

Any Series 2005 Term Bonds subject to mandatory redemption by the City as set forth in Appendix J shall be redeemed prior to their stated maturity in part on August 1 of each year indicated on Appendix J, pro rata among the Holders, solely from Sinking Fund Account Payments in the amounts and on the dates set forth in Appendix J, upon mailed notice as hereinafter provided, at a redemption price equal to the sum of the Principal Amount thereof plus accrued interest thereon to the redemption date, without premium. For the purposes of such selection, the Series 2005 Bonds selected for redemption shall be deemed to be composed of $5,000 portions and any such portion may be separately prepaid. The Trustee shall promptly notify the City in writing of the Series 2005 Bonds so selected for redemption. So long as there is a securities depository for the Series 2005 Bonds, there will only be one Holder and neither the City nor the Trustee will have responsibility for pro rating partial redemptions among Beneficial Owners of Series 2005 Bonds.

Notice of redemption of any Series 2005 Bonds or any portions thereof shall be given by first class mail not less than fifteen (15) days nor more than thirty (30) days before the redemption date of such Series 2005 Bonds or portions thereof to the respective Holders thereof as their names and addresses appear on the registration books maintained by the Trustee pursuant to Section 2.10 and to the Information Services. Each notice of redemption shall state the date of such notice, the Series 2005 Bonds to be redeemed, the date of issue of such Series 2005 Bonds, the redemption date, the redemption price, the place of redemption (including the name and appropriate address), the CUSIP number (if any) and ISIN number (if any) of the maturity or maturities, and, if less than all of any such maturity are to be redeemed, the distinctive numbers of the Series 2005 Bonds of such maturity to be redeemed and, in the case of Series 2005 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 such redemption date there will become due and payable on each of such Series 2005 Bonds the redemption price thereof or of the specified portion of the principal amount thereof in the case of a Series 2005 Bond to be redeemed in part only, 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 Series 2005 Bonds be then surrendered at the address of the Trustee specified in the redemption notice; provided, that failure by the Trustee to give notice pursuant to this section to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any Holder to receive any redemption notice mailed to such Holder or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Series 2005

Bonds; and provided further, that that any such notice of redemption may be cancelled and annulled by a Written Request of the City given to the Trustee at least five (5) days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

Upon surrender of any Series 2005 Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the City, a new Series 2005 Bond or Bonds of Authorized Denominations equal to the aggregate Principal Amount, of the unredeemed portion of the Series 2005 Bond surrendered and of the same maturity.

From and after the date fixed for redemption of any Series 2005 Bonds or any portions thereof, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Series 2005 Bonds or such portions thereof so called for redemption shall have been duly provided, no interest shall accrue on such Series 2005 Bonds or such portions thereof from and after the redemption date specified in such notice.

All Series 2005 Bonds redeemed or purchased pursuant to the provisions of this section shall be destroyed by the Trustee and the Trustee shall deliver a certificate of destruction to the City.

SECTION 2.05. Procedure for the Issuance of the Series 2005 Bonds; Application of Proceeds of the Series 2005 Bonds. At any time after the sale of the Series 2005 Bonds in accordance with the Act, the City shall execute the Series 2005 Bonds for issuance hereunder, in accordance with the provisions as to Mode, Series and other provisions as set forth on the inside front cover hereof and in Appendix J hereto, and shall deliver them to the Trustee, and thereupon the Series 2005 Bonds shall be authenticated and delivered by the Trustee to the Purchaser thereof upon the Written Request of the City and upon receipt of the net purchase price of the Bonds from the Purchaser thereof as provided in such Written Request; and upon receipt of payment of the net purchase price of the Bonds from the Purchaser thereof, the Trustee shall set aside and deposit the net proceeds received from such sale in the following order of priority:

(a) The Trustee shall deposit the amount of $113,877,016.92 in the Refunding Fund, designated the "City of Richmond 2005 Pension Obligation Refunding Fund," which fund the Trustee hereby agrees to establish and maintain until the PERS Obligation has been refunded as provided herein, which sum shall be used for refunding the PERS Obligation upon the written direction of the City in accordance with and subject to the terms thereof; and

(b) The Trustee shall deposit $410,895.52 in the 2005 Costs of Issuance Fund, which fund is hereby created and which fund the City hereby agrees to maintain with the Trustee until May 1, 2006. All money in the Costs of Issuance Fund shall be used and withdrawn by the City to pay the Costs of Issuance of the Series 2005 Bonds upon receipt of a Written Request of the City 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 May 1,

2006, or upon the earlier Written Request of the City, any remaining balance in the 2005 Costs of Issuance Fund shall be transferred to the Bond Fund.

(c) The Trustee shall transfer from amounts on deposit in the 2005 Refunding Fund an amount equal to $113,877,016.92 to the System.

On the initial date of delivery of the Series 2005 Bonds, there shall be on file with the City an Actuary's Report detailing the Applicable Percentage as of the date of delivery of such Series 2005 Bonds.

SECTION 2.06. Form of the Series 2005 Bonds. The Series 2005 Bonds and the certificate of authentication and the form of assignment and other details to appear thereon shall be substantially in one or more of the forms set forth in Appendix A, Appendix B, Appendix C, Appendix D, Appendix E, Appendix G and Appendix H hereto attached and by this reference incorporated herein.

SECTION 2.07. Execution of the Bonds. The Director of Finance is hereby authorized and directed to execute each of the Bonds on behalf of the City by his manual or facsimile signature and the City Clerk is hereby authorized and directed to countersign each of the Bonds on behalf of the City by her manual or facsimile signature and to affix the seal of the City thereto by impression or by a facsimile reproduction thereof; provided, that 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 the delivery of the Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form hereinabove 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 the execution of such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.08. Transfer and Payment of the Bonds; Transfer Restrictions.

(a) General. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.10 by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation at the Corporate Trust Office of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee; provided, that 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; and provided further, that the Trustee may refuse to transfer any Bonds during the fifteen (15) day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to transfer any Bonds selected by the Trustee for redemption. Whenever any Bond shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal to the Principal Amount or, with

respect to Convertible Auction Rate Securities prior to the Full Accretion Date and Capital Appreciation Bonds, the Accreted Value and with respect to Convertible Capital Appreciation Bonds prior to the Conversion, the Conversion Date Amount of the Bond surrendered.

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

The cost of preparing the Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of the Bonds shall be paid by the City.

(b) Restrictions on Transfer of Series 2005 Bonds. Unless the Series 2005 Conversion Requirements are met, the following shall apply.

(i) No Holder may, in any transaction or series of transactions, directly or indirectly (each of the following, a "transfer"), (i) sell, assign or otherwise in any manner dispose of all or any part of its interest in any Series 2005 Bond, whether by act, deed, merger or otherwise or (ii) mortgage, pledge or create a lien or security interest in such beneficial interest unless such transfer satisfies the conditions set forth in clause (ii) below. The Series 2005 Bonds are expected to be eligible for quotation on the PORTAL system. Any sale of a Series 2005 Bond through the PORTAL system may be made only in accordance with the rules governing the PORTAL system.

(ii) No purported transfer of any interest in any Series 2005 Bond or any portion thereof which is not made in accordance with this Section shall be given effect by or be binding upon the Trustee and any such purported transfer shall be null and void ab initio and vest in the transferee no rights in any Series 2005 Bond.

(iii) No transfer of any Series 2005 Bond or interest therein shall be made unless (a) such transfer is made to a Qualified Institutional Buyer in accordance with all applicable securities laws and (b) such transfer is in a minimum denomination of $100,000 aggregate principal amount for Series 2005A Bonds or $100,000 Maturity Value for Series 2005B Bonds.

(iv) Each Series 2005 Bond issued hereunder will contain the following legend:

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A(a)(1) UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT UNLESS THE SERIES 2005 CONVERSION REQUIREMENTS ARE MET THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER IN

A MINIMUM DENOMINATION OF SERIES 2005A BOND: $100,000 AGGREGATE PRINCIPAL AMOUNT] [SERIES 2005B BOND: $100,000 MATURITY VALUE].

SECTION 2.09. Exchange of the Bonds. Any Bond may, in accordance with its terms, be exchanged at the Corporate Trust Office of the Trustee for a new Bond or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal to the Principal Amount or, with respect to Convertible Auction Rate Securities prior to the Full Accretion Date and Capital Appreciation Bonds, the Accreted Value of the Bond surrendered; provided, that 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; and provided further, that the Trustee may refuse to exchange any Bonds during the fifteen (15) day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to exchange any Bonds selected by the Trustee for redemption.

The cost of preparing the Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City.

SECTION 2.10. 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 with reasonable notice be open to inspection by the City, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.11. 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 or Bonds of the same Series of Bonds and maturity of Authorized Denominations equal in aggregate Principal Amount or, with respect to Convertible Auction Rate Securities prior to the Full Accretion Date and Capital Appreciation Bonds, Accreted Value and with respect to Convertible Capital Appreciation Bonds prior to the Conversion Date, the Conversion Date Amount of the Bond so mutilated in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated, and 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 the same Series of Bonds and maturity of authorized denominations equal in aggregate Principal Amount or, with respect to Convertible Auction Rate Securities prior to the Full Accretion Date and Capital Appreciation Bonds, Accreted Value of the Bond so lost, destroyed or stolen 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 delivered under this section and of the expenses which may be incurred by the City and the Trustee in the premises. Any Bond delivered 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 hereof with all other Bonds secured hereby, and neither the City 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 2.12. Temporary Bonds. The Bonds issued hereunder may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be in fully registered form and may contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the City in accordance with the terms hereof. If the City 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, and the Trustee shall deliver in exchange for such temporary Bonds definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds delivered hereunder.

SECTION 2.13. Validity of the Bonds. 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 the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the Purchaser and the proceeds of sale thereof received by the Trustee as provided herein.

SECTION 2.14. Book-Entry System for the Series 2005 Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this section, the Series 2005 Bonds shall initially be issued in the form of a single authenticated fully registered bond for each Principal Payment Date of the Series 2005 Bonds, and 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 Series 2005 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2005 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Trustee and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2005 Bonds registered in its name for the purposes of payment of the principal, Accreted Value or redemption price of and the interest on such Series 2005 Bonds, selecting the Series 2005 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of the Series 2005 Bonds, obtaining any consent or other action to be taken by Holders of the Series 2005 Bonds and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this section, 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 Series 2005 Bonds under

or through DTC or any Participant, or any other person which is not shown on the registration records as being a Holder, 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, Accreted Value or redemption price of or the interest on any of the Series 2005 Bonds, (iii) any notice which is permitted or required to be given to Holders of Series 2005 Bonds hereunder, or (iv) any consent given or other action taken by DTC as Holder of Series 2005 Bonds. The Trustee shall pay the principal, Accreted Value or redemption price of and the interest on the Series 2005 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 City's obligations with respect to the Series 2005 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 Series 2005 Bonds will be transferable to such new nominee in accordance with subsection (g) of this section.

(c) In the event that the City determines that it is in the best interests of the Beneficial Owners of the Series 2005 Bonds that they be able to obtain definitive Series 2005 Bonds, the Trustee shall, upon receipt of a Written Request of the City, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of definitive Series 2005 Bonds, and in such event the Series 2005 Bonds shall be transferable in accordance with subsection (g) of this section.

(d) DTC may determine to discontinue providing its services with respect to the Series 2005 Bonds at any time by giving written notice of such discontinuance to the Trustee or the City and discharging its responsibilities with respect thereto under applicable law, and in such event the Series 2005 Bonds shall be transferable in accordance with subsection (g) of this section. Whenever DTC requests the Trustee or the City to do so, the Trustee and the City 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 Series 2005 Bonds then Outstanding, and in such event the Series 2005 Bonds shall be transferable to such securities depository in accordance with subsection (g) of this section, and thereafter, all references in the Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(e) Notwithstanding any other provision hereof to the contrary, so long as all Series 2005 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal, Accreted Value or redemption price of and the interest on each such Series 2005 Bond and all notices with respect to each such Series 2005 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(f) The Trustee and the City are each 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 hereunder.

(g) In the event that any transfer or exchange of Series 2005 Bonds is authorized under subsection (b), (c) or (d) of this section, such transfer or exchange shall be

accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2005 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.08 and 2.09. In the event that definitive Series 2005 Bonds are issued to Holders other than Cede & Co., its successor as nominee for DTC as Holder of all the Series 2005 Bonds, another securities depository as holder of all the Series 2005 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.08 and 2.09 shall also apply to, among other things, the registration, exchange and transfer of the Series 2005 Bonds and the method of payment of the principal, Accreted Value or redemption price of and the interest on the Series 2005 Bonds.

SECTION 2.15. Methodology and Interest Rate Setting for Auction Rate Securities. The provisions in Appendix F shall apply to all Auction Rate Securities.

SECTION 2.16. Methodology and Interest-Rate Setting for Index Bonds. In the event the City shall designate a Series of Index Bonds, such Index Bonds shall bear interest at the Index Rate to be determined as follows:

(a) On or immediately prior to the Closing Date, the Purchaser of the Bonds shall determine and the City shall approve the LIBOR Spread to apply to Index Bonds issued hereunder, if any, reflected on Appendix J hereto.

(b) On each Index Rate Determination Date until the end of the applicable Index Rate Period (each, an "Index Adjustment Date"), the Calculation Agent will (i) calculate the interest rate for the Index Bonds, based on the LIBOR Spread, and (ii) notify the Trustee of such interest rate, which shall apply to all Index Bonds until the immediately following Index Adjustment Date.

(c) Promptly upon the calculation of the Index Rate by the Calculation Agent, and notification thereof to the Trustee, the Trustee will notify the City of the Index Rate for the applicable period. The Index Rate calculated by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the Beneficial Owners, the Holders, the City, the Calculation Agent and the Trustee.

(d) If the following circumstances exist on any Index Rate Determination Date, the Index Rate shall be determined by the following alternative method: (i) In the event that no Reported Rate appears on Telerate Page 3750 as of approximately 11:00 a.m., London, U.K., time, on an Index Rate Determination Date, the Index Rate for that week shall be based on the Reported Rate for the preceding week; provided, that if no Reported Rate appears in Telerate Page 3750 for two consecutive weeks, the Index Rate shall be determined by the Calculation Agent and shall be the minimum percentage of four-week U.S. Treasury Bills that would have been necessary (as determined in the best business judgment of the Calculation Agent, based on its examination of taxable municipal obligations comparable to the Index Bonds known by the Calculation Agent to have been priced or traded under then-prevailing marketing conditions) to permit the Calculation Agent to sell the Index Bonds on such date and at the time of such determination at their Principal Amount (without regard to accrued interest), if the Index Bonds were being sold on such date.

(e) If the appropriate interest rate or LIBOR Spread is not or cannot be determined for Index Bonds for whatever reason, the method of determining the interest rate for the Index Bonds shall automatically be established in accordance with paragraph (d) of this section, until such time as the LIBOR Spread can again be determined based on the available published LIBOR.

ARTICLE III

ISSUANCE OF ADDITIONAL BONDS

SECTION 3.01. Conditions for the Issuance of Additional Bonds. The City may at any time issue Additional Bonds on a parity with the Series 2005 Bonds, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds.

(a) The City shall be in compliance with all agreements and covenants contained herein.

(b) The issuance of such Additional Bonds shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The purpose for which such Additional Bonds are to be issued; provided, that such Additional Bonds shall be applied solely for (i) the purpose of satisfying any obligation to make payments to the System pursuant to the Retirement Law relating to pension benefits accruing to the System's members and their beneficiaries, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose (including funded interest), and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding (including funded interest);

(ii) The authorized aggregate principal amount and designation of such Additional Bonds;

(iii) The interest payment dates and principal payment dates for such Additional Bonds;

(iv) Whether such Additional Bonds are fixed rate bonds, variable rate bonds, indexed notes, current interest bonds, deferred interest bonds, capital appreciation bonds, convertible capital appreciation bonds, embedded cap bonds, equity participation bonds or synthetic or hedged fixed rate bonds or such other Mode as may be set forth in a Supplemental Indenture;

(v) The denomination or denominations of and method of numbering such Additional Bonds;

(vi) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account; and

(viii) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

(c) There shall be on file with the City an Actuary's Report detailing the Applicable Percentage as of the date of delivery of such Additional Bonds.

(d) The City shall have filed with the Trustee copies of its audited financial statements for the Fiscal Years ending June 30, 2004 and June 30, 2005.

SECTION 3.02. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, the City shall execute such Additional Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon such Additional Bonds shall be delivered by the Trustee to the Purchaser thereof upon the Written Request of the City, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the City as to the delivery of such Additional Bonds;

(c) An Opinion of Counsel to the effect that (1) the City has executed and delivered the Supplemental Indenture, and the Supplemental Indenture is valid and binding upon the City and (2) such Additional Bonds are valid and binding obligations of the City entitled to the benefits of the Act and hereof, and such Additional Bonds have been duly and validly issued in accordance with the Act and herewith;

(d) A Certificate of the City containing such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Bonds contained herein;

(e) An Actuary's Report showing that the PERS Obligation at the time of issuance of the Additional Bonds is at least equal to the aggregate principal amount of Additional Bonds to be issued, and showing the Applicable Percentage with respect to such Additional Bonds; and

(f) Such further documents, money or securities as are required by the provisions of the Supplemental Indenture providing for the issuance of such Additional Bonds.

The City shall deliver to the Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

ARTICLE IV

FUNDS AND ACCOUNTS

SECTION 4.01. Deposits to Bond Fund.

(a) The City agrees and covenants that, not later than January 15 of each Fiscal Year, it will transfer or cause to be transferred to and deposit with the Trustee the amount of the City's obligations on the Bonds in the ensuing Bond Year. The Trustee shall notify the Auditor-Controller of the County of Contra Costa (the "Auditor-Controller") of such obligations to be transferred each year in furtherance of this obligation under the Letter of Instruction, executed by the City and acknowledged and received by the Auditor-Controller and the Trustee, by December 1 of each Fiscal Year.

(b) Such amount may include any Subordinate Pension Tax Override Revenues which may be applied only up to the Applicable Percentage for such Series of Bonds (as set forth in Appendix K hereto); provided that to the extent there are insufficient Subordinate Pension Tax Override Revenues to pay such Applicable Percentage, the City shall pay any shortfall out of lawfully available funds of the City.

(c) All amounts payable by the City hereunder shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which fund is hereby created and shall be held in trust by the Trustee.

In establishing the amounts of the City's obligations on the Bonds to be prefunded in each Fiscal Year, (i) (A) the debt service for Auction Rate Securities with an Auction Rate Period of less than 360 Rate Period Days and Index Bonds not subject to a Qualified Swap Agreement shall be prepaid at the actual average interest rate for the immediately preceding Fiscal Year plus 200 basis points (2.00%), and if such information is not available for the full immediately preceding Fiscal Year, then the debt service for such Auction Rate Securities shall be prefunded at the average one-month LIBOR plus 200 basis points (2.00%) for the immediately preceding Fiscal Year, provided, that if the average one-month LIBOR for the prior Fiscal Year is not available, then such debt service shall be prefunded at a rate mutually agreed to by the City and the Bond Insurer if the Bonds are converted to Auction Rate Securities and the Purchaser if such conversion does not occur; and (B) the debt service for Auction Rate Securities with an Auction Rate Period of 360 Rate Period Days or longer shall be prefunded at the actual interest rate in effect for such Auction Rate Securities; and (ii) the debt service for all other Bonds then Outstanding shall be prefunded at (A) the rate prescribed under the applicable Qualified Swap Agreement, if any, for Auction Rate Securities and Index Bonds subject to a Qualified Swap Agreement, and (B) the actual rate for Fixed Rate Bonds, in each case, for all such Bonds Outstanding during the immediately preceding Fiscal Year.

SECTION 4.02. Allocation of Money in the Bond Fund. On each Interest Payment Date, the Trustee shall transfer from the Bond Fund, in immediately available funds, for deposit into the following respective accounts (each of which is hereby created and which the Trustee shall maintain in trust separate and distinct from the other accounts and funds established hereunder) the following amounts in the following order of priority, the requirements of each such

account (including the making up of any deficiencies in any such account resulting from lack of funds sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

First: Interest Account,

Second: Principal Account, and

Third: Administrative Expense 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) Interest Account. On each Interest Payment Date, the Trustee shall set aside from the Bond Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

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

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

(b) Principal Account. On each Principal Payment Date, the Trustee shall set aside from the Bond Fund and deposit (i) in the Principal Account an amount of money equal to the Principal Amount of all Outstanding Serial Bonds maturing on such Principal Payment Date and (ii) into the respective Sinking Fund Accounts for all Outstanding Term Bonds (established below) the amount of all Sinking Fund Account Payments required to be made on such Sinking Fund Account Payment Date.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal or Accreted Value of all Outstanding Serial Bonds maturing by their terms on such Principal Payment Date plus the aggregate amount of all Sinking Fund Account Payments required to be made on such Sinking Fund Account Payment Date for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate Sinking Fund Account for the Term Bonds of each series and maturity, designated as the "__ Sinking Fund Account," inserting therein the series and maturity (if more than one such account is established for such series) designation of such Bonds. With respect to each Sinking Fund Account, on each Sinking Fund Account Payment Date established for such Sinking Fund Account in Appendix J attached hereto, the Trustee shall apply the Sinking Fund Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Sinking Fund Account was established, upon the notice and in the manner set forth herein or in the Supplemental Indenture providing for

the issuance of such Term Bonds; provided, that, at any time prior to giving such notice of such redemption, the Trustee may, upon the Written Request of the City, apply moneys in such Sinking Fund Account to the purchase for cancellation of Term Bonds of such series and maturity for which such Sinking Fund Account was established 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) as may be directed by the City, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Term Bonds upon redemption by application of such Sinking Fund Account Payment. If, during the twelve-month period immediately preceding any Sinking Fund Account Payment Date the Trustee has purchased Term Bonds of such series and maturity for which such Sinking Fund Account was created with money in such Sinking Fund Account, such Term Bonds so purchased shall be applied (to the extent of the full Principal Amount thereof) to reduce such Sinking Fund Account Payment. Unless the Series 2005 Conversion Requirements have been met, the Trustee shall provide notice to the Holders of all Outstanding Bonds upon the satisfaction of the requirements of this Section.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, Accreted Value or redemption price of the Bonds as they shall become due and payable, whether at maturity or prior redemption, except that any money in any Sinking Fund Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Fund Account was created.

(c) Administrative Expense Account. Following the deposits set forth above, any money remaining in the Bond Fund shall be deposited by the Trustee in the Administrative Expense Account. All money deposited in the Administrative Expense Account shall be transferred by the Trustee to or upon the order of the City, as specified in a Written Request of the City, on each date provided therefor in the Auction Agent Agreement and the Broker-Dealer Agreement, for payment of the fees then due to the Auction Agent and the Broker-Dealer, as set forth therein. Any moneys remaining in the Administrative Expense Account after final payment of the Bonds is made may be applied as provided in a Written Request of the City to pay the fees and expenses of the Trustee or shall be returned to the City.

SECTION 4.03. Deposit and Investments of Money in Accounts and Funds. 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 City. If no Written Request of the City is received on or before the second Business Day preceding the date on which investments are to be made, the Trustee shall invest funds held by it in Permitted Investments described in clause (4) of the definition thereof. 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. All interest or profits received on any money so invested shall be deposited in the Bond Fund. The Trustee shall not be liable for any consequences resulting from any investments made pursuant to the preceding sentence. The Trustee shall be entitled to reply conclusively upon the City's investment directions as to the fact that each investment meets the criteria of the Indenture. The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waive receipt of such confirmations to the extent permitted by law. The Trustee or an affiliate may act as principal or

agent in the making or disposing of any investment. The Trustee may sell or present for redemption any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

SECTION 4.04. Establishment of Deposit Fund and Transfers Therefrom. The following Section shall apply in the event the City were to elect to enter into a Qualified Swap Agreement, with the consent of the Bond Insurer. The Trustee shall establish a special fund designated as the "City of Richmond Deposit Fund, Series 2005" (the "Deposit Fund"). The Deposit Fund shall be funded and applied solely in accordance with this section; it is intended for the proper matching of debt service payments on the Auction Rate Securities and Index Bonds, if any, that are covered by Qualified Swap Agreements, with the related Swap Payments and the required netting of such payments in order to assure full and timely payments to the Holders of the Auction Rate Securities and Index Bonds affected by such Qualified Swap Agreements (collectively, "Swapped Bonds"); provided, that in the absence of any Qualified Swap Agreements, the Deposit Fund shall remain unfunded.

On or before the date that is two (2) Business Days prior to each Interest Payment Date or such other date that may be established for Swapped Bonds, the City shall transfer or cause to be transferred to the Trustee for deposit into the Deposit Fund the portion of the City's debt service prepayment obligation (as set forth in Section 4.01) on deposit in the Bond Fund that is necessary in order to make Swap Payments for all Swapped Bonds.

SECTION 4.05. Establishment of Pension Funding Stabilization Fund. The Trustee shall establish a special fund designated as the "Pension Funding Stabilization Fund", (the "Pension Funding Stabilization Fund"). On or before June 30 of each Fiscal Year, commencing in Fiscal Year 2005-06, the City shall deposit into the Pension Funding Stabilization Fund the amounts as set forth in Appendix L which represent the amount by which the total amount of principal and interest on the Series 2005 Bonds for such Fiscal Year is less than the amount which would have been paid to the System with respect to the PERS Obligation had the Series 2005 Bonds not been issued. Amounts in the Pension Funding Stabilization Fund shall be applied by the Trustee upon a Written Request of the City (i) to pay principal or Accreted Value of or interest on the Bonds or to redeem Bonds prior to maturity or (ii) for transfer to the City for the payment of (a) pension funding costs, (b) capital project costs (including roads), or (c) retiree health care costs.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01. Punctual Payment and Performance. The City will punctually pay the principal, Accreted Value or redemption price of and the interest on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants required to be observed or performed by the City contained herein and in the Bonds.

SECTION 5.02. Extension of Payment of the Bonds. The City will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits hereof, except subject to the prior payment in full of the Principal Amount of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended; provided, that nothing in this section shall be deemed to limit the right of the City to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

SECTION 5.03. Accounting Records and Reports. The City 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 all money on deposit in the funds established hereunder, which such books shall be available for inspection by the Trustee and the Bond Insurer upon reasonable notice at reasonable times and under reasonable conditions. Not more than two hundred seventy (270) days after the close of each Fiscal Year commencing with the Fiscal Year ended June 30, 2005, the City shall furnish to the Trustee and the Bond Insurer copies of the audited financial statements of the City for such Fiscal Year, including a balance sheet as of the end of such Fiscal Year and such accompanying statements for such Fiscal Year as are required by generally accepted accounting principles, with each such statement and balance sheet prepared in accordance with generally accepted accounting principles consistently applied and audited by a firm of Independent Certified Public Accountants; provided, that the Trustee shall have no duty to review or examine any such financial statements. The Trustee shall furnish a copy of the financial statements to the Purchaser and to any Holder upon request.

SECTION 5.04. Prosecution and Defense of Suits. The City will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent involving the failure of the City to fulfill its obligations hereunder; provided, that the Trustee or any Holder at its election may appear in and defend any such suit, action or proceeding.

SECTION 5.05. Continuing Disclosure. If applicable, the City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City and dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof, and notwithstanding any other provision hereof, failure of the City to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default hereunder; provided, that any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations thereunder.

SECTION 5.06. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the agreements and covenants contained herein or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

SECTION 5.07. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee, the Bond Insurer or any Holder, the City 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 Trustee, the Bond Insurer and the Holders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

SECTION 5.08. Limitation on Additional Obligations of the City. The City covenants for the benefit of the Holders of the Series 2005 Bonds that, unless 100% of the Holders of the Series 2005 Bonds consent in writing, it will not issue, execute or deliver any obligations payable from the general fund of the City (including without limitation financing leases, installment agreements, bonds or other evidences of indebtedness, but excluding operating leases with a term of five years or less, contracts for goods or services to be delivered in the current or next succeeding fiscal year or any other obligations for less than $1,000,000) (i) prior to the date on which the audited financial statements of the City for the Fiscal Year ending June 30, 2005 are delivered pursuant to Section 5.03 and that the Issuer Credit Rating for the City has been upgraded by Moody's to "Baa1" or better, or (ii) prior to June 30, 2006, unless written confirmation is received from Moody's that the issuance, execution or delivery of such obligations will not adversely affect Moody's Issuer Credit Rating for the City.

SECTION 5.09. Monthly Investment Reports. So long as the Series 2005 Bonds are Outstanding, the City shall provide to the Purchaser Monthly Investment Reports, no later than the 15th day of each monthly; provided however, that such obligation will cease if the Trustee has notified the City and the Purchaser that the Triggering Event has occurred.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. The Trustee. Union Bank of California, N.A. is hereby appointed the Trustee for the Bonds issued hereunder for the purpose of receiving all money which the City is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein, with the rights and obligations provided herein, and the City agrees that it will at all times so long as any Bonds are Outstanding maintain a Trustee having the qualifications required hereby.

The City, with the prior written consent of the Bond Insurer, may at any time (unless there exists any Event of Default hereunder) 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 a state or national bank or corporation with trust powers or a trust company having (or in the case of a corporation, bank or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars ($100,000,000) and shall be subject to supervision or examination by federal or state

authority; and if such bank, corporation 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, corporation 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 City and the Bond Insurer and by mailing notice of such resignation under Section 10.06 to the Holders, and upon receiving such notice of resignation, the City 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 after a successor Trustee acceptable to the Bond Insurer shall have been appointed and upon the acceptance of appointment by such successor Trustee; provided, that 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 may be removed at any time, at the request of the Bond Insurer, for any breach of its obligations and duties set forth herein.

Any bank, corporation or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, corporation or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, corporation or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall become the successor Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding; provided, that such bank, corporation or trust company shall be eligible under this section.

The Trustee is hereby authorized to pay the principal, Accreted Value or redemption price of the Bonds when duly presented for payment on their Principal Payment Dates or their Redemption Dates as provided herein and to pay the interest on the Bonds on their Interest Payment Dates as provided herein. The Trustee shall cancel all Bonds upon payment thereof on their Principal Payment Date or on their Redemption Date or upon the surrender thereof to the Trustee by the City, and the Trustee shall destroy all such cancelled Bonds and shall deliver a certificate of destruction to the City and shall keep accurate records of all Bonds paid and discharged and cancelled and destroyed by it.

The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default that may have occurred hereunder, perform such duties, and only such duties, as are specifically set forth herein, and no implied duties or obligations shall be read herein. The Trustee shall, during the existence of any Event of Default hereunder that has not been cured, exercise such of the rights and powers vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

SECTION 6.02. Liability of the Trustee. The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as recitals of facts, agreements and covenants of the City, and the Trustee shall not assume any responsibility for the correctness of

the same and does not make any representation as to the sufficiency, validity or priority hereof or of the Bonds, and shall not 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 negligence or willful misconduct, and the Trustee shall not be liable for any error of judgment made in good faith unless it shall be proved that the Trustee was negligent in ascertaining the relevant facts.

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 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 all Outstanding Bonds or the Bond Insurer relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or the exercise of any trust or power conferred upon the Trustee hereunder.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it hereby at the request, order or direction of any of the Holders or the Bond Insurer pursuant to the provisions hereof unless such Holders or the Bond Insurer 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 shall have no obligation or liability to the Holders for the payment of the principal, Accreted Value or redemption price of or the interest on the Bonds from its own funds; but rather the Trustee's obligations shall be limited solely to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until an officer of the Trustee at its Corporate Trust Office responsible for the administration of its duties hereunder shall have actual knowledge thereof or shall have received written notice thereof, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the agreements, conditions, covenants or terms contained herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

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 not be answerable for the negligence or misconduct of any such attorney in fact, agent or receiver if such attorney-in-fact, agent or receiver was selected by the Trustee with due care. 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 at law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms hereof if such attorney at 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 money or securities which shall be released to the City in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision hereof or of any 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 bond, certificate (including any Certificate of the City), consent, email or facsimile transmission, notice, opinion, order, report, request (including any Written Request of the City), requisition, resolution 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 City, 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 City, 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 hereof 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 have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Trustee shall not be considered in breach of or in default with respect to any obligation created hereunder in the event of any enforced delay in the performance of such obligation due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, or of the public enemy, acts of a government, acts of the City, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction, malicious mischief, condemnation and unusually severe weather or delays of supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

All moneys received by the Trustee, until used or applied or invested as provided in this Indenture, shall be held in trust and such moneys need not be segregated from other moneys except to the extent required by law or as provided in this Indenture. The Trustee shall not otherwise be under liability for interest on any moneys received under this Indenture except such as may be agreed upon.

The Trustee may become the Holder of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of its offices or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 6.03. Compensation and Indemnification of the Trustee. The City covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, receive reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder, and the City 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 hereof (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 that may arise from its negligence or willful misconduct, including the negligence or willful misconduct of any of its directors, officers or employees. The City, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee, including its directors, officers and employees, against any loss, damages, liability or expense incurred without negligence or willful misconduct 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; provided, that the Trustee shall make payments on the Bonds when due, shall cause the acceleration of the Bonds and shall cause the mandatory redemption of the Bonds in accordance herewith prior to seeking any indemnity hereunder. The rights of the Trustee and the obligations of the City under this section shall survive the discharge of the Bonds and the Indenture and the resignation or removal of the Trustee.

ARTICLE VII

AMENDMENT OF THE INDENTURE

SECTION 7.01. Amendment of the Indenture.

(a) Amendment with Written Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders may be amended at any time (with the prior written consent of the Bond Insurer and after one (1) week's prior written notice to the Rating Agencies without the City receiving any objection thereto) by a Supplemental Indenture which

shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds disqualified as provided in Section 7.02, are filed with the Trustee (except that so long as the Insurance Policy is in effect, only the consent of the Bond Insurer shall be required to any such amendment) and after receipt of an approving Opinion of Counsel that such amendment is authorized hereunder. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal, Accreted Value or redemption price of any Bond without the express written consent of the Holder of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment.

(b) Amendment without Written Consent of Holders. The Indenture and the rights and obligations of the City and of the Holders may also be amended at any time for any purpose that will not materially adversely affect the interests of the Holders (with the prior written consent of the Bond Insurer and after one (1) week's prior written notice to the Rating Agencies without the City receiving any objection thereto) by a Supplemental Indenture which shall become binding without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel that any such amendment is authorized hereunder, 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 City other agreements and covenants thereafter to be performed by the City, to pledge or assign additional security for the Bonds (or any portion thereof) or to surrender any right or power reserved herein to or conferred herein on the City;

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

(iii) to modify, amend or add to the provisions herein or in any Supplemental Indenture to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statutes hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or any similar statute;

(iv) to modify, amend or add to the provisions herein to provide for the establishment of different interest rate modes, tender or purchase provisions in connection with the Bonds or to adjust any Mode provided for to the specifications for such Mode generally used by the remarketing agent, broker-dealer or similar firm which has agreed with the City to handle the marketing, remarketing or auctioning of the Bonds to which such Mode applies;

(v) to modify, amend or add to the provisions herein to provide for credit facilities, liquidity facilities or other financial products agreements in connection with the Bonds; or

(vi) to make any amendments necessary or appropriate to preserve or protect the exemption of interest on the Bonds from State personal income taxes.

The Trustee shall not be required to enter into or consent to the execution of any Supplemental Indenture which, in the sole judgment of the Trustee, might adversely affect the rights, obligations, powers, privileges, indemnities, or immunities provided the Trustee herein.

SECTION 7.02. Disqualified Bonds. Bonds owned or held by or for the account of the City 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; provided, that the Trustee shall not be deemed to have knowledge that the City owns any such Bonds unless the City is a Holder or the Trustee has received written notice that the City is a Holder.

SECTION 7.03. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation by endorsement (in a form approved by the City) as to such action, and in that case upon demand of the Holder of any Outstanding Bond and presentation of his Bond for such purpose at the Corporate Trust Office, a suitable notation as to such action shall be made on such Bond; provided, that if the City shall so determine, new Bonds so modified as, in the opinion of the City, 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 Corporate Trust Office without cost to each Holder for his Bond or Bonds then Outstanding upon surrender of such Outstanding Bond or 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 such Holder, provided that due notation thereof is made on such Bonds.

SECTION 7.05. Bond Insurer Notice and Consent. With respect to amendments or supplements to this Indenture described in Section 7.01(b), the Bond Insurer shall be given notice of any such amendments or supplements. With respect to amendments or supplements to this Indenture described in Section 7.01(a), the prior written of the Bond Insurer consent is required. Copies of any amendments or supplements to this Indenture which are consented to by the Bond Insurer shall be sent to the Rating Agencies. Notwithstanding any other provision of this Indenture, in determining whether the rights of Holders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Holders as if there were no Insurance Policy; provided, that for purposes of Section 7.01(b), any amendment approved in writing by the Bond Insurer shall be deemed to not materially adversely affect the interests of the Holders so long as the Insurance Policy is in full force and effect at the time of the amendment.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

SECTION 8.01. Events of Default. If any of the following events occur, they shall constitute Events of Default hereunder, namely:

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

(b) If default shall be made by the City in the due and punctual payment of the principal, Accreted Value or redemption price of 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 City in the performance of any of the agreements or covenants required herein to be performed by the City, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Trustee or the Bond Insurer or the Holders of not less than twenty-five per cent (25%) in aggregate Principal Amount of the Outstanding Bonds, specifying such default and requiring the same to be remedied; provided, if the default stated in the notice can be corrected, but not within the applicable period, the Trustee and such Holders shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(d) If an Event of Bankruptcy shall occur, 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 City or of the whole or any substantial part of its property.

SECTION 8.02. Remedies for Events of Default. If an Event of Default occurs hereunder and is continuing, the Trustee shall (upon written direction of the Bond Insurer), by written notice to the City, declare the Principal Amount of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, whereupon the same shall become immediately due and payable without any further action or notice; provided, that if at any time after such acceleration and before any judgment or decree for the payment of money with respect thereto has been entered all amounts payable to the Trustee hereunder on the Bonds subject to acceleration under this paragraph (except principal or Accreted Value of or the interest on the Bonds which is due solely by reason of such acceleration) shall have been paid or payment shall have been duly provided for by deposit with the Trustee and all existing Events of Default hereunder shall have been cured or waived, then the Bond Insurer may annul such acceleration and its consequences by written notice to the City and the Trustee, which such annulment shall be binding upon the City and the Trustee and all of the Holders, but no such annulment shall extend to or affect any subsequent Event of Default hereunder or impair any right or remedy consequent thereon.

SECTION 8.03. Application of Funds Upon Acceleration. All money in the funds provided in Sections 4.01 and 4.02 upon the date of the declaration of acceleration by the

Trustee as provided in Section 8.02 and any amounts thereafter received by the City 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 Trustee, if any, in carrying out the provisions of this article, including payment of reasonable compensation to its accountants and counsel and any outstanding fees and expenses of the Trustee, and then 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;

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

SECTION 8.04. Institution of Legal Proceedings by the Trustee. If an Event of Default hereunder shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in Principal Amount of the Outstanding Bonds, and upon being indemnified to its satisfaction therefor, shall (with prior written consent of the Bond Insurer) proceed to protect or enforce its rights or the rights of the Holders of the Bonds hereunder by a suit in equity or action at law, either for the specific performance of any agreement or covenant 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 8.05. Non Waiver. Nothing in this article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal, Accreted Value or redemption price of and the interest on the Bonds to the respective Holders of the Bonds on the respective Payment Dates as provided herein, 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 Trustee, the City, the Bond Insurer 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 8.06. Actions by the 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 8.07. 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 by any other law.

SECTION 8.08. Limitation on Holders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceedings, at law or equity, for any remedy hereunder unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of at least a majority in aggregate Principal Amount of all Outstanding Bonds and the Bond Insurer shall have made written request upon the Trustee to exercise the powers hereinabove granted or to institute such suit, action or proceeding in its own name; (c) such Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred by it 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 such tender of indemnity shall have been made to, the Trustee; provided, that this limitation shall not apply to the Bond Insurer.

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 Holder of Bonds of any remedy hereunder; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision hereof shall be instituted and maintained in the manner herein provided and for the equal benefit of the Holders of all Outstanding Bonds.

SECTION 8.09. Absolute Obligation of the City. Nothing contained herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal, Accreted Value or redemption price of and the interest on the Bonds to the respective Holders of the Bonds on their respective Payment Dates as provided herein.

SECTION 8.10. Rights of the Bond Insurer. Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted hereunder to the Holders, or to the Trustee for the benefit of the Holders, including but not limited to rights and remedies granted pursuant to Sections 8.04 and 8.08 and including but not limited to the right to approve all waivers of any Events of Default. The rights granted to the Bond Insurer under this Indenture shall be deemed terminated and shall not be exercisable by the Bond Insurer during any period during which the Bond Insurer shall be in default under the Insurance Policy.

ARTICLE IX

DEFEASANCE

SECTION 9.01. Discharge of the Bonds.

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

(b) Any Outstanding Bonds shall prior to the Payment Dates or Redemption Dates thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) there shall have been deposited with the Trustee either (A) money or (B) Federal Securities which are not subject to redemption prior to maturity (including any such Federal Securities issued or held in book entry form on the books of the Treasury of the United States of America), the interest on and principal of which when paid will provide money, which, together with other 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 principal, Accreted Value or redemption price of and the interest on such Bonds on and prior to the Payment Dates or Redemption Dates thereof, as the case may be, and (2) the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail to the Holders in accordance with Section 10.06 and to the Information Services notice that the deposit required by clause (1) 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 Payment Dates or Redemption Dates on which money is to be available for the payment of the principal, Accreted Value or redemption price of and the interest 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 the Bonds or the interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon shall have become due and payable, 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 and interest shall have become due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of such Bonds; provided, that before being required to make any such payment to the City, the Trustee may, and at the request of the City shall, at the expense of the City, mail to the Holders in accordance with Section 10.06 and to the Information Services a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such money then unclaimed will be returned to the City.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Trustee, the City, the Holders and the Bond Insurer any right, remedy or claim under or by reason hereof, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the City or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the Holders and the Bond Insurer, and to the extent that the Indenture confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason hereof, the Bond Insurer is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

SECTION 10.02. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the City or any officer thereof or the Trustee is named or referred to, such reference shall be deemed to include the successor or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the City or any officer thereof or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 10.03. 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 such Holder's 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 such person purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such person 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 for the Bonds maintained by the Trustee under Section 2.10.

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 City in good faith and in accordance therewith.

SECTION 10.04. Waiver of Personal Liability. No officer of the City shall be individually or personally liable for the payment of the principal, Accreted Value or redemption price of or the interest on the Bonds by reason of their issuance, but nothing herein contained shall relieve any officer of the City from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 10.05. Acquisition of Bonds by the City. All Bonds acquired by the City shall be surrendered to the Trustee for cancellation.

SECTION 10.06. Notice to Holders. Any notice required to be given by the Trustee hereunder by mail to any Holders of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, or by giving such notice by telecopy or by an overnight delivery service, to the Holders of such Bonds at their addresses appearing in the registration books maintained by the Trustee pursuant to Section 2.10 not less than thirty (30) days nor more than forty five (45) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure of any Holder to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

SECTION 10.07. Content of Certificates. Every Certificate of the City 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 City 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 his 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 City, upon a representation by an officer or officers of the City unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 10.08. Accounts and Funds; Business Days. Any account or fund required hereby to be established and maintained by the Director of Finance or the Trustee may be established and maintained in the accounting records of the Director of Finance or the Trustee, as the case may be, 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 sound 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 10.09. Addresses of Notice Parties. 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 City:

City of Richmond
Richmond City Hall
1401 Marina Way South
Richmond, CA 94804
Attention: Director of Finance

If to the Trustee:

Union Bank of California, N.A.
475 Sansome Street, 12th Floor
San Francisco, CA 94111
Attention: Corporate Trust
FAX: (415) 296-6757

SECTION 10.10. Article and Section Headings, Singular and Plural Forms, Gender 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, and the singular and plural forms of words shall be deemed interchangeable, and words of any gender shall be deemed and construed to include all genders, and 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 Indenture as a whole and not to any particular article, section, subsection, paragraph, subparagraph or clause in which such word appears.

SECTION 10.11. 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 Trustee or the City 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 Trustee and the City hereby declare that they would have executed and delivered the Indenture 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 10.12. Execution in Counterparts. The Indenture 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 Trustee and the City shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 10.13. Governing Law. The Indenture shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, Union Bank of California, N.A., in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its name by one of its duly authorized officers, and the City of Richmond has caused the Indenture to be signed in its name by the Director of Finance of the City, all as of the day and year first above written.

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

By _____
Authorized Officer

CITY OF RICHMOND

By _____
Director of Finance

APPENDIX A

FORM OF STANDARD BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BOND, SERIES 2005

No. R-__ $_____

Interest Rate *	Maturity Date	Original Issue Date	CUSIP	ISIN
___%	_____, ____	November 9, 2005	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A(a)(1) UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT UNLESS THE SERIES 2005 CONVERSION REQUIREMENTS ARE MET THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER IN A MINIMUM DENOMINATION OF $100,000 AGGREGATE PRINCIPAL AMOUNT.

* Subject to Credit Adjustments as set forth in the Indenture.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified 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 Record Date (as that term is defined in the Indenture hereafter defined, and herein a "Record Date") 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 the first interest payment date, 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 February 1, 2006, and thereafter on August 1 and February 1 of each year. Interest due on or before the maturity or prior redemption hereof shall be payable only by check mailed by first class mail to the registered owner hereof by Union Bank of California, N.A., as trustee (the "Trustee"); provided, that upon the written request of the registered owner of one million dollars ($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. The principal hereof and redemption premium, if any, hereon is payable in lawful money of the United States of America at the Corporate Trust Office (as that term is defined in the Indenture hereinafter defined, and herein "Corporate Trust Office") of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series 2005," further designated "Series 2005A" and issued as Fixed Rate Bonds (the "Bonds") in the 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 modes), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of an Indenture dated as of November 1, 2005, by and between the Trustee and the City (the "Indenture") (copies of which are on file at the Corporate Trust Office of the Trustee). The Bonds are issued on a parity under the Indenture with $47,061,960 aggregate principal amount of the City's Taxable Pension Funding Bonds, Series 2005B-1 and $41,403,172.50 aggregate principal amount of the City's Taxable Funding Bonds, Series 2005B-2 (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution, the City is obligated, to the extent permitted by law, to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for

the provisions for the amendment of the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

The Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Bonds or any portions thereof shall be given as set forth in the Indenture. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds; provided that any such notice of redemption may be cancelled and annulled by a Written Request of the City (as that term is defined in the Indenture) given to the Trustee at least five (5) days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the Principal Amount of all Bonds (and any additional bonds authorized by the Indenture) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; provided, that the Indenture 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 Indenture 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 of the same maturity in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City 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 Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the principal, Accreted Value or redemption price of and interest on 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 so paid.

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

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By _____
Director of Finance

[SEAL]

Countersigned:

_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION

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

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.

_____

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 a guarantor institution participating in the Securities Transfer Agents Medallion Program.

APPENDIX B

FORM OF CAPITAL APPRECIATION BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BOND, SERIES 2005

No. R-____ $_____

Reoffering Yield	Yield to Maturity	Maturity Date	Dated Date	CUSIP	ISIN
%	___%	_____, ____	Date of Delivery		_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

MATURITY AMOUNT:

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF ACCRETED VALUE WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A(a)(1) UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT UNLESS THE SERIES 2005 CONVERSION REQUIREMENTS ARE MET THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER IN A MINIMUM DENOMINATION OF $100,000 AGGREGATE PRINCIPAL AMOUNT.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, the Maturity Amount set forth above, on the Maturity Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Interest Rate per annum shown above from the Dated Date shown above and will be compounded thereafter on _____ and _____ of each year until maturity, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount. The Accreted Value hereof is payable at the corporate trust office of the Trustee, Union Bank of California, N.A. (the "Trustee"), located in San Francisco, California, or such other place as may be designated by the Trustee, acting as Trustee under that certain Indenture, by and between the City and the Trustee, dated as of November 1, 2005 (the "Indenture").

This Bond is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 2, Division 2, Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Indenture (copies of which are on file at the Corporate Trust Office of the Trustee). The Bonds are issued on a parity under the Indenture with $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, 2005 Series ___, ___ and ___ (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution, the City is obligated to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for the provisions for the amendment of the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

This Bond is subject to redemption prior to its maturity date as set forth in the Indenture.

This Bond is transferable only on a register to be kept for that purpose at the abovementioned 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 Indenture 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 City 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 City 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 Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of 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 City, 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 Indenture.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By:_____
Director of Finance

[SEAL]

COUNTERSIGNED:

By:_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

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

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

By: _____
Authorized Signatory

[FORM OF 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(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program.

STATEMENT OF INSURANCE

APPENDIX C

FORM OF AUCTION RATE SECURITY

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BONDS, SERIES 2005

No. R-____ $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP	ISIN
	_____, ____	_____, 2005		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified 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 Record Date (as that term is defined in the Indenture hereafter defined, and herein a "Record Date") 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 the first interest payment date, 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 each Interest Payment Date (as defined below).

This Bond is issued as an Auction Rate Security, and will initially bear interest at the Applicable Auction Rate established pursuant to the Auction and Settlement Procedures set forth in the Indenture and the Auction Agent Agreement. Interest on Auction Rate Securities will accrue for each Auction Rate Period or portion thereof and will be payable in arrears on each succeeding Interest Payment Date. The length of an Auction Rate Period may be adjusted pursuant to the Indenture.

While this Bond is an Auction Rate Security, except as otherwise specifically provided in the Indenture, the provisions of the Indenture and the Auction and Settlement Procedures set forth in the Auction Agent Agreement shall govern the interest rates per annum and the payment terms of this Bond. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof by Union Bank of California, N.A., as trustee (the "Trustee") provided that upon the written request of an 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 to such Holder by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series 2005," further designated "Series 2005 __," and issued as Bonds in the form of Auction Rate Securities (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 modes), and is issued under and pursuant to the provisions of the Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Indenture, dated as of November 1, 2005, by and between the Trustee and the City (the "Indenture"), copies of which are on file at the Corporate Trust Office of the Trustee. The Bonds are issued on a parity under the Indenture with $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, 2005 Series ___, ___ and ___ (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution, the City is obligated to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for the provisions for the amendment of

the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

Interest on Auction Rate Securities shall accrue for each Auction Rate Period and shall be payable in arrears, on each succeeding Interest Payment Date.

An "Interest Payment Date" for the Bonds means, (i) for each Auction Rate Period of 360 days or less (including the Initial Auction Rate Period), the next Business Day after an Auction Date; (iii) for any other Auction Rate Period, each _____ and _____; and (iv) each Maturity Date for the Auction Rate Securities. An "Auction Rate Period" means the Initial Auction Rate Period and any Subsequent Auction Rate Period and, more specifically, means, as to the applicable Auction Rate Securities of a Tranche, each period during which a specific Auction Rate is in effect, as a result of an Auction, for such Tranche of Auction Rate Securities, which Auction Rate Period may be a Standard Auction Rate Period or a Special Auction Rate Period as may be designated from time to time by the City pursuant to an Auction Period Adjustment for a Tranche of Auction Rate Securities, each Auction Rate Period running from, and including, the Rate Adjustment Date and ending on, and including, the day immediately preceding the next succeeding Rate Adjustment Date.

Interest on the Bonds during the initial Auction Rate Period and during any Subsequent Auction Period shall be computed by the Trustee for the actual number of days elapsed on the basis of a 360-day year while in an Auction Rate Period of 360 days or less and on the basis of a 360-day year of twelve 30-day months while in an Auction Rate Period of greater than 360 days. The Trustee shall make the calculation described above not later than the close of business of each Auction Date.

The rate of interest on the Auction Rate Securities during the Initial Auction Rate Period (which ends on _____ 1, 20__) shall be the rate of _____% per annum. The rate of interest on Auction Rate Securities for each Auction Rate Period following the Initial Auction Rate Period, shall be equal to the per annum rate of interest that results from implementation of the Auction Procedures described in the Indenture; provided that the Auction Rate shall not exceed the Maximum Auction Rate; and provided further that if on any Auction Date, an Auction is not held for any reason (other than a Catastrophic Event), then the rate of interest for the next succeeding Auction Rate Period shall equal the Maximum Auction Rate on such Auction Date. Notwithstanding the foregoing, (i) if the ownership of Auction Rate Securities is no longer maintained in book-entry form by DTC, the rate of interest on Auction Rate Securities for any Auction Period commencing after the delivery of certificates representing Auction Rate Securities shall equal the Maximum Auction Rate on the Business Day immediately preceding the first day of such Auction Rate Period or (ii) if a Payment Default occurs, Auctions will be suspended and the interest rate for the Auction Rate Period commencing on or after such Payment Default and for each Auction Rate Period thereafter to and including the Auction Rate Period, if any, during which, or commencing less than two Business Days after, such Payment

Default is cured will equal the Default Rate. Notwithstanding anything herein to the contrary, no Auction Rate shall exceed the Maximum Auction Rate.

By purchasing Auction Rate Securities, whether in an Auction or otherwise, each prospective purchaser or its Broker-Dealer must agree and will be deemed to have agreed: (i) to participate in Auctions on the terms set forth in the Indenture; (ii) so long as the beneficial ownership of the Auction Rate Securities is maintained in book-entry form by DTC, to sell, transfer or otherwise dispose of Auction Rate Securities only pursuant to a Bid or a Sell Order in an Auction, or to or through a Broker-Dealer, provided that in the Auction Rate Securities so transferred, its Participant or its Broker-Dealer advises the Auction Agent of such transfer; and (iii) to have its beneficial ownership of Bonds maintained at all times in book-entry form by the purchaser for the account of its Participants, which in turn will maintain records of such beneficial ownership, and to authorize such Participants to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

Following the Initial Auction Rate Period, Auction Rate Securities will bear interest at the applicable Auction Rate, which will be established for each Subsequent Auction Period in accordance with the Auction Procedures described in the Indenture; provided, that as of the initial Auction Date, each Existing Owner of Auction Rate Securities will be automatically deemed by the Auction Agent to have submitted a Sell Order for all of the Auction Rate Securities then owned by such Existing Owner unless such Existing Owner, prior to the Submission Deadline, submits a Hold Order to a Broker-Dealer indicating the principal amount of Auction Rate Securities which such Existing Owner desires to continue to hold regardless to the Auction Rate for the next succeeding Auction Rate Period.

During the Initial Auction Rate Period, this Bond is transferable as provided in the Indenture, only upon the books of the Trustee kept for the purpose at the principal corporate trust office of the Trustee, by the registered owner hereof in person, or by his or her duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney, and thereupon a new registered Bond or Bonds, in the same aggregate principal amount, Mode and maturity, in the same denomination, or in different authorized denominations equal in the aggregate to the principal amount of this Bond, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. During the Initial Auction Rate Period, the Trustee shall not be required to register the transfer or exchange of any Bond during the 15 day period next preceding selection of Bonds for redemption (if applicable) or as to any Bond selected for any redemption.

Following the Initial Auction Rate Period and so long as the ownership of the Auction Rate Securities is maintained in book-entry form by DTC, an Existing Owner may sell, transfer or otherwise dispose of the Bonds only pursuant to a Bid or Sell Order (as defined in the Indenture) placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. An Auction shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the manner described in the Indenture.

Following the Initial Auction Rate Period, the City may change from time to time the length of one or more Auction Rate Periods (an "Auction Period Adjustment") for the Auction Rate Securities of a Tranche. The City shall initiate the Auction Period Adjustment by giving written notice to the Trustee, the Auction Agent, the Bond Insurer and DTC at least 10 Business Days prior to the Auction Date for such Auction Period. Any such changed Auction Period shall not be less than seven days.

At the option of the City, all, but not less than all, of the Bonds of a Tranche may be converted from Auction Rate Securities to Bonds bearing interest at fixed interest rates on the Business Day immediately following the end of the Auction Rate Period for such Bonds (the "Fixed Rate Conversion Date"). The Auction Rate Securities of such Tranche will be subject to mandatory tender for purchase at a price of par, plus accrued but unpaid interest (the "Tender Price"). Upon satisfaction of certain conditions set forth in the Indenture, the affected Auction Rate Securities shall be purchased or deemed purchased at their Tender Price.

The Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Bonds or any portions thereof shall be given as set forth in the Indenture. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds; provided that any such notice of redemption may be cancelled and annulled by a Written Request of the City (as that term is defined in the Indenture) given to the Trustee at least five (5) days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds (and any additional bonds authorized by the Indenture) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond shall not be entitled to any benefit, protection or security under the Indenture 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 City, 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 Indenture.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and to be countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By:_____
Director of Finance

[SEAL]

COUNTERSIGNED:

By:_____
City Clerk

STATEMENT OF INSURANCE

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION

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

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.

_____

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: _____

Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program.

[FORM OF NOTICE OF PAYMENT DEFAULT]

VIA FACSIMILE OR E-MAIL

To: Auction Agent

Broker Dealer(s)

NOTICE IS HEREBY GIVEN that a Payment Default has occurred in connection with the above-referenced Bonds of the City of Richmond (the "City") as specified in the Indenture, dated as of November 1, 2005, between the City and Union Bank of California, N.A., as trustee (the "Trustee"), and has not been cured.

Determination of the interest rate on the Auction Rate Securities pursuant to the Auction Procedures will be suspended. The interest rate on the Auction Rate Securities for each Auction Rate Period commencing after _____, ____ will equal the Non-Payment Rate as it is determined by the Trustee on the first day of such Auction Rate Period. All terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

Dated: _____

Union Bank of California, N.A., as Trustee

By _____
Authorized Signatory

cc: City of Richmond

[NOTICE OF CURE OF PAYMENT DEFAULT]

VIA FACSIMILE OR E-MAIL

To: Auction Agent

Broker Dealer(s)

NOTICE IS HEREBY GIVEN that the Payment Default previously reported in connection with the above-referenced Bonds of the City of Richmond (the "City") as specified in the Indenture, dated as of November 1, 2005, between the City and Union Bank of California, N.A., as trustee (the "Trustee"), has been cured.

Dated:

Union Bank of California, N.A., as Trustee

By _____
Authorized Signatory

cc: City of Richmond

APPENDIX D

FORM OF INDEX BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BONDS,
SERIES 2005

No. R-____ $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP	ISIN
LIBOR plus ___%	_____, ____	_____, 2005		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified 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 Record Date (as that term is defined in the Indenture hereafter defined, and herein a "Record Date") 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 the first interest payment date, 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 [_____ 1, 2005 and, thereafter on _____ 1, _____ 1, _____ 1, _____ 1,] of each year (each, an "Index Bond Interest Payment Date").

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series 2005", further designated "Series 2005 __," and issued as Index Bonds (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 modes), and is issued under and pursuant to the provisions of the Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Indenture, dated as of November 1, 2005, by and between Union Bank of California, N.A., as trustee (the "Trustee") and the City (the "Indenture"), copies of which are on file at the Corporate Trust Office of the Trustee. The Bonds are issued on a parity under the Indenture with $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, 2005 Series __ and __ (collectively with the Bonds, the "2005 Bonds").

This Bond is issued as an Index Bond, and will bear interest at the Index Rate established pursuant to the Indenture. Interest on Index Bonds will accrue for each Index Rate Period or portion thereof and will be payable in arrears on each succeeding Interest Payment Date. The length of an Index Rate Period may be adjusted pursuant to the Indenture.

Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of an 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 to such Holder by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Union Bank of California, N.A. shall serve as initial Calculation Agent for the Index Bonds (the "Calculation Agent").

The LIBOR Spread is equal to _____%. On each Index Rate Determination Date following the date of delivery of this Bond, until the end of the applicable Interest Rate Period for Index Bonds (each, an "Index Adjustment Date"), the Calculation Agent will add to LIBOR the LIBOR Spread to determine the Index Rate applicable for the next succeeding Interest Rate Period, and (ii) notify the Trustee of such interest rate for the upcoming Interest Rate Period.

The Indenture provides for the setting of an alternate rate for Index Bonds, in the event that LIBOR is no longer a published index.

The Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Bonds or any portions thereof shall be given as set forth in the Indenture. Failure by the Trustee to give notice

pursuant to the Indenture to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds; provided that any such notice of redemption may be cancelled and annulled by a Written Request of the City (as that term is defined in the Indenture) given to the Trustee at least five (5) days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds (and any additional bonds authorized by the Indenture) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

The rights and obligations of the City and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the City with the written consent of owners of at least 60% in aggregate Principal Amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the City; provided, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the principal, Accreted Value and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

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 Indenture 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 City 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 City 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 Indenture 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 City, 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 Indenture.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and to be countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By:_____
Director of Finance

[SEAL]

COUNTERSIGNED:

By:_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION

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

Union Bank of California, N.A., as Trustee

By _____
Authorized Signatory

FORM OF 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(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program.

STATEMENT OF INSURANCE

APPENDIX E

FORM OF LISTED SECURITY

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

$_____
(CONSISTING OF _____ IN $25 DENOMINATIONS OF)
CITY OF RICHMOND
TAXABLE PENSION FUNDING BOND, SERIES 2005

No. R-__

Maximum Number of Bonds
issued as of _____, 2005

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified 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 Record Date (as that term is defined in the Indenture hereafter defined, and herein a "Record Date") 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 the first interest payment date, 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 [_____ 15, 2005], and thereafter on _____ 15 and _____ 15 of each year. Interest due on or before the maturity or prior redemption hereof shall be payable only by check mailed by first class mail to the registered

owner hereof by Union Bank of California, N.A., as trustee (the "Trustee"); provided, that upon the written request of the registered owner of one million dollars ($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. The principal hereof and redemption premium, if any, hereon is payable in lawful money of the United States of America at the Corporate Trust Office (as that term is defined in the Indenture hereinafter defined, and herein "Corporate Trust Office") of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series 2005__" (the "Bonds") in the 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 modes), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of an Indenture dated as of November 1, 2005, by and between the Trustee and the City (the "Indenture") (copies of which are on file at the Corporate Trust Office of the Trustee). The Bonds are issued on a parity under the Indenture with $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, Series 2005__ and __ (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution. The City is obligated to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for the provisions for the amendment of the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

The Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Bonds or any portions thereof shall be given as set forth in the Indenture. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds; provided that any such notice of redemption may be cancelled and annulled by a Written Request of the City (as that term is defined in the Indenture) given to the Trustee at least five (5) days prior to the date fixed for

redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and any additional bonds authorized by the Indenture) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; provided, that the Indenture 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 Indenture 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 of the same maturity in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City 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 Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the principal, Accreted Value or redemption price of and interest on 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 so paid.

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

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By _____
Director of Finance

[SEAL]

Countersigned:

_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION

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

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.

_____

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 a guarantor institution participating in the Securities Transfer Agents Medallion Program.

STATEMENT OF INSURANCE

APPENDIX F
PROVISIONS RELATING TO AUCTION RATE SECURITIES

ARTICLE I

DEFINITIONS

SECTION 1.01. The following definitions shall apply to this **Appendix F** in addition to the definitions found in Section 1.01 of the Indenture.

All-Hold Rate

The term "All-Hold Rate" means, on any date of determination, the interest rate per annum equal to 85% of LIBOR on such date; provided that in no event shall the All-Hold Rate be more than the Maximum Auction Rate.

Applicable Auction Rate

The term "Applicable Auction Rate" means the rate per annum at which interest accrues with respect to the Auction Rate Securities of each Tranche for any Auction Rate Period.

Auction

The term "Auction" means the implementation of the Auction Procedures on an Auction Date.

Auction Agent Agreement

The term "Auction Agent Agreement" means each initial Auction Agent Agreement for Auction Rate Securities identified on Appendix J to the Indenture, unless and until a substitute auction agent agreement acceptable to the applicable Broker-Dealer and the Bond Insurer is entered into, after which "Auction Agent Agreement" shall mean each such substitute auction agent agreement in each case as from time to time amended or supplemented.

Auction Agent

The term "Auction Agent" means the initial Auction Agent for the Auction Rate Securities identified on Appendix J to the Indenture, unless and until a substitute Auction Agent Agreement, acceptable to the Broker-Dealers and the Bond Insurer, becomes effective, after which "Auction Agent" shall mean the substitute Auction Agent.

Auction Agent Fee

The term "Auction Agent Fee" means the fee set forth in each Auction Agent Agreement.

Auction Date

The term "Auction Date" means the Business Day immediately preceding the first day of each Auction Rate Period for each Tranche of Auction Rate Securities, other than:

(a) each Auction Rate Period for each Tranche commencing after the ownership of the Auction Rate Securities is no longer maintained in book-entry form by the Securities Depository; or

(b) each Auction Rate Period commencing after the occurrence and during the continuance of a Payment Default; or

(c) any Auction Rate Period commencing less than two Business Days after the cure or waiver of a Payment Default.

Auction Documents

The term "Auction Documents" means, collectively, the Auction Agent Agreement and each Broker-Dealer Agreement, in each case, as supplemented or amended from time to time.

Auction Period Adjustment

The term "Auction Period Adjustment" means an adjustment to the length of an Auction Rate Period implemented by the City pursuant to the Indenture as described below under Section 2.10 of this **Appendix F**.

Auction Procedures

The term "Auction Procedures" means the Auction and Settlement Procedures set forth in Section 2.05 of this **Appendix F** and in the Auction Agent Agreement.

Auction Rate

The term "Auction Rate" means, as to the interest rate with respect to the applicable Tranche of Auction Rate Securities, the rate of interest per annum that results from implementation of the Auction Procedures with respect to such Tranche of Auction Rate Securities, and determined as described in Section 2.03 or 2.04 of this **Appendix F**; provided, that the Auction Rate shall not exceed 17% per annum or the Maximum Auction Rate, if less than 17%.

Auction Rate Period

The term "Auction Rate Period" means the Initial Auction Rate Period and any Subsequent Auction Rate Period and, more specifically, means, as to the applicable Auction Rate Securities of a Tranche, each period during which a specific Auction Rate is in effect, as a result of an Auction, for such Tranche of Auction Rate Securities, which Auction Rate Period may be a Standard Auction Rate Period or a Special Auction Rate Period as may be designated from time

to time by the City pursuant to an Auction Period Adjustment for a Tranche of Auction Rate Securities, each Auction Rate Period running from, and including, the Rate Adjustment Date and ending on, and including, the day immediately preceding the next succeeding Rate Adjustment Date.

Broker-Dealer

The term "Broker-Dealer" means any broker or dealer (each as defined in the Securities Exchange Act of 1934), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which is an "Authorized Broker-Dealer" under the Broker-Dealer Agreement, initially designated on the inside cover hereof, and which:

(a) is a Securities Depository System Participant (or an affiliate of a Securities Depository System Participant);

(b) has been appointed as such by the City and approved by the Bond Insurer pursuant to Section 2.14 of this **Appendix F**; and

(c) has entered into a Broker-Dealer Agreement that is in effect on the date of reference.

When used herein at a time when more than one Broker-Dealer is acting under the Indenture, the term "the Broker-Dealer" shall mean, as the context dictates, either all such Broker-Dealers collectively, or only each Broker-Dealer acting with respect to the applicable Auction Rate Securities.

Broker-Dealer Agreement

The term "Broker-Dealer Agreement" means each agreement between the Auction Agent and the applicable Broker-Dealer relating to the Auction Rate Securities pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented, with the consent of the Bond Insurer.

Broker-Dealer Fee

The term "Broker-Dealer Fee" means the fee set forth in the applicable Broker-Dealer Agreement.

Catastrophic Event

The term "Catastrophic Event" means an unexpected event that interferes with the normal conduct of business, e.g. an event resulting in the suspension of trading on one or more exchanges, or where one or more exchanges and/or banks are authorized to be closed, severe weather, regional power/communication interruption, physical attack and unexpected events of a limited nature that affect the Auction Agent's and/or Broker Dealers' ability to conduct an Auction including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or

military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; terrorist acts; or acts of civil or military authority or governmental actions.

City Representative

The term "City Representative" means the City Manager, the Director of Finance, or any other officer of the City duly authorized by the City Council of the City.

Date of Interest Accrual

The term "Date of Interest Accrual" means the first day of any Auction Rate Period for Auction Rate Securities.

Existing Owners

The term "Existing Owners" means, with respect to Auction Rate Securities, those registered owners of such Auction Rate Securities as of the day prior to each Auction Date.

Existing Owners Registry

The term "Existing Owners Registry" means, with respect to each Tranche of Auction Rate Securities, the registry of Persons who are Existing Owners of the related Tranche of Auction Rate Securities, maintained by the Auction Agent as provided in the applicable Auction Agent Agreement.

Fixed Rate Conversion

The term "Fixed Rate Conversion" means the conversion of the interest rate mode for the Bonds issued as Auction Rate Securities to a Fixed Rate.

Fixed Rate Conversion Date

The term "Fixed Rate Conversion Date" means the date upon which a Fixed Rate Conversion occurs.

Hold Order

The term "Hold Order" shall have the meaning given to such term in Section 2.05 hereof.

Initial Auction Rate Period

The term "Initial Auction Rate Period" means with respect to Auction Rate Securities, the period from and including the Closing Date to but excluding the Initial Interest Payment Date for such Auction Rate Securities.

Initial Interest Payment Date

The term "Initial Interest Payment Date," with respect to Auction Rate Securities, refers to the initial Interest Payment Date for such Auction Rate Securities set forth on Appendix J to the Indenture.

Interest Payment Date

The term "Interest Payment Date" as used in this Appendix F with respect to Auction Rate Securities, other than Convertible Auction Rate Securities during the Initial Auction Rate Period, means (i) for each Auction Rate Period of 360 days or less, the next Business Day after an Auction Date; (ii) for any other Auction Rate Period, each February 1 and August 1; and (iii) each Principal Payment Date for the Auction Rate Securities, whether that date be the Stated Maturity Date, redemption date or otherwise and whether or not an Interest Payment Date.

Maximum Auction Rate

The term "Maximum Auction Rate," on any date of determination for any Auction Rate Period, means 17% per annum, or the maximum rate, if any, established under the laws of the State for obligations of public agencies such as the City, if less than 17%; provided, that any change in the method of calculating the Maximum Auction Rate shall be approved by the Bond Insurer.

Minimum Auction Rate

The term "Minimum Auction Rate," on any date of determination, means the rate per annum equal to 80% of the greater of (a) LIBOR, or (b) the applicable Reference Rate in effect on the applicable Auction Date; provided, that in no event shall such Minimum Auction Rate exceed the Maximum Auction Rate.

Non-Payment Rate

The term "Non-Payment Rate" means, for Auction Rate Securities of each Tranche, on any date of determination, the Maximum Auction Rate.

Notice of Cure of Payment Default

The term "Notice of Cure of Payment Default" means a notice substantially in the form appended to the form of Auction Rate Security in Appendix C and Appendix G.

Notice of Payment Default

The term "Notice of Payment Default" means a written notice as to a payment default of Auction Rate Securities, substantially in the form appended to the form of Auction Rate Security in Appendix C and Appendix G.

Order

The term "Order" means a Hold Order, Bid or Sell Order as each of those terms are defined in Section 2.05(a)(i) of this Appendix F.

Overdue Rate

The term "Overdue Rate" means, as to any Auction Rate Securities, on any date of determination and for any Standard Auction Rate Period, the interest rate per annum equal to the Maximum Auction Rate, and for any Special Auction Rate Period, the interest rate per annum equal to 265% of LIBOR equal in length to the then-ending Special Auction Rate Period; provided that in no event shall the Overdue Rate exceed the Maximum Auction Rate; provided, that any change in the method of calculating the Overdue Rate shall be approved by the Bond Insurer.

Payment Default

The term "Payment Default" means the default of the City in the due and punctual payment of (a) any installment of interest on the Bonds or (b) any principal or Accreted Value of, premium, if any, or interest on, the Bonds at their maturity (whether on the Stated Maturity Date, prior redemption or otherwise), which default shall continue for a period of two Business Days and which, in either case, is followed by the failure of the applicable Bond Insurer to make, in accordance with the related Insurance Policy, due and punctual payments to or on behalf of the Holders of the Bonds of such installments or payments described in clause (a) or (b), if so required under such Insurance Policy.

Potential Beneficial Owner

The term "Potential Beneficial Owner" shall mean a customer of a Broker-Dealer that is not a Beneficial Owner of Auction Rate Securities but that wishes to purchase Auction Rate Securities, or that is a Beneficial Owner of Auction Rate Securities that wishes to purchase an additional Principal Amount of Auction Rate Securities.

Potential Owner

The term "Potential Owner" shall mean a Broker-Dealer (or any such other person as may be permitted by the City) that is not an Existing Owner or that is an Existing Owner that wishes to become the Existing Owner of an additional Principal Amount of Auction Rate Securities.

Rate Adjustment Date

The term "Rate Adjustment Date" means with respect to each Tranche of the Auction Rate Securities, the date on which a new interest rate becomes effective with respect to such Tranche of Auction Rate Securities, and shall mean the first Business Day following each Rate Determination Date (which, until an Auction Period Adjustment, generally is each fourth Wednesday, or the next Business Day if such Wednesday is not a Business Day).

Rate Determination Date

The term "Rate Determination Date" means, initially, those dates set forth for the Tranches of Auction Rate Securities on Appendix J to the Indenture, and thereafter, the Business Day immediately preceding the first day of each related Auction Rate Period, other than: (i) each Auction Rate Period commencing after the ownership of Auction Rate Securities is no longer maintained in Book-Entry Form; (ii) each Auction Rate Period commencing after and during the continuance of a Payment Default; or (iii) an Auction Rate Period commencing less than two Business Days after the cure or waiver of a Payment Default. Notwithstanding the foregoing, the Rate Determination Date for one or more Auction Rate Periods may be changed as described below under Section 2.09 of this **Appendix F**.

Rate Period

The term "Rate Period" means that period commencing on a Date of Interest Accrual and ending on the earlier of the Fixed Rate Conversion Date or the Stated Maturity Date of the affected Auction Rate Security.

Rate Period Days

The term "Rate Period Days" means for any Auction Rate Period the number of days that would constitute such Auction Rate Period but for the application of Section 2.09 of this **Appendix F**.

Reference Rate

The term "Reference Rate" means (i) for a Standard Auction Rate Period or any Special Auction Rate Period of fewer than 180 Rate Period Days, the "AA" Financial Commercial Paper Rate or LIBOR for such Auction Rate Period, whichever is less; and (ii) for an Auction Rate Period of more than 180 Rate Period Days, the Treasury Note Rate for such Auction Rate Period.

Regular Record Date

The term "Regular Record Date" means, with respect to Auction Rate Securities, the second Business Day immediately preceding each Interest Payment Date.

Sell Order

The term "Sell Order" has the meaning given to such term in the Auction Procedures.

Special Auction Rate Period

The term "Special Auction Rate Period" means a Subsequent Auction Rate Period, other than a Standard Auction Rate Period, designated pursuant to Section 2.10 of this **Appendix F** that consists of a specified number of Rate Period Days not fewer than 42 and not more than 1,820 and evenly divisible by seven, subject to adjustment as provided in said Section.

Standard Auction Rate Period

The term "Standard Auction Rate Period" means any Auction Rate Period consisting of 7, 14, 21, 28 or 35 Rate Period Days, or such other period as may be designated from time to time by the City with the consent of the Bond Insurer.

Stated Maturity Date

The term "Stated Maturity Date" means the date given as the stated maturity date on each Bond.

Submission Deadline

The term "Submission Deadline" means 1:00 p.m., New York time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders) to the Auction Agent, as specified by the Auction Agent from time to time.

Subsequent Auction Rate Period

The term "Subsequent Auction Rate Period" means the period from and including the Initial Interest Payment Date for Auction Rate Securities to but excluding the next Interest Payment Date for Auction Rate Securities and each period thereafter from and including one Interest Payment Date to but excluding the next succeeding Interest Payment Date; provided that if any Subsequent Auction Rate Period is a Special Auction Rate Period consisting of more than 91 days, such term shall mean the period commencing on the first day of such Special Auction Rate Period and ending on the last day of the last Auction Rate Period thereof; provided, further, that the Subsequent Auction Rate Period shall normally begin on the respective Interest Payment Date after the end of such Special Auction Rate Period, and the Auction therefor shall normally be held on the preceding Business Day.

Substitute Commercial Paper Dealer

The term "Substitute Commercial Paper Dealer" means Lehman Brothers, Inc., or their affiliates or successors, if such affiliate or successor is a commercial paper dealer, provided that neither such person nor any of its affiliates or successors shall be a Commercial Paper Dealer.

Sufficient Clearing Bids

The term "Sufficient Clearing Bids" shall have the meaning set forth in this **Appendix F**.

Tender Price

The term "Tender Price" means the price at which Auction Rate Securities are tendered for purchase upon conversion to Fixed Rate Bonds, comprised of the Principal Amount thereof, plus interest, if any, accrued to the date of purchase, being payable solely from the proceeds of remarketing of said Auction Rate Securities in the form of Fixed Rate Bonds.

Undelivered Auction Rate Security

The term "Undelivered Auction Rate Security" shall have the meaning set forth in Section 2.11(b)(3) of this **Appendix F**.

ARTICLE II

AUCTION RATE PROVISIONS

SECTION 2.01. Auction Rate Periods. After the Initial Auction Rate Period for any Bonds issued as Auction Rate Securities, each Auction Rate Period shall be that period established in accordance with the definition of Subsequent Auction Rate Period.

SECTION 2.02. Dated Date of Auction Rate Securities, Initial Accrual of Interest. Each Auction Rate Security shall be dated its date of delivery. Interest thereon shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed on an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or

(b) it is executed after a Regular Record Date and on or before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or

(c) it is executed on or before the first Regular Record Date, in which event interest with respect thereto shall be payable from its Dated Date;

provided, that if, as of the date of execution of any Auction Rate Security, interest is in default with respect to any Outstanding Auction Rate Security, interest on such Auction Rate Security shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Auction Rate Securities.

SECTION 2.03. Interest on Auction Rate Securities – General.

(a) Auction Rate Securities, other than Convertible Auction Rate Securities, shall bear interest at an Auction Rate (computed for the actual number of days elapsed on the basis of a 360-day year) for an Auction Rate Period of 360 or days or less and on the basis of a 360-day year comprised of twelve 30-day months for an Auction Rate Period greater than 360 days).

(b) Interest on Auction Rate Securities, other than Convertible Auction Rate Securities, shall accrue at the Auction Rate for each Auction Rate Period and shall be payable in arrears, commencing on the Initial Interest Payment Date specified in Appendix J to the Indenture and on each Interest Payment Date.

(c) Convertible Auction Rate Securities shall not bear current interest but shall accumulate earned interest in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months, compounded on February 1 and August 1 of each year commencing

February 1, 2006, until the Full Accretion Date. On the initial Auction Date, each Existing Owner of Convertible Auction Rate Securities will be automatically deemed by the Auction Agent to have submitted a Sell Order for all of the Convertible Auction Rate Securities then owned by such Existing Owner unless such Existing Owner, prior to the Submission Deadline, submits a Hold Order to a Broker-Dealer indicating the principal amount of Convertible Auction Rate Securities which such Existing Owner desires to continue to hold regardless of the Auction Rate for the next succeeding Auction Rate Period. For each Subsequent Auction Rate Period or portion thereof, interest on the Accreted Value of Convertible Auction Rate Securities will accrue at the Applicable Auction Rate and will be payable in arrears on each succeeding Interest Payment Date (computed for the actual number of days elapsed on the basis of a 360-day year); provided that, if an Auction is not held on the initial Auction Date for a reason other than a Catastrophic Event, the Convertible Auction Rate Securities shall bear interest at the Maximum Auction Rate and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days; and provided further, that if such Maximum Auction Rate shall be in effect for the lesser of (a) three successive Auction Rate Periods or (b) 35 days, the City shall initiate proceedings to convert such Auction Rate Securities to a Fixed Rate.

SECTION 2.04. Interest on Auction Rate Securities During Subsequent Auction Rate Periods. The rate of interest on Auction Rate Securities during each Subsequent Auction Rate Period therefor shall be equal to the Auction Rate; provided that:

(a) if a notice of Fixed Rate Conversion of the Auction Rate Securities shall have been given by the City in accordance with Section 2.02 of this **Appendix F** and because of the failure to satisfy one or more of the conditions set forth in the applicable Section, such Conversion shall not have taken effect, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on the proposed effective Fixed Rate Conversion Date and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days;

(b) if on any Auction Date, an Auction is not held due to a Catastrophic Event, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the most recent Auction Rate plus or minus the change in LIBOR since the most recent Auction;

(c) if on any Auction Date, an Auction is not held for any other reason, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on such Auction Date, and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days, provided, that if such Maximum Auction Rate shall be in effect for the lesser of (a) three successive Auction Rate Periods or (b) 35 days, the City shall initiate proceedings to convert such Auction Rate Securities to a Fixed Rate; and

(d) if a notice of a change in the length of a Standard Auction Rate Period shall have been given by the City in accordance with Section 2.09 of this **Appendix F** and because of a failure to satisfy the condition set forth in clause (c) of Section 2.09 of this **Appendix F**, such change in length of the Standard Auction Rate Period shall not have taken effect, the rate of interest for the next succeeding Subsequent Auction Rate Period shall equal the Maximum Auction Rate on the proposed date of such change in length of the Standard Auction Rate Period, and the length of such Subsequent Auction Rate Period will be 7 Rate Period Days.

(e) Notwithstanding the foregoing, if:

(i) the ownership of Auction Rate Securities is no longer maintained in book-entry form by the Securities Depository, no further Auctions will be held and the Applicable Auction Rate for any Subsequent Auction Rate Period commencing after the delivery of certificated securities representing the Auction Rate Securities shall equal the Maximum Auction Rate;

(ii) a Payment Default shall have occurred during any Auction Rate Period (other than an Auction Rate Period consisting of more than 364 Rate Period Days) no further Auctions will be held and the rate of interest for the Subsequent Auction Rate Period commencing thereafter to and including the Subsequent Auction Rate Period, if any, during which, or commencing less than two Business Days after all such Payment Defaults are cured, shall equal the Overdue Rate; or

(iii) a Payment Default shall have occurred during a Special Auction Rate Period consisting of more than 364 Rate Period Days, (i) the rate of interest for the portion of such Special Auction Rate Period during which such Payment Default shall not have been cured shall equal the Overdue Rate for such Special Auction Rate Period on the day of the occurrence of such Payment Default and (ii) if such Payment Default shall have not been cured at least two Business Days prior to the next succeeding Subsequent Auction Rate Period, the rate of interest for such Subsequent Auction Rate Period and for each Subsequent Auction Rate Period commencing thereafter, to and including the Subsequent Auction Rate Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured, shall equal the Overdue Rate for such Special Auction Rate Period on the first day of each such Subsequent Auction Rate Period.

Following the Trustee's delivery of a Notice of Cure of Payment Default to the Auction Agent, the restrictions set forth in clauses (ii) and (iii) above shall be suspended and the interest rate shall be established pursuant to the Auction Procedures.

SECTION 2.05. Auction Procedures. Subject to the provisions of subsection (b) of this section, Auctions shall be conducted on each Auction Date in the following manner:

(a) (i) Prior to the Submission Deadline on each Auction Date:

(A) each Beneficial Owner of Auction Rate Securities may submit to a Broker-Dealer by telephone or facsimile transmission information as to:

(I) the Principal Amount of Outstanding Auction Rate Securities, if any, held by such Beneficial Owner which such Beneficial Owner desires to continue to hold, without regard to the Auction Rate for the next succeeding Auction Rate Period;

(II) the Principal Amount of Outstanding Auction Rate Securities, if any, which such Beneficial Owner offers to sell, if the Auction Rate

for the next succeeding Auction Rate Period shall be less than the rate per annum specified by such Beneficial Owner; and/or

(III) the Principal Amount of Outstanding Auction Rate Securities, if any, held by such Beneficial Owner which such Beneficial Owner offers to sell, without regard to the Auction Rate that may be set for the next succeeding Auction Rate Period; and

(B) one or more Broker-Dealers may contact Potential Beneficial Owners to determine the Principal Amount of Auction Rate Securities which each such Potential Beneficial Owner offers to purchase if the Auction Rate for the next succeeding Auction Rate Period shall not be less than the rate per annum specified by such Potential Beneficial Owner.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in paragraphs (A) or (B) of this clause is hereinafter referred to as an "Order" and each Beneficial Owner and each Potential Beneficial Owner placing an Order is hereinafter referred to as a "Bidder;" an Order containing the information referred to (x) in paragraph (A)(I) hereof is hereinafter referred to as a "Hold Order," (y) in paragraph (A)(II) or (B) hereof is hereinafter referred to as a "Bid," and (z) in paragraph (A)(III) hereof is hereinafter referred to as a "Sell Order." The submission by a Broker-Dealer of an Order to the Auction Agent shall likewise be referred to herein as an "Order," and an Existing Owner or Potential Owner who places an Order with the Auction Agent or on whose behalf an Order is Placed with the Auction Agent shall likewise be referred to herein as a "Bidder."

(ii) (A) Subject to the provisions of subsection (b) of this section, a Bid by a Beneficial Owner or an Existing Owner shall constitute an irrevocable offer to sell:

(I) the Principal Amount of Outstanding Auction Rate Securities specified in such Bid if the Auction Rate determined as provided in this section shall be less than the rate specified therein; or

(II) such Principal Amount or a lesser Principal Amount of Outstanding Auction Rate Securities to be determined as set forth in subsection (d)(i)(D) of this section if the Auction Rate determined as provided in this section shall be equal to the rate specified therein; or

(III) such Principal Amount of Outstanding Auction Rate Securities if the rate specified therein shall be higher than the Maximum Auction Rate, or such Principal Amount or a lesser Principal Amount of Outstanding Auction Rate Securities to be determined as set forth in subsection (d)(ii)(C) of this section if the rate specified therein shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(B) Subject to the provisions of subsection (b) of this section, a Sell Order by a Beneficial Owner shall constitute an irrevocable offer to sell:

(I) the Principal Amount of Outstanding Auction Rate Securities specified in such Sell Order if Sufficient Clearing Bids exist; or

(II) such Principal Amount or a lesser Principal Amount of Outstanding Auction Rate Securities as set forth in subsection (d)(ii)(C) of this section if Sufficient Clearing Bids do not exist.

(C) Subject to the provisions of subsection (b) of this section, a Bid by a Potential Beneficial Owner or a Potential Owner shall constitute an irrevocable offer to purchase:

(I) the Principal Amount of Outstanding Auction Rate Securities specified in such Bid if the Auction Rate determined as provided in this section shall be higher than the rate specified therein; or

(II) such Principal Amount or a lesser Principal Amount of Outstanding Auction Rate Securities as set forth in subsection (d)(i)(E) of this section if the Auction Rate determined as provided in this section shall be equal to the rate specified therein.

(b) (i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer, designating itself (unless otherwise permitted by the City) as an Existing Owner in respect of the Principal Amount of Auction Rate Securities subject to Orders submitted or deemed submitted to it by Beneficial Owners or by Potential Beneficial Owners, and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order (which shall be the Broker-Dealer, unless otherwise permitted by the City);

(B) the aggregate Principal Amount of Auction Rate Securities that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Owner:

(I) the Principal Amount of Auction Rate Securities, if any, subject to any Hold Order placed by such Existing Owner;

(II) the Principal Amount of Auction Rate Securities, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(III) the Principal Amount of Auction Rate Securities, if any, subject to any Sell Order placed by such Existing Owner; and

(D) to the extent such Bidder is a Potential Owner, the rate specified in such Potential Owner Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding Auction Rate Securities held by any Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) None of the City, the Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner, Beneficial Owner, Potential Owner or Potential Beneficial Owner, nor shall any such party be responsible for failure by a Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers.

(v) If any Existing Owner submits to the Auction Agent, through a Broker-Dealer, one or more Orders covering in the aggregate more than the Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the Principal Amount of Auction Rate Securities held by such Existing Owner, and if the aggregate Principal Amount of Auction Rate Securities subject to such Hold Orders exceeds the aggregate Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner, the aggregate Principal Amount of Auction Rate Securities subject to each such Hold Order shall be reduced pro rata to cover the aggregate Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner;

(B) (I) any Bid shall be considered valid up to and including the excess of the Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner over the aggregate Principal Amount of Auction Rate Securities subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(II) subject to subclause (I) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Owner and the aggregate Principal Amount of Outstanding Auction Rate Securities subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the Principal Amount of Auction Rate Securities subject to each Bid with the same rate shall be reduced pro rata to cover the Principal Amount of Auction Rate Securities equal to such excess;

(III) subject to subclause (I) and (II) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(IV) in any such event, the aggregate Principal Amount of Outstanding Auction Rate Securities, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Owner at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner over the aggregate Principal Amount of Auction Rate Securities subject to Hold Orders referred to in clause (A) of this paragraph and valid Bids referred to in clause (B) of this paragraph.

(vi) If more than one Bid for Auction Rate Securities is submitted by or on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and Principal Amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Owner covering an aggregate Principal Amount of Auction Rate Securities not equal to $25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner covering an aggregate Principal Amount of Auction Rate Securities not equal to $25,000 or an integral multiple thereof shall be rejected.

(viii) Any Bid specifying a rate higher than the Maximum Auction Rate will be treated as a Sell Order if submitted by an Existing Owner and will not be accepted if submitted by a Potential Owner. Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the Minimum Auction Rate shall be treated as a Bid specifying the Minimum Auction Rate.

(c) (i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(A) the excess of the total Principal Amount of Outstanding Auction Rate Securities over the sum of the aggregate Principal Amount of Outstanding Auction Rate Securities subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Auction Rate Securities"); and

(B) from the Submitted Orders whether:

(I) the aggregate Principal Amount of Outstanding Auction Rate Securities subject to Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Auction Rate Securities Maximum Auction Rate;

exceeds or is equal to the sum of:

(II) the aggregate Principal Amount of Outstanding Auction Rate Securities subject to Submitted Bids by Existing Owners specifying one or more rates higher than the Maximum Auction Rate; and

(III) the aggregate Principal Amount of Outstanding Auction Rate Securities subject to Submitted Sell Orders

(in the event such excess or such equality exists (other than because the sum of the Principal Amounts of Auction Rate Securities in subclauses (II) and (III) above is zero because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), such Submitted Bids in subclause (I) above being hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (the "Winning Bid Rate") which if:

(I) (aa) each such Submitted Bid from Existing Owners specifying such lowest rate and (bb) all other Submitted Bids from Existing Owners specifying lower rates were rejected, thus entitling such Existing Owners to continue to hold the Principal Amount of Auction Rate Securities subject to such Submitted Bids; and

(II) (aa) each such Submitted Bid from Potential Owners specifying such lowest rate and (bb) all other Submitted Bids from Potential Owners specifying lower rates were accepted,

would result in such Existing Owners described in clause (C)(I) above continuing to hold an aggregate Principal Amount of Outstanding Auction Rate Securities which, when added to the aggregate Principal Amount of Outstanding Auction Rate Securities to be purchased by such Potential Owners described in clause (C)(II) above, would equal not less than the Available Auction Rate Securities.

(ii) Promptly after the Auction Agent has made the determinations pursuant to subsection (c)(i) hereof, the Auction Agent, by telecopy confirmed in writing, shall advise the City and the Trustee of the Maximum Auction Rate, the Minimum Auction Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Auction Rate Period as follows:

(A) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids do not exist (other than because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the Maximum Auction Rate, which succeeding Auction Rate Period shall be 7 Rate Period Days; or

(C) if all Outstanding Auction Rate Securities are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Auction Rate Period shall be equal to the All-Hold Rate on such Auction Date.

(d) Existing Owners shall continue to hold the Principal Amount of Auction Rate Securities that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to subsection (c)(i) of this section, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of subsection (d)(iv) and (v) hereof, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Any Existing Owner's Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to sell the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bids;

(B) Any Existing Owner's Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Owner to continue to hold the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bids;

(C) Any Potential Owner's Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bids;

(D) Any Existing Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bid, unless the aggregate Principal Amount of Outstanding Auction Rate Securities subject to all such Submitted Bids shall be greater than the Principal Amount of Auction Rate Securities (the "remaining Principal Amount") equal to the excess of the Available Auction Rate Securities over the aggregate Principal Amount of Auction Rate Securities subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which

event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to hold the Principal Amount of Auction Rate Securities subject to such Submitted Bid, but only in an amount equal to the aggregate Principal Amount of Auction Rate Securities obtained by multiplying the remaining Principal Amount by a fraction, the numerator of which shall be the Principal Amount of Outstanding Auction Rate Securities held by such Existing Owners subject to such Submitted Bid and the denominator of which shall be the sum of the Principal Amount of Outstanding Auction Rate Securities subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the Principal Amount of Auction Rate Securities obtained by multiplying the excess of the aggregate Principal Amount of Available Auction Rate Securities over the aggregate Principal Amount of Auction Rate Securities subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph by a fraction, the numerator of which shall be the aggregate Principal Amount of Outstanding Auction Rate Securities subject to such Submitted Bids and the denominator of which shall be the sum of the Principal Amount of Outstanding Auction Rate Securities subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding Auction Rate Securities are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Any Existing Owner's Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Owners to continue to hold the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bids;

(B) Any Potential Owner's Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted and any rate that is higher than the Maximum Auction Rate shall be rejected, thus requiring such Potential Owners to purchase the aggregate Principal Amount of Auction Rate Securities subject to such Submitted Bids; and

(C) Each Existing Owner's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the Auction Rate Securities subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate Principal Amount of Auction Rate Securities obtained by multiplying the aggregate Principal Amount of Auction

Rate Securities subject to Submitted Bids described in clause (B) of this paragraph by a fraction, the numerator of which shall be the aggregate Principal Amount of Outstanding Auction Rate Securities held by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate Principal Amount of Outstanding Auction Rate Securities subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding Auction Rate Securities are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraphs (i) or (ii) of this subsection, any Existing Owner would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a Principal Amount of Auction Rate Securities that is not equal to $25,000 or an integral multiple thereof the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the Principal Amount of Auction Rate Securities to be purchased or sold by any Existing Owner or Potential Owner so that the Principal Amount of Auction Rate Securities purchased or sold by each Existing Owner or Potential Owner shall be equal to $25,000 or an integral multiple thereof.

(v) If, as a result of the procedures described in paragraph (ii) of this subsection, any Potential Owner would be entitled or required to purchase less than $25,000 Principal Amount or an integral multiple thereof of Auction Rate Securities, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, allocate Auction Rate Securities for purchase among Potential Owners so that only Auction Rate Securities in Principal Amounts of $25,000 or an integral multiple thereof are purchased by any Potential Owner, even if such allocation results in one or more of such Potential Owners not purchasing any Auction Rate Securities.

(e) Based on the results of each Auction, and in accordance with the Settlement Procedures set forth in the applicable Auction Agent Agreement, the Auction Agent shall determine the aggregate Principal Amount of Auction Rate Securities to be purchased and the aggregate Principal Amount of Auction Rate Securities to be sold by Potential Owners and Existing Owners and, with respect to each Potential Owner and Existing Owner, to the extent that such aggregate Principal Amount of Auction Rate Securities to be sold differs from such aggregate Principal Amount of Auction Rate Securities to be purchased, determine to which other Potential Owner(s) or Existing Owner(s) they shall deliver, or from which other Potential Owner(s) or Existing Owner(s) they shall receive, as the case may be, Auction Rate Securities.

SECTION 2.06. Deposit and Application of Interest Payments. The following times and dates are modified as required by the terms of any Insurance Policy applicable to the Bonds at the time payments of interest are required to be made to the respective Holders thereof. The Trustee is instructed to comply with the particular terms of the Insurance Policy in order to insure timely and full payment of interest on the Bonds covered thereby.

(a) The Trustee shall calculate the amount of interest due and payable on each Interest Payment Date by 10:00 A.M., New York time, on the third Business Day next preceding

such Interest Payment Date or date set for purchase, as the case may be and shall immediately notify the City of such amount. In preparing such calculation, the Trustee may rely on calculations or other services provided by the Auction Agent, the City or any person or persons selected by the Trustee in its discretion, including, without limitation, the information set forth in Appendix J to the Indenture.

(b) During any period while Auction Rate Securities are Outstanding, the City shall pay to the Trustee not later than 5:00 P.M., New York time, on the Business Day next preceding each Interest Payment Date an aggregate amount of funds available on such Interest Payment Date in New York equal to the aggregate amount of interest payable on the Auction Rate Securities on such Interest Payment Date.

(c) Not later than 12:15 P.M., New York time, on each Interest Payment Date that is immediately preceded by an Auction Date, the Trustee shall determine the payment (or nonpayment, as the case may be) of the aggregate amount of interest payable on the Auction Rate Securities on such Interest Payment Date. So long as no Payment Default with respect to the Auction Rate Securities has previously occurred and is continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by the Securities Depository, (i) if the Trustee determines that a Payment Default has occurred, the Trustee shall immediately send a Notice of Payment Default to the Auction Agent and to the Holders of the Auction Rate Securities by telecopy or similar means, and (ii) if all such nonpayments are cured prior to 1:00 P.M., New York time, on such Interest Payment Date, the Trustee shall immediately send a Notice of Cure of Payment Default to the Auction Agent and to the Holders of the Auction Rate Securities by telecopy or similar means.

(d) The Trustee shall notify the City, the Broker-Dealer and the Financial Advisor not less than 180 days prior to the last day of any Auction Rate Period 360 days or longer of the date such Auction Rate Period ends.

SECTION 2.07. Calculation of Maximum Auction Rate, Minimum Auction Rate, All-Hold Rate and Overdue Rate During Auction Rate Period. The Auction Agent shall calculate the Maximum Auction Rate, the All-Hold Rate and the Minimum Auction Rate on each Auction Date. If a Payment Default shall have occurred, the Auction Agent shall calculate the Overdue Rate (i) as of the first day of the Subsequent Auction Rate Period commencing after the occurrence of and during the continuance of such Payment Default, (ii) on the date of the occurrence of a Payment Default during a Special Auction Rate Period consisting of more than 364 Rate Period Days and (iii) as of the first day of any Subsequent Auction Rate Period commencing after the occurrence of a Payment Default to and including the Subsequent Auction Rate Period, if any, commencing less than two Business Days after all such Payment Defaults are cured.

SECTION 2.08. Notification of Payment Dates. Promptly after the Date of Interest Accrual and each Interest Payment Date and in any event at least 10 Business Days prior (unless the then current Auction Rate Period is a Standard Auction Rate Period of 7 Rate Period Days, in which case, at least 6 days prior) to the next Interest Payment Date following the Date of Interest Accrual or such Interest Payment Date, as the case may be, the Auction Agent shall advise the Trustee and any Paying Agent, so long as no Payment Default has occurred and is

continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by DTC, of such next succeeding Interest Payment Date. In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Auction Agent shall have given the notice referred to in the preceding sentence, not later than 9:15 A.M., New York time, on the Business Day next preceding the earlier of the new Interest Payment Date or the previous Interest Payment Date, the Auction Agent will, by such means as the Auction Agent deems practicable, give notice of such change to the Trustee and to any Paying Agent, so long as no Payment Default has occurred and is continuing and the ownership of the Auction Rate Securities is maintained in book-entry form by DTC.

SECTION 2.09. Change in Standard Auction Rate Period.

(a) While any Auction Rate Securities are Outstanding, the City, at its option, with the consent of the Bond Insurer, may from time to time on the Business Day immediately following the end of the Auction Rate Period for such Bonds, change the length of the Standard Auction Rate Period on all or a portion of any Auction Rate Securities from one period to another in order to accommodate economic and financial factors that may affect or be relevant to the length of the Standard Auction Rate Period and the interest rate borne by such Auction Rate Securities. The City shall initiate the change in the length of a Standard Auction Rate Period by giving written notice to the Trustee, the Auction Agent, the Broker-Dealers, the Bond Insurer and the Securities Depository, at least ten Business Days prior to the Auction Date for such Standard Auction Rate Period, that the Standard Auction Rate Period will change if the conditions described below are satisfied, the proposed effective date of the change, and that such Auction Rate Securities are subject to mandatory tender for purchase on the Business Day immediately following the Auction Date on which there has been a successful Auction of such Auction Rate Securities.

(b) The change in the length of a Standard Auction Rate Period shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date which the notice of the proposed change was given as provided in (a) above and the Auction immediately preceding the proposed change.

(c) The change in length of a Standard Auction Rate Period shall take effect only if (A) the Trustee and the Auction Agent receive by 11:00 a.m., New York time, on the Business Day before the Auction Date for the first such Standard Auction Rate Period, a certificate from the City Representative, authorizing the change in the length of the Standard Auction Rate Period specified in such certificate, and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Standard Auction Rate Period. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Rate Period shall be determined pursuant to the Auction Procedures and the Auction Rate Period shall be the Auction Rate Period determined without reference to the proposed change. If the condition referred to in (B) above is not met, the Auction Rate for the next Auction Rate Period shall equal the Maximum Auction Rate on the proposed date of such change in length of the Standard Auction Rate Period, and the Standard Auction Rate Period shall be 7 Rate Period Days.

(d) Any Auction Rate Securities for which the Standard Auction Rate Period is changed shall be subject to mandatory tender for purchase on the Business Day immediately

following the Auction Date on which there has been a successful Auction of such Auction Rate Securities (subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the remarketing of such Auction Rate Securities) at a price equal to the Principal Amount being tendered and accrued interest thereon.

SECTION 2.10. Designation of Special Auction Rate Periods.

(a) The City, at its option, with the consent of the Bond Insurer, may designate any succeeding Subsequent Auction Rate Period as a Special Auction Rate Period. A designation of a Special Auction Rate Period shall be effective only if (i) notice thereof shall have been given in accordance with subsection (c) and subsection (d)(i) of this section, (ii) an Auction shall have been held on the Auction Date for such Special Auction Rate Period and Sufficient Clearing Bids shall have existed in such Auction, and (iii) if any notice of redemption shall have been mailed by the Trustee, the related redemption price shall be on deposit with the Trustee.

(b) In the event the City wishes to designate a Subsequent Auction Rate Period as a Special Auction Rate Period, the last day of any such Special Auction Rate Period must be followed by a Thursday that is a Business Day.

(c) If the City proposes to designate any succeeding Subsequent Auction Rate Period as a Special Auction Rate Period pursuant to subsection (a) of this section, not less than 20 (or such lesser number of days as may be agreed to from time to time by the Auction Agent and the Broker-Dealer) nor more than 30 days prior to the date the City proposes to designate as the first day of such Special Auction Rate Period (which shall be the day that would otherwise be the first day of the next succeeding Auction Rate Period), the City shall give written notice thereof to the Trustee, the Bond Insurer, the Auction Agent and the Securities Depository. Each such notice shall state (i) that the City may exercise its option to designate a succeeding Subsequent Auction Rate Period as a Special Auction Rate Period, specifying the first and last days thereof, and the conditions thereto and (ii) that the City will, by 11:00 A.M., New York time, on the second Business Day next preceding the first day of such proposed Special Auction Rate Period (or by such later time or date, or both, as may be agreed to by the Auction Agent) notify the Auction Agent of either (x) its determination, to exercise such option, in which case, the City Representative shall specify the Special Auction Rate Period designated, or (y) its determination not to exercise such option.

(d) No later than 11:00 A.M., New York time, on the second Business Day next preceding the first day of any proposed Special Auction Rate Period as to which notice has been given as set forth in subsection (c) of this section (or such later time or date, or both, as may be agreed to by the Auction Agent), the City Representative shall deliver to the Auction Agent either:

(i) (A) a notice stating (1) that the City has determined to designate the next succeeding Auction Rate Period as a Special Auction Rate Period, specifying the same and the first day thereof, (2) the Auction Date immediately prior to the first day of such Special Auction Rate Period, (3) that such Special Auction Rate

Period shall not commence if (x) an Auction shall not be held on such Auction Date for any reason or (y) an Auction shall be held on such Auction Date but Sufficient Clearing Bids shall not exist in such Auction, and (4) the Interest Payment Dates during such Special Auction Rate Period and (B) an opinion of Bond Counsel to the effect that such designation of a Special Auction Rate Period is authorized by the Indenture; or

(ii) a notice stating that the City has determined not to exercise its option to designate a Special Auction Rate Period and that the next succeeding Auction Rate Period shall be a Standard Auction Rate Period.

(e) If the City fails to deliver either of the notices or the opinion described in subsection (d)(i) or (ii) of this section with respect to any designation of any proposed Special Auction Rate Period to the Auction Agent by 11:00 A.M., New York time, on the second Business Day next preceding the first day of such proposed Special Auction Rate Period (or by such later time or date, or both, as may be agreed to by the Auction Agent), the City shall be deemed to have delivered a notice to the Auction Agent with respect to such Special Auction Rate Period to the effect set forth in paragraph (ii) of subsection (d) of this section.

SECTION 2.11. Conversion of Auction Rate Securities to Fixed Interest Rate Bonds. (a) At the option of the City, with the prior written consent of the Bond Insurer and the Qualified Swap Provider (if the affected Auction Rate Securities are covered by a Qualified Swap Agreement), all but not less than all of any Series of Bonds may be converted from Auction Rate Securities to Fixed Rate Bonds as follows:

(i) The Fixed Rate Conversion Date for a Series of Auction Rate Securities shall be the Business Day immediately following the end of the Auction Rate Period for such Bonds

(ii) The City shall give written notice of any such conversion to the Trustee, the applicable Auction Agent, the Bond Insurer, the Qualified Swap Provider (if applicable) and the applicable Broker-Dealer not less than fifteen (15) days nor more than thirty (30) days prior to the date on which the Trustee is required to notify the affected Holders of the conversion of the applicable Tranche or Series pursuant to subparagraph (iii) immediately below. Such notice shall specify the proposed Fixed Rate Conversion Date of the applicable Tranche and the Principal Amount of Auction Rate Securities to be converted to Fixed Rate Bonds. Together with such notice, the City shall file with the applicable Broker-Dealer and the Trustee a form of Opinion of Counsel addressed to the Broker-Dealer, the Trustee, the City and the Bond Insurer to the effect that the conversion of the Auction Rate Securities of the applicable Tranche to fixed interest rates will not adversely affect the validity of the Fixed Rate Bonds under State law. No conversion shall become effective unless on or before the proposed Fixed Rate Conversion Date, the City shall also file with the Trustee an Opinion of Counsel addressed to the Trustee, the City and the Bond Insurer substantially in the form described in the immediately preceding sentence, dated the Fixed Rate Conversion Date, and subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the remarketing of such Auction Rate Securities.

(iii) Not fewer than forty (40) days prior to the Fixed Rate Conversion Date established for the applicable Series or Tranche, the Trustee shall mail a written notice of the conversion to the Holders of all Auction Rate Securities (with a copy to the Bond Insurer and the Auction Agent) of the applicable Series or Tranche to be converted, which notice shall:

(1) specify the Fixed Rate Conversion Date established for the applicable Bonds;

(2) notify such Holders that the Auction Rate Securities of the applicable Series or Tranche to be converted will be subject to mandatory tender for purchase on such Fixed Rate Conversion Date at a price equal to 100% of the Principal Amount of such Auction Rate Securities, plus interest accrued and unpaid with respect thereto, if any, to but not including the Fixed Rate Conversion Date;

(3) notify such Holders that in the event of a failed conversion, or in the event the City exercises its right of election to revoke the conversion pursuant to subparagraph (v) below, such Auction Rate Securities will not be subject to mandatory tender, will be returned to their Holders, will automatically convert to the Auction Rate Period in effect immediately prior to the Fixed Rate Conversion Date and will bear interest at the Maximum Auction Rate;

(4) set forth the time, the place and the manner for tendering such Auction Rate Securities for purchase; and

(5) set forth any other matters required to be stated pursuant to this paragraph.

(iv) Not later than 12:00 noon, New York time, on the Business Day immediately preceding the Fixed Rate Conversion Date established for the applicable Series or Tranche, at the direction of the City, the applicable Broker-Dealer shall determine, by offering for sale and using at least its best efforts to find purchasers for the Tranches of Auction Rate Securities which are to be converted to Fixed Rate Bonds:

(1) the Fixed Rate(s) applicable to such Bonds after such Fixed Rate Conversion Date;

(2) the allocation of such Bonds between Serial Bonds and Term Bonds, which allocation shall be made in such manner as shall:

A. produce the lowest aggregate interest payable with respect to the Auction Rate Securities to be converted to Fixed Rate Bonds;

B. establish mandatory Redemption Dates and related Principal Amounts for Serial Bonds, if any, and establish mandatory redemption dates and related Principal Amounts for

Term Bonds other than Serial Bonds, if any, which are consistent, on a pro rata basis, with the principal of such Bonds prior to such Fixed Rate Conversion Date;

C. permit Bond Counsel to render the opinion described in subparagraph (ii) above;

provided, that if Bond Counsel is unable to render such opinion because of the allocation procedures set forth in this subparagraph (iv), all such converted Bonds shall be redesignated as Serial Bonds with mandatory redemption dates and related Principal Amounts which are consistent, on a pro rata basis, with the applicable principal of such Bonds prior to the Fixed Rate Conversion Date, subject to the Bond Insurer's approval of the new redemption dates and Principal Amounts.

Such determination shall be conclusive and binding upon the City, the Trustee and the Holders of the Auction Rate Securities of the applicable Series or Tranche to be converted to which such rate or rates will be applicable. Not later than 5:00 p.m., New York time, on the date of determination of the fixed interest rate(s), as provided in the first sentence of this subparagraph, the applicable Broker-Dealer shall notify the City and the Trustee of the following by facsimile notice:

(3) the aggregate Principal Amount of the Bonds bearing interest at Fixed Rates as a result of such Fixed Rate Conversion;

(4) a schedule of the mandatory redemption dates and related Principal Amounts of converted Bonds which the City has redesignated as Serial Bonds and which the Bond Insurer has approved; and

(5) a schedule of the mandatory redemption dates and related Principal Amounts of converted Bonds which are to be Term Bonds, if any, and which the Bond Insurer has approved.

If necessary or appropriate in the Opinion of Counsel, the City shall execute and deliver a supplement to the Indenture setting forth, among other things, the terms of the Fixed Rate Bonds;

(v) The City may revoke its election to effect a conversion of the applicable Series or Tranche of the Auction Rate Securities to Fixed Rate Bonds by giving written notice of such revocation to the Trustee, the Bond Insurer, the Auction Agent, the Qualified Swap Provider (if applicable), the Swap Policy Provider (if applicable), and the applicable Broker-Dealer and at any time prior to the Business Day immediately preceding the Fixed Rate Conversion Date.

(vi) Auction Rate Securities of the applicable Series or Tranche which are to be converted to Fixed Rate Bonds shall be subject to mandatory tender for purchase on a proposed Fixed Rate Conversion Date (subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having

been provided to the Trustee through the remarketing of such Bonds) at a price equal to 100% of the Principal Amount of such Auction Rate Securities plus interest accrued and unpaid with respect thereto, if any, to, but not including, the Fixed Rate Conversion Date.

(vii) If on a proposed Fixed Rate Conversion Date, any condition precedent to such conversion required under this paragraph shall not be satisfied, the Trustee shall give written notice by first-class mail, postage prepaid, or by facsimile or overnight delivery, as soon as practicable and in any event not later than the next succeeding Business Day to the Holders of the applicable Series or Tranche to be converted that such conversion has not occurred, that the particular Auction Rate Securities to be converted shall not be purchased on the failed Fixed Rate Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to the Auction Rate Securities which otherwise would have been converted, excluding, however, the Auction Date falling on the Business Day next preceding the failed Fixed Rate Conversion Date, and that the interest rate with respect to the affected Bonds shall continue to be the Applicable Auction Rate; provided, that the interest rate on the Auction Rate Securities during the Auction Rate Period commencing on such failed Fixed Rate Conversion Date shall be the Maximum Auction Rate for a Rate Period of 7 Rate Period Days.

(b) Purchase of Auction Rate Securities.

(1) Mandatory Tender for Purchase Upon Conversion to Fixed Interest Rates. The Auction Rate Securities shall be subject to mandatory tender for purchase if at any time the Trustee gives written notice mailed to the Holders of the affected Auction Rate Securities, in accordance with the procedures set forth in subsection (2) immediately below, that, at the option of the City, particular Auction Rate Securities are to be converted to a Fixed Rate pursuant to the provisions of Section 2.11(a) above; subject to the availability of funds sufficient to pay the Tender Price of such Auction Rate Securities having been provided to the Trustee through the remarketing of such Auction Rate Securities. The Auction Rate Securities of such Series or Tranche subject to mandatory tender shall be purchased or deemed purchased at the Tender Price.

(2) Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of any Auction Rate Securities of any Series or Tranche in accordance with the immediately preceding paragraphs, the Trustee shall give written notice to the affected Holders and to the Auction Agent by facsimile transmission, to be received no later than 2:00 p.m. New York time, on the day the notice is sent:

A. that the Tender Price of any Auction Rate Security subject to mandatory tender for purchase shall be payable only upon surrender of that Auction Rate Security to the Trustee,

accompanied by an instrument of transfer, in form satisfactory to the Trustee, executed in blank by the duly authorized attorney for such Holder or Holders, with such signature guaranteed in the manner set forth in the form attached to the Auction Rate Securities;

B. that, provided that moneys sufficient to effect such purchase have been provided to the Trustee through the remarketing of such Auction Rate Securities by the applicable Broker-Dealer, and provided that the City has not exercised its right of election to revoke the conversion pursuant to paragraph (a)(v) of this section, Auction Rate Securities subject to mandatory tender for purchase shall be purchased on the proposed Fixed Rate Conversion Date;

C. that if any Holder of an Auction Rate Security subject to mandatory tender for purchase does not in fact surrender such Auction Rate Security to the Trustee for purchase on the proposed Fixed Rate Conversion Date, then such Auction Rate Security, on and after such date, shall be deemed to be an Undelivered Auction Rate Security, that no interest shall accrue with respect to such Auction Rate Security on and after such date and that the Auction Rate Security shall have no rights under the Indenture other than to receive payment of the Tender Price; and

D. that, in the event moneys sufficient to pay the Tender Price of such Auction Rate Securities have not been provided to the Trustee through the remarketing of such Auction Rate Securities, such Auction Rate Securities shall not be purchased or deemed purchased and shall continue to have interest accrue with respect thereto as if such failed purchase had not occurred.

If the circumstances described in subparagraph D above should occur, then the affected Auction Rate Securities shall not be purchased or deemed purchased and shall continue to have interest accrue thereon as described in subparagraph D above. The Insurance Policy may not be drawn upon to purchase any Auction Rate Securities hereunder.

(3) Undelivered Auction Rate Securities. The following provisions shall apply to an Auction Rate Security not delivered by a date established for its surrender, properly endorsed by its Holder (each, an "Undelivered Auction Rate Security"):

A. The Trustee may refuse to accept delivery of any Undelivered Auction Rate Security for which a proper instrument of transfer has not been provided; provided, that such refusal shall

not affect the validity of the purchase of such Undelivered Auction Rate Security.

B. If funds in the amount of the purchase price of the Undelivered Auction Rate Security are available for payment to the Holders thereof on the Proposed Fixed Rate Conversion Date and at the time specified, then, from and after such date and time of such required delivery:

(1) such Undelivered Auction Rate Security shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Indenture;

(2) interest shall no longer accrue with respect to such Undelivered Auction Rate Security; and

(3) funds in the amount of the purchase price of the Undelivered Auction Rate Security shall be held uninvested by the Trustee for the benefit of the Holder thereof (provided that such Auction Rate Security shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Auction Rate Security to the Trustee. Any money which the Trustee segregates and holds in trust for the payment of the Tender Price of any Auction Rate Security which remains unclaimed for two years after the date of purchase shall be paid to the City. After the payment of such unclaimed money to the City, the former Holder of such Auction Rate Security shall look only to the City for the payment of the Tender Price. The City shall not be liable for any interest on unclaimed money and shall not be regarded as a trustee of such money.

(c) Determination by Trustee; Notice of Tender. For purposes of this section, the Trustee shall determine timely and proper delivery of Auction Rate Securities and the proper endorsement of Auction Rate Securities delivered. Such determination shall be binding on the Holders of such Auction Rate Securities, the City, and the Broker-Dealer, absent manifest error.

SECTION 2.12. Transfer and Exchange of Auction Rate Securities.

(a) The registration of any Auction Rate Security may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in Person or by his attorney duly authorized in writing upon surrender of such Auction Rate Security for cancellation at the office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Auction Rate Security shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Auction Rate Security or Auction Rate Securities for a like aggregate Principal

Amount in authorized denominations. The Trustee shall require the payment by the Auction Rate Security Holders requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing any Auction Rate Securities and any services rendered or any expenses incurred by the Trustee in connection with any transfer shall be paid by the City. The Trustee shall not be required to transfer:

(i) any Auction Rate Securities during the period between the date fifteen (15) days prior to the date of selection of Auction Rate Securities for redemption and such date of selection, or

(ii) any Auction Rate Securities selected for redemption.

(b) Auction Rate Securities may be exchanged, upon surrender thereof, at the Office of the Trustee for a like aggregate Principal Amount of Auction Rate Securities of other Authorized Denominations of the same maturity. Whenever any Auction Rate Security or Auction Rate Securities shall be surrendered for exchange, the Trustee shall execute and deliver a new Auction Rate Security or Auction Rate Securities for like aggregate Principal Amount in Authorized Denominations. The Trustee shall require the payment by the Auction Rate Security Holders requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing any Auction Rate Securities and any services rendered or any expenses incurred by the Trustee in connection with any exchange shall be paid by the City. The Trustee shall not be required to exchange:

(i) any Auction Rate Securities during the period between the date fifteen (15) days prior to the date of selection of Auction Rate Securities for redemption and such date of selection, or

(ii) any Auction Rate Securities selected for redemption.

SECTION 2.13. Auction Agent.

(a) The City authorizes and expressly directs the Trustee, as agent for the Beneficial Owners of the Auction Rate Securities, to enter into an Auction Agent Agreement relating to Auction Rate Securities with a designated Auction Agent, including any Auction Agent for Auction Rate Securities as may be appointed on Appendix J to the Indenture. Any Auction Agent shall be:

(i) subject to the written approval of the applicable Broker-Dealer and the Bond Insurer; and either:

(A) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in New York, New York, or such other location as approved by the Trustee in writing and having a combined capital stock or surplus of at least $15,000,000; or

(B) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $15,000,000, and, in either case,

authorized by law to perform all the duties imposed upon it under the applicable Auction Agent Agreement and Section 2.05 of this **Appendix F**.

(b) The Auction Agent may at any time resign and be discharged of its duties as Auction Agent and obligations under the Auction Agent Agreement by giving at least 90 days' prior notice to the Trustee, the City, the Bond Insurer and any Qualified Swap Provider. The Auction Agent may be removed at any time by a request of the Trustee or the Bond Insurer (with a copy to the Trustee and the City) and upon 30 days' notice to the Auction Agent or upon the written direction of the City or, with the prior written consent of the Bond Insurer, any Qualified Swap Provider (if applicable), the Beneficial Owners of at least two-thirds of the aggregate Principal Amount of the Auction Rate Securities then Outstanding, by an instrument signed by such Beneficial Owners or their attorneys and filed with the Auction Agent, the applicable Broker-Dealer, the Trustee, the Bond Insurer, and any Qualified Swap Provider (if applicable) upon at least 30 days' prior notice. Neither resignation nor removal of the Auction Agent pursuant to the provisions of the preceding two sentences shall be effective until and unless a Substitute Auction Agent has been appointed and has accepted such appointment. A substitute Auction Agent Agreement shall be entered into with any substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 45 days after notifying the Trustee, the applicable Broker-Dealer, the City and the Bond Insurer in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment. The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

(c) The periodic fees of the Auction Agent shall be invoiced to the Trustee, with a copy to the City, and paid from the Administrative Expense Account.

(d) If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Trustee, at the direction of the City, with the consent of the Bond Insurer and the Qualified Swap Provider (if applicable), shall use its best efforts to appoint a substitute Auction Agent for such Series of Bonds.

(e) The Auction Agent is acting solely as a non-fiduciary agent of the Trustee, at the direction of the City for the benefit of the Holders in connection with Auctions. In the absence of bad faith, negligent failure to act or negligence on its part, the applicable Auction Agent shall not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agent Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been guilty of negligence in ascertaining (or failing to ascertain) the pertinent facts.

(f) Notwithstanding the provisions of paragraph (a) of this section, the Auction Agent may be removed at any time, at the request of the City, with the consent of the Bond Insurer and the Qualified Swap Provider (if applicable), for any breach of its obligations under the Indenture or under the related Auction Agent Agreement.

SECTION 2.14. Broker-Dealers.

(a) The Auction Agent will enter into a Broker-Dealer Agreement with a Broker-Dealer for the Auction Rate Securities, including any Broker-Dealer Agreement with a Broker-Dealer appointed on Appendix J to the Indenture. The City may, from time to time, with the consent of the Bond Insurer approve one or more additional Persons to serve as Broker-Dealers under Broker-Dealer Agreements and shall be responsible for providing such Broker-Dealer Agreements to the Trustee and the applicable Auction Agent, promptly following the execution thereof.

(b) The periodic fees of the Broker-Dealer shall be invoiced to the Trustee, with a copy to the City, and paid from the Administrative Expense Account.

(c) Any Broker-Dealer may be removed at any time, at the request of the City, for any breach of is obligations hereunder or under the Broker-Dealer Agreement and any Broker-Dealer may at any time resign and be discharged of the duties and obligations hereunder and under the Broker-Dealer Agreement by giving at least ninety (90) days written notice to the City and the Trustee provided that, in each case, at least one Broker-Dealer Agreement must be in effect immediately following such removal.

SECTION 2.15. No City or Trustee Liability for Auction Failures. Neither the City, the Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Holders or prospective Holders, nor shall the City nor the Trustee be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers. The City shall have no liability if there are not Sufficient Clearing Bids (as such term is defined in the applicable Auction Agent Agreement) from time to time pursuant to the Auction Procedures.

APPENDIX G

FORM OF CONVERTIBLE AUCTION RATE SECURITY

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BONDS, SERIES 2005

No. R-____ $_____

Initial Interest Rate	Maturity Date	Original Issue Date	CUSIP	ISIN
_____%*	_____, ____	November 9, 2005		

REGISTERED OWNER: CEDE & CO.

INITIAL PRINCIPAL AMOUNT: _____ DOLLARS

ACCRETED VALUE AT MATURITY: _____
DOLLARS*

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A(a)(1) UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT UNLESS THE SERIES 2005 CONVERSION REQUIREMENTS ARE MET THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER IN A MINIMUM DENOMINATION OF $100,000 AGGREGATE PRINCIPAL AMOUNT.

* Subject to Credit Adjustments as set forth in the Indenture.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, the Accreted Value at Maturity specified above on the Maturity Date specified above, or upon earlier redemption thereof, calculated as set forth in the Indenture (as hereinafter defined), in each case, in lawful money of the United States of America, and interest on such Accreted Value after [August 1, 200_/August 1, 200_/August 1, 20_] (the "Full Accretion Date") payable in like money from the next succeeding Rate Adjustment Date at the Applicable Auction Rate established pursuant to the Auction and Settlement Procedures set forth in the Indenture. While this Bond is an Auction Rate Security, except as otherwise specifically provided in the Indenture, the provisions of the Indenture and the Auction and Settlement Procedures set forth in the Auction Agent Agreement shall govern the interest rates per annum and the payment terms of this Bond. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof by Union Bank of California, N.A., as trustee (the "Trustee") provided that upon the written request of an Holder of $1,000,000 or more in aggregate initial principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid to such Holder by wire transfer in immediately available funds. The Accreted Value hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series 2005B-_" (the "Bonds") and issued in the form of Convertible Auction Rate Securities, in aggregate initial 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 modes), and is issued under and pursuant to the provisions of the Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Indenture, dated as of November 1, 2005, by and between the Trustee and the City (the "Indenture"), copies of which are on file at the Corporate Trust Office of the Trustee. The Bonds are issued on a parity under the Indenture with $26,530,000 aggregate principal amount of the City's Taxable Pension Funding Bonds, Series 2005A and $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, Series 2005B-_ (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Accreted Value or redemption price of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution. The City is obligated to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for the provisions for the amendment of the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City

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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

This Bond is issued as a Convertible Auction Rate Security. Prior to the Full Accretion Date, this Bond shall not bear current interest but shall accumulate earned interest at a rate of _____% (subject to Credit Adjustments as set forth in the Indenture) in equal daily amounts on the basis of a 360-day year of twelve 30-day months, compounded on February 1 and August 1 of each year commencing February 1, 2006, until the Full Accretion Date. Unless the Series 2005 Conversion Requirements are met this Bond shall be converted to an Index Bond initially bearing interest at the Initial Index Rate set by the Calculation Agent on the date of initial purchase of the Bonds as set forth in Appendix J of the Indenture and the provisions of Appendix F to the Indenture shall not apply.

From the Full Accretion Date, the Bonds bear interest at the Index Rate established pursuant to the Indenture. Interest on Index Bonds will accrue for each Index Rate Period or portion thereof and will be payable in arrears on each succeeding Interest Payment Date. The length of an Index Rate Period may be adjusted pursuant to the Indenture.

Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of an 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 to such Holder by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Union Bank of California, N.A. shall serve as initial Calculation Agent for the Index Bonds (the "Calculation Agent").

The LIBOR Spread is equal to 1.50%. On each Index Rate Determination Date following the date of delivery of this Bond, until the end of the applicable Interest Rate Period for Index Bonds (each, an "Index Adjustment Date"), the Calculation Agent will add to LIBOR the LIBOR Spread to determine the Index Rate applicable for the next succeeding Interest Rate Period, and (ii) notify the Trustee of such interest rate for the upcoming Interest Rate Period.

The Indenture provides for the setting of an alternate rate for Index Bonds, in the event that LIBOR is no longer a published index.

Provisions Applicable to Convertible Auction Rate Securities in the Event that the Series 2005 Conversion Requirements Are Met

For each Auction Rate Period following the Initial Auction Rate Period (each, a "Subsequent Auction Rate Period") or portion thereof, interest on the Accreted Value of Convertible Auction Rate Securities will accrue and will be payable in arrears on each succeeding Interest Payment Date (computed for the actual number of days elapsed on the basis of a 360-day year). The Trustee shall make the calculation described above not later than the close of business of each Auction Date.

If an Auction is not held on the initial Auction Date for a reason other than a Catastrophic Event, the Convertible Auction Rate Securities shall bear interest at the Maximum Auction Rate and the length of such Subsequent Auction Rate Period shall be 7 Rate Period Days, provided, that if such Maximum Auction Rate shall be in effect for the lesser of (a) three successive Auction Rate Periods or (b) 35 days, the City shall initiate proceedings to convert such Auction Rate Securities to a Fixed Rate.

An "Interest Payment Date" for the Bonds means, (i) for each Auction Rate Period of 360 days or less, the next Business Day after an Auction Date; (iii) for any other Auction Rate Period (excluding the Initial Auction Rate Period), each February 1 and August 1 (or if such February 1 or August 1 is not a Business Day, the next Business Day following such February 1 or August 1); and (iv) each Maturity Date for the Convertible Auction Rate Securities. An "Auction Rate Period" means the Initial Auction Rate Period and any Subsequent Auction Rate Period and, more specifically, means, as to the applicable Convertible Auction Rate Securities of a Tranche, each period during which a specific Auction Rate is in effect, as a result of an Auction, for such Tranche of Convertible Auction Rate Securities, which Auction Rate Period may be a Standard Auction Rate Period or a Special Auction Rate Period as may be designated from time to time by the City pursuant to an Auction Period Adjustment for a Tranche of Convertible Auction Rate Securities, each Auction Rate Period running from, and including, the Rate Adjustment Date and ending on, and including, the day immediately preceding the next succeeding Rate Adjustment Date.

The rate of interest on Convertible Auction Rate Securities for each Subsequent Auction Rate Period, shall be equal to the per annum rate of interest that results from implementation of the Auction Procedures described in the Indenture; provided that the Auction Rate shall not exceed the Maximum Auction Rate; and provided further that if on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Auction Rate Period shall equal the Maximum Auction Rate on such Auction Date. Notwithstanding the foregoing, (i) if the ownership of Convertible Auction Rate Securities is no longer maintained in book-entry form by DTC, the rate of interest on Convertible Auction Rate Securities for any Auction Period commencing after the delivery of certificates representing Convertible Auction Rate Securities shall equal the Maximum Auction Rate on the Business Day immediately preceding the first day of such Auction Rate Period or (ii) if a Payment Default occurs, Auctions will be suspended and the interest rate for the Auction Rate Period commencing on or after such Payment Default and for each Auction Rate Period thereafter to and including the Auction Rate Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Default Rate. Notwithstanding anything herein to the contrary, no Auction Rate shall exceed the Maximum Auction Rate.

Following the Initial Auction Rate Period, Convertible Auction Rate Securities will bear interest at the applicable Auction Rate (provided that the Series 2005 Conversion Requirements have been met), which will be established for each Subsequent Auction Rate Period in accordance with the Auction Procedures described in the Indenture; provided, that as of the initial Auction Date, each Existing Owner of Convertible Auction Rate Securities will be automatically deemed by the Auction Agent to have submitted a Sell Order for all of the Convertible Auction Rate Securities then owned by such Existing Owner unless such Existing Owner, prior to the Submission Deadline, submits a Hold Order to a Broker-Dealer indicating

the principal amount of Convertible Auction Rate Securities which such Existing Owner desires to continue to hold regardless of the Auction Rate for the next succeeding Auction Rate Period.

By purchasing Convertible Auction Rate Securities, whether in an Auction or otherwise, each prospective purchaser or its Broker-Dealer must agree and will be deemed to have agreed: (i) to participate in Auctions on the terms set forth in the Indenture; (ii) so long as the beneficial ownership of the Convertible Auction Rate Securities is maintained in book-entry form by DTC, to sell, transfer or otherwise dispose of Convertible Auction Rate Securities only pursuant to a Bid or a Sell Order in an Auction, or to or through a Broker-Dealer, provided that in the Convertible Auction Rate Securities so transferred, its Participant or its Broker-Dealer advises the Auction Agent of such transfer; and (iii) to have its beneficial ownership of Bonds maintained at all times in book-entry form by the purchaser for the account of its Participants, which in turn will maintain records of such beneficial ownership, and to authorize such Participants to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

During the Initial Auction Rate Period, this Bond is transferable as provided in the Indenture, only upon the books of the Trustee kept for the purpose at the principal corporate trust office of the Trustee, by the registered owner hereof in person, or by his or her duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney, and thereupon a new registered Bond or Bonds, of the same Accreted Value, Mode and maturity, in the same denomination, or in different authorized denominations equal in the aggregate to the Accreted Value of this Bond, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. During the Initial Auction Rate Period, the Trustee shall not be required to register the transfer or exchange of any Bond during the 15 day period next preceding selection of Bonds for redemption (if applicable) or as to any Bond selected for any redemption.

Following the Initial Auction Rate Period and so long as the ownership of the Convertible Auction Rate Securities is maintained in book-entry form by DTC, an Existing Owner may sell, transfer or otherwise dispose of the Bonds only pursuant to a Bid or Sell Order (as defined in the Indenture) placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. An Auction shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the manner described in the Indenture.

Following the Initial Auction Rate Period, the City may change from time to time the length of one or more Auction Periods (an "Auction Period Adjustment") for the Convertible Auction Rate Securities of a Tranche. The City shall initiate the Auction Period Adjustment by giving written notice to the Trustee, the Auction Agent, the Bond Insurer and DTC at least 10 Business Days prior to the Auction Date for such Auction Period. Any such changed Auction Period shall not be less than seven days.

At the option of the City, all, but not less than all, of the Bonds of a Tranche may be converted from Convertible Auction Rate Securities to Bonds bearing interest at fixed interest

rates on the Full Accretion Date and on any Business Day immediately following the end of an Auction Rate Period for such Bonds (the "Fixed Rate Conversion Date"). The Convertible Auction Rate Securities of such Tranche will be subject to mandatory tender for purchase at a price of par, plus accrued but unpaid interest (the "Tender Price"). Upon satisfaction of certain conditions set forth in the Indenture, the affected Convertible Auction Rate Securities shall be purchased or deemed purchased at their Tender Price.

Redemption Provisions

This Bond is not subject to redemption prior to the Full Accretion Date.

This Bond is subject to redemption prior to maturity on and following the Full Accretion Date as set forth in the Indenture. Notice of redemption of any Bonds or any portions thereof shall be given as set forth in the Indenture. Failure by the Trustee to give notice pursuant to the Indenture to any one or more of the Information Services, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds; provided that any such notice of redemption may be cancelled and annulled by a Written Request of the City (as that term is defined in the Indenture) given to the Trustee at least five (5) days prior to the date fixed for redemption, whereupon the Trustee shall forthwith give appropriate notice of such cancellation and annulment to all the recipients of such notice of redemption.

Other Provisions

If an Event of Default, as defined in the Indenture, shall occur, the principal or Maturity Value of all Bonds (and any additional bonds authorized by the Indenture) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond shall not be entitled to any benefit, protection or security under the Indenture 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 City, 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 Indenture.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and to be countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By:_____
Director of Finance

[SEAL]

COUNTERSIGNED:

By:_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION

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

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.

_____

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: _____
Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program.

[FORM OF NOTICE OF PAYMENT DEFAULT]

VIA FACSIMILE OR E-MAIL

To: Auction Agent

Broker Dealer(s)

NOTICE IS HEREBY GIVEN that a Payment Default has occurred in connection with the above-referenced Bonds of the City of Richmond (the "City") as specified in the Indenture, dated as of November 1, 2005, between the City and Union Bank of California, N.A., as trustee (the "Trustee"), and has not been cured.

Determination of the interest rate on the Convertible Auction Rate Securities pursuant to the Auction Procedures will be suspended. The interest rate on the Convertible Auction Rate Securities for each Auction Rate Period commencing after _____, ____ will equal the Non-Payment Rate as it is determined by the Trustee on the first day of such Auction Rate Period. All terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

Dated: _____

Union Bank of California, N.A., as Trustee

By _____
Authorized Signatory

cc: City of Richmond

[NOTICE OF CURE OF PAYMENT DEFAULT]

VIA FACSIMILE OR E-MAIL

To: Auction Agent

Broker Dealer(s)

NOTICE IS HEREBY GIVEN that the Payment Default previously reported in connection with the above-referenced Bonds of the City of Richmond (the "City") as specified in the Indenture, dated as of November 1, 2005, between the City and Union Bank of California, N.A., as trustee (the "Trustee"), has been cured.

Dated:

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

By _____
Authorized Signatory

cc: City of Richmond

APPENDIX H

FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

CITY OF RICHMOND
TAXABLE PENSION FUNDING BOND, SERIES 2005

No. R-____ $_____

Reoffering Yield	Yield to Maturity	Maturity Date	Conversion Date	Dated Date	CUSIP	ISIN
%	___%	_____ _, ____	_____, _____	Date of Delivery		_____ ___

REGISTERED OWNER:

PRINCIPAL AMOUNT:

CONVERSION DATE AMOUNT:

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Richmond, a municipal corporation organized and validly existing under the Constitution of the State of California and its charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, the Conversion Date Amount set forth above, on the Conversion Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Interest Rate per annum shown above from the Dated Date shown above and will be compounded thereafter on _____ and _____ of each year until the Conversion Date, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount. Thereafter, interest on this

bond shall accrue at the interest rate shown above on _____ 1 and _____ 1 of each year until the Maturity Date, computed using a year of 360 days comprised of twelve 30-day months. The Conversion Date Amount hereof is payable at the corporate trust office of the Trustee, Union Bank of California, N.A. (the "Trustee"), located in San Francisco, California, or such other place as may be designated by the Trustee, acting as Trustee under that certain Indenture, by and between the City and the Trustee, dated as of November 1, 2005 (the "Indenture").

This Bond is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 2, Division 2, Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of the Indenture (copies of which are on file at the Corporate Trust Office of the Trustee). The Bonds are issued on a parity under the Indenture with $_____ aggregate principal amount of the City's Taxable Pension Funding Bonds, 2005 Series ___, ___ and ___ (collectively with the Bonds, the "2005 Bonds").

Under the Indenture, the obligation of the City under the 2005 Bonds, including the obligation to make all payments of the principal, Conversion Date Amount of and the interest on the 2005 Bonds on their respective Payment Dates (as that term is defined in the Indenture), is exempt from the debt limitations of the California Constitution, the City is obligated to satisfy its obligations under the 2005 Bonds from any lawfully available funds of the City. Reference is hereby made to the Act and to the Indenture and to any and all amendments thereof for a description of the terms on which the 2005 Bonds are issued, for the rights of the registered owners of the 2005 Bonds, for the security for payment of the 2005 Bonds, for the remedies upon default and the limitations thereon and for the provisions for the amendment of the Indenture (with or without consent of the registered owners of the 2005 Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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. Under the Indenture, additional bonds may be issued on a parity with the 2005 Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture.

[This Bond is subject to redemption prior to its maturity date as set forth in the Indenture.]

This Bond is transferable only on a register to be kept for that purpose at the abovementioned 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 Indenture 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 City 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 City 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 Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of 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 City, 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 Indenture.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk, who has impressed the seal of the City hereon, and has caused this Bond to be dated as of the original issue date specified above.

CITY OF RICHMOND

By:_____
Director of Finance

[SEAL]

COUNTERSIGNED:

By:_____
City Clerk

DTC ENDORSEMENT

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

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

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

By: _____
Authorized Signatory

[FORM OF 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(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program.

STATEMENT OF INSURANCE

APPENDIX J

INITIAL INTEREST PAYMENT DATES AND PERIODS, PRINCIPAL PAYMENT DATES, MANDATORY AND OPTIONAL REDEMPTION PROVISIONS AND ACCRETED VALUE TABLE FOR 2005 BONDS

CITY OF RICHMOND
TAXABLE PENSION FUNDING BONDS
$26,530,000 SERIES 2005A, $47,061,960 SERIES 2005B-1 AND $41,403,172.50 SERIES 2005B-2

Series 2005A Bonds

Maturity Schedule

$26,530,000 Standard Bonds, Series 2005A, Dated as of November 9, 2005

Maturity Date (August 1)	Principal Amount	Rate*
2013	$26,530,000	5.935%

* Subject to Credit Adjustments defined below (applied by Calculation Agent).

Interest Payment Dates

Interest Payment Dates for Series 2005A Bonds shall be February 1 and August 1, commencing on February 1, 2006.

Redemption Provisions

Optional Redemption. Series 2005A Bonds will be subject to optional redemption prior to their maturity at the option of the City, in whole or in part in increments of at least one million dollars ($1,000,000) aggregate principal amount (and if in part, pro rata as described below) on any Interest Payment Date, at a redemption price equal to the greater of:

- 100 percent of the principal amount of the Series 2005A Bonds to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2005A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus 12.5 basis points, as calculated by the District,

plus in each case, accrued and unpaid interest on the Series 2005A Bonds being redeemed to the date fixed for redemption.

The following definitions will apply to this "Redemption Provisions" section only:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by Lehman Brothers Inc. which has an actual or interpolated maturity comparable to the remaining average life of the Series 2005A Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Series 2005A Bonds.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means Lehman Brothers, Inc. and its successors and three other firms, specified by the District from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the District will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price.

Mandatory Redemption. The Series 2005A Bonds maturing on August 1, 2013 are subject to mandatory redemption in part from mandatory sinking account payments on August 1, 2006 and on each August 1 thereafter up to and including August 1, 2013, pro rata among the Holders, at a redemption price equal to the principal amount thereof plus accrued interest, if any, to the redemption date without premium, as follows:

Sinking Fund Account Redemption Date (August 1)*	Mandatory Sinking Account Payment
2006	$1,305,000
2007	1,575,000
2008	845,000
2009	3,785,000
2010	4,330,000
2011	4,930,000
2012	5,555,000
2013	4,205,000

* Final Maturity.

Series 2005B-1 Bonds

(A) Interest Accrual Dates means each February 1 and August 1 commencing February 1, 2006 and ending August 1, 2013.

(B) Terms of the Series 2005B-1 Bonds. The Series 2005B-1 Bonds in the initial principal amount of $47,061,960 shall be issued as Convertible Auction Rate Securities, in the form of fully registered Bonds in Authorized Denominations, shall mature on August 1, 2023, shall be dated as of November 9, 2005, and shall not bear interest during prior to the Full Accretion Date (as defined below) but shall accrue interest at an initial interest rate of 6.255% (subject to Credit Adjustments defined below) from the date of delivery thereof to and including August 1, 2013 (the "Full Accretion Date"). As of the Full Accretion Date, the Maturity Value of the Series 2005B-1 Bonds shall be $75,750,000 (subject to Credit Adjustments defined below). Thereafter the Series 2005B-1 Bonds shall bear interest at Index Rates as determined pursuant to the procedures set forth in the Indenture and the provisions of Appendix F to the Indenture shall not apply; provided, however, if the Series 2005 Conversion Requirements have been met, following the Full Accretion Date, the 2005B-1 Bonds shall bear interest at Auction Rates determined as provided in the Auction Procedures with the first Auction Date occurring on August 1, 2013. The Series 2005B-1 Bonds shall bear interest on the Maturity Value thereof payable on the Interest Payment Date applicable to each Subsequent Auction Rate Period or subsequent Index Rate Period, as applicable.

Series 2005B-1 Sinking Fund Account Payment. The Series 2005B-1 Bonds are subject to mandatory redemption by the City prior to their stated maturity. The Series 2005B-1 Bonds shall be redeemed, pro rata among the Holders, solely from Sinking Fund Account Payments in the amounts and on the dates set forth below, upon mailed notice as provided in the Indenture, at a redemption price equal to the sum of the Maturity Amount thereof plus accrued interest thereon to the redemption date, without premium:

Series 2005B-1 Bonds

Sinking Fund Account Redemption Date (August 1)*	Sinking Fund Account Payment**
2014	$ 4,500,000
2015	4,725,000
2016	5,700,000
2017	6,700,000
2018	7,775,000
2019	8,425,000
2020	9,525,000
2021	10,375,000
2022	11,675,000
2023***	6,350,000

* If the Series 2005 Conversion Requirements have been met and August 1 falls during any Auction Rate Period, such Bonds will be redeemed on the Business Day immediately succeeding the end of the Auction Rate Period, during which such Sinking Fund Account Payment Date falls.

** Subject to Credit Adjustments defined below (applied by Calculation Agent).

*** Final Maturity.

(C) No Optional Redemption. The Series 2005B-1 Bonds are not subject to redemption prior to the Full Accretion Date.

Optional Redemption Provisions Applicable After the Full Accretion Date if Series 2005 Conversion Requirements Have Not Been Met. The Series 2005B-1 Bonds are subject to optional redemption on the Full Accretion Date and prior to their maturity at the option of the City, in denominations of $100,000 or any integral multiple of $1,000 in excess of $100,000, in whole or in part (and if in part, pro rata among Holders) on any Interest Payment Date, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), plus accrued interest thereon.

Optional Redemption Provisions Applicable After the Full Accretion Date if Series 2005 Conversion Requirements Have Been Met. The Series 2005B-1 Bonds are subject to optional redemption on the Full Accretion Date and thereafter on any Business Day immediately following the end of an Auction Rate Period from any available moneys, at the option of the District, in whole, or in part, pro rata among the Holders, at a redemption price equal to the Accreted Value thereof, without premium plus accrued interest thereon to the date fixed for redemption.

Series 2005B-2 Bonds

(D) Interest Accrual Dates means each February 1 and August 1 commencing February 1, 2006 and ending August 1, 2023.

(E) Terms of the Series 2005B-2 Bonds. The Series 2005B-2 Bonds in the initial principal amount of $41,403,172.50 shall be issued as Convertible Auction Rate Securities, in the form of fully registered Bonds in Authorized Denominations, shall mature on August 1, 2034, shall be dated as of November 9, 2005, and shall not bear interest during prior to the Full Accretion Date (as defined below) but shall accrue interest at an initial interest rate of 6.565% (subject to Credit Adjustments defined below) from the date of delivery thereof to and including August 1, 2023 (the "Full Accretion Date"). As of the Full Accretion Date, the Maturity Value of the Series 2005B-2 Bonds shall be $130,125,000 (subject to Credit Adjustments defined below). Thereafter the Series 2005B-2 Bonds shall bear interest at Index Rates as determined pursuant to the procedures set forth in the Indenture and the provisions of Appendix F to the Indenture shall not apply; provided, however, if the Series 2005 Conversion Requirements have been met, following the Full Accretion Date, the 2005B-2 Bonds shall bear interest at Auction Rates determined as provided in the Auction Procedures with the first Auction Date occurring on August 1, 2023. The Series 2005B-2 Bonds shall bear interest on the Maturity Value thereof payable on the Interest Payment Date applicable to each Subsequent Auction Rate Period or subsequent Index Rate Period, as applicable.

Series 2005B-2 Sinking Fund Account Payment. The Series 2005B-2 Bonds are subject to mandatory redemption by the City prior to their stated maturity. The Series 2005B-2 Bonds shall be redeemed, pro rata among the Holders, solely from Sinking Fund Account Payments in the amounts and on the dates set forth below, upon mailed notice as provided in the Indenture, at a redemption price equal to the sum of the Maturity Amount thereof plus accrued interest thereon to the redemption date, without premium:

Series 2005B-2 Bonds

Sinking Fund Account Redemption Date (August 1)*	Sinking Fund Account Payment**
2024	$ 6,575,000
2025	6,800,000
2026	8,300,000
2027	8,725,000
2028	10,250,000
2029	10,900,000
2030	9,975,000
2031	15,200,000
2032	16,900,000
2033	18,850,000
2034***	17,650,000

* If the Series 2005 Conversion Requirements have been met and August 1 falls during any Auction Rate Period, such Bonds will be redeemed on the Business Day immediately succeeding the end of the Auction Rate Period, during which such Sinking Fund Account Payment Date falls.

** Subject to Credit Adjustments defined below (applied by Calculation Agent).

*** Final Maturity.

(F) No Optional Redemption. The Series 2005B-2 Bonds are not subject to redemption prior to the Full Accretion Date.

Optional Redemption Provisions Applicable After the Full Accretion Date if Series 2005 Conversion Requirements Have Not Been Met. The Series 2005B-2 Bonds are subject to optional redemption prior to their maturity at the option of the City, in denominations of $100,000 or any integral multiple of $1,000 in excess of $100,000, in whole or in part (and if in part, pro rata among Holders) on any Interest Payment Date, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), plus accrued interest thereon.

Optional Redemption Provisions Applicable After the Full Accretion Date if Series 2005 Conversion Requirements Have Been Met. The Series 2005B-2 Bonds are subject to optional redemption on the Full Accretion Date and thereafter on any Business Day immediately following the end of an Auction Rate Period from any available moneys, at the option of the District, in whole, or in part, pro rata among the Holders, at a redemption price equal to the Accreted Value thereof, without premium plus accrued interest thereon to the date fixed for redemption.

Appointment of Union Bank of California, N.A., as Calculation Agent for the Series 2005 Bonds

The District hereby appoints Union Bank of California, N.A. as the Calculation Agent for the Series 2005 Bonds.

Initial Index Rate for Series 2005B Bonds following Full Accretion Date.

The Index Rate following the Full Accretion Date as calculated by the Calculation Agent for the Series 2005B Bonds shall be based on a LIBOR Spread of 1.50% (subject to Credit Adjustments as defined below).

Credit Adjustments

The interest rates on Series 2005 Bonds which are Standard Bonds, the initial interest rates on Series 2005 Bonds which are Convertible Auction Rate Securities (prior to the Full Accretion Date) and the LIBOR Spread applicable to Convertible Auction Rate Securities after the Full Accretion Date in the event the Series 2005 Conversion Requirements are not met, shall all be adjusted as provided below upon the satisfaction of the following conditions:

Credit Adjustment Condition	Interest Rate Adjustment
Failure to deliver to the Trustee an audited financial statement of the City for the Fiscal Year ending June 30, 2005 as provided in Section 5.03 on or before May 1, 2006	Increase of 0.25%
Delivery to the Trustee of (1) written evidence of an upgrade of the Issuer Credit Rating of the City by Moody's to Baa1 and by S&P to "BBB+" on or before May 1, 2006 and (2) audited financial statements of the City for the Fiscal Year ended June 30, 2005	Reduction of 0.10%
Delivery to the Trustee of (1) written evidence of an upgrade of the Issuer Credit Rating of the City by Moody's to A3 and by S&P of "A-" on or before May 1, 2006 and (2) audited financial statements of the City for the Fiscal Year ended June 30, 2005	Reduction of 0.20%

In the event of a Credit Adjustment, the applicable interest rate shall be adjusted effective on May 15, 2006. Notwithstanding any other provision of the Indenture, the forms of the Series 2005 Bonds shall be modified to reflect the possibility of such Credit Adjustments. The Trustee shall notify the Auditor-Controller in the event of a Credit Adjustment and shall provide the Auditor-Controller with a revised Schedule I to the Letter of Instruction. On May 10, 2006, the Trustee shall provide a certificate to the City, the Auditor-Controller, the Purchaser and the Financial Advisor stating: 1) whether a Credit Adjustment has occurred, and 2) the applicable Maturity Value as of the applicable Full Accretion Date for the Series 2005B-1 Bonds and the Series 2005B-2 Bonds.

Mandatory Sinking Fund Schedules for Series 2005B-1 and 2005B-2 Bonds Based on Adjustments

With Interest Rate Increase of 0.25%

Series 2005B-1 Bonds (6.505% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	Sinking Fund Payments
2014	$4,580,000
2015	4,809,000
2016	5,801,000
2017	6,819,000
2018	7,913,000
2019	8,574,000
2020	9,694,000
2021	10,559,000
2022	11,882,000
2023	6,460,000
Accreted Value at Maturity	**$77,091,000**

Series 2005B-2 Bonds (6.815% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	Sinking Fund Payments
2024	$ 6,855,000
2025	7,090,000
2026	8,654,000
2027	9,097,000
2028	10,687,000
2029	11,364,000
2030	10,400,000
2031	15,847,000
2032	17,620,000
2033	19,653,000
2034	18,401,000
Accreted Value at Maturity	**$135,668,000**

With Interest Rate Reduction of 0.10%

Series 2005B-1 Bonds (6.1555% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	**Sinking Fund Payments**
2014	$ 4,468,000
2015	4,692,000
2016	5,660,000
2017	6,653,000
2018	7,720,000
2019	8,366,000
2020	9,458,000
2021	10,302,000
2022	11,593,000
2023	6,306,000
Accreted Value at Maturity	**$75,218,000**

Series 2005B-2 Bonds (6.465% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	**Sinking Fund Payments**
2024	$ 6,466,000
2025	6,687,000
2026	8,162,000
2027	8,580,000
2028	10,080,000
2029	10,719,000
2030	9,810,000
2031	14,948,000
2032	16,620,000
2033	18,538,000
2034	17,358,000
Accreted Value at Maturity	**$127,968,000**

With Interest Rate Reduction of 0.20%

Series 2005B-1 Bonds (6.055% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	**Sinking Fund Payments**
2014	$ 4,437,000
2015	4,659,000
2016	5,620,000
2017	6,606,000
2018	7,666,000
2019	8,307,000
2020	9,392,000
2021	10,230,000
2022	11,512,000
2023	6,262,000
Accreted Value at Maturity	**$74,691,000**

Series 2005B-2 Bonds (6.365% Interest Rate)

Sinking Fund Account Redemption Date (August 1)*	**Sinking Fund Payments**
2024	$ 6,359,000
2025	6,576,000
2026	8,027,000
2027	8,438,000
2028	9,913,000
2029	10,542,000
2030	9,647,000
2031	14,700,000
2032	16,344,000
2033	18,230,000
2034	17,071,000
Accreted Value at Maturity	**$125,847,000**

APPENDIX K

SCHEDULE OF SUBORDINATE PENSION TAX OVERRIDE REVENUES THAT MAY BE APPLIED TO PAY BOND OBLIGATIONS

Transfer Date (January 15)	Amount of Subordinate Pension Tax Override Revenues*
2006	$ 308,899.67
2007	2,446,770.91
2008	2,605,709.45
2009	1,915,117.55
2010	4,328,965.85
2011	4,590,958.61
2012	4,871,057.47
2013	5,141,379.11
2014	6,749,626.73
2015	7,045,704.78
2016	7,319,705.16
2017	7,624,856.15
2018	8,435,513.84
2019	8,781,921.80
2020	9,147,856.31
2021	9,502,978.42
2022	9,876,085.63
2023	10,386,561.53
2024	10,696,854.27
2025	11,152,464.70
2026	11,549,037.47
2027	11,979,129.87
2028	12,396,361.35
2029	12,829,175.52
2030	13,260,731.36
2031	11,664,707.14
2032	15,771,820.36
2033	16,240,628.73
2034	17,131,879.52
2035	15,344,486.69

* The schedule set forth above reflects an interest rate assumption of 5% for the Series 2005B-1 Bonds and the Series 2005B-2 Bonds following their respective Full Accretion Dates. The amount of Subordinate Pension Tax Override Revenues to be applied toward debt service with respect to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds after their respective Full Accretion Dates will be equal to the Applicable Percentage multiplied by the actual debt service of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds. These amounts are subject to the Credit Adjustments as reflected below.

Schedules Based on Credit Adjustments Described in Appendix J

With Interest Rate Increase of 0.25%

Transfer Date (January 15)	Amount of Subordinate Pension Tax Override Revenues*
2006	$ 308,899.67
2007	2,488,209.60
2008	2,658,328.73
2009	1,965,131.43
2010	4,373,995.03
2011	4,627,251.11
2012	4,897,380.57
2013	5,156,413.96
2014	6,962,136.50
2015	7,291,554.98
2016	7,277,481.05
2017	7,980,275.24
2018	8,428,955.54
2019	9,012,381.13
2020	9,195,638.95
2021	9,714,956.81
2022	9,978,768.32
2023	10,578,163.78
2024	10,515,575.60
2025	10,999,885.15
2026	10,877,785.58
2027	11,833,894.04
2028	11,810,414.65
2029	12,684,940.29
2030	12,749,121.77
2031	11,437,576.53
2032	15,428,202.25
2033	16,148,912.73
2034	17,829,001.64
2035	17,586,062.91

* The schedule set forth above reflects an interest rate assumption of 5% for the Series 2005B-1 Bonds and the Series 2005B-2 Bonds following their respective Full Accretion Dates. The amount of Subordinate Pension Tax Override Revenues to be applied toward debt service with respect to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds after their respective Full Accretion Dates will be equal to the Applicable Percentage multiplied by the actual debt service of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds.

With Interest Rate Reduction of 0.10%

Transfer Date (January 15)	Amount of Subordinate Pension Tax Override Revenues*
2006	$ 308,899.67
2007	2,430,195.47
2008	2,584,661.81
2009	1,895,112.05
2010	4,310,954.22
2011	4,576,441.65
2012	4,860,528.26
2013	5,135,365.18
2014	6,877,360.90
2015	7,113,805.98
2016	7,100,569.32
2017	7,786,380.52
2018	8,223,942.32
2019	8,792,863.64
2020	8,972,571.77
2021	9,478,611.57
2022	9,736,048.44
2023	10,321,019.71
2024	10,102,698.18
2025	10,375,562.79
2026	10,259,847.51
2027	11,161,527.19
2028	11,139,535.85
2029	11,964,656.85
2030	12,025,563.52
2031	10,788,692.83
2032	14,552,937.47
2033	15,232,419.82
2034	16,817,484.98
2035	16,589,207.45

* The schedule set forth above reflects an interest rate assumption of 5% for the Series 2005B-1 Bonds and the Series 2005B-2 Bonds following their respective Full Accretion Dates. The amount of Subordinate Pension Tax Override Revenues to be applied toward debt service with respect to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds after their respective Full Accretion Dates will be equal to the Applicable Percentage multiplied by the actual debt service of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds.

With Interest Rate Reduction of 0.20%

Transfer Date (January 15)	Amount of Subordinate Pension Tax Override Revenues*
2006	$ 308,899.67
2007	2,413,619.97
2008	2,563,614.06
2009	1,875,106.47
2010	4,292,942.52
2011	4,561,924.63
2012	4,849,999.01
2013	5,129,351.24
2014	6,853,480.31
2015	7,064,213.74
2016	7,050,703.01
2017	7,731,536.17
2018	8,166,013.37
2019	8,731,356.24
2020	8,909,412.98
2021	9,412,458.23
2022	9,668,008.20
2023	10,248,909.75
2024	9,987,589.46
2025	10,203,701.03
2026	10,089,619.67
2027	10,976,728.68
2028	10,955,029.90
2029	11,766,352.20
2030	11,826,730.47
2031	10,609,456.23
2032	14,311,459.72
2033	14,979,455.84
2034	16,538,070.52
2035	16,314,850.41

* The schedule set forth above reflects an interest rate assumption of 5% for the Series 2005B-1 Bonds and the Series 2005B-2 Bonds following their respective Full Accretion Dates. The amount of Subordinate Pension Tax Override Revenues to be applied toward debt service with respect to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds after their respective Full Accretion Dates will be equal to the Applicable Percentage multiplied by the actual debt service of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds.

APPENDIX L

SCHEDULE OF TRANSFERS RELATING TO PENSION STABILIZATION FUND

Transfer Date (June 30)	Amount
2006	$4,168,535
2007	4,185,187
2008	4,228,996
2009	5,266,577
2010	2,707,401
2011	2,654,554
2012	2,588,854
2013	2,542,940
2014	952,331
2015	894,212
2016	871,009
2017	821,223

Schedules Based on Credit Adjustments Described in Appendix J

With Interest Rate Increase of 0.25%

Transfer Date (June 30)	Amount
2006	$4,153,428
2007	4,120,493
2008	4,167,903
2009	5,208,508
2010	2,655,120
2011	2,612,417
2012	2,558,292
2013	2,525,484
2014	880,820

With Interest Rate Reduction of 0.10%

Transfer Date (June 30)	Amount
2006	$4,174,578
2007	4,211,064
2008	4,253,434
2009	5,289,804
2010	2,728,314
2011	2,671,409
2012	2,601,079
2013	2,549,922
2014	980,575
2015	955,243
2016	934,414
2017	887,272

With Interest Rate Reduction of 0.20%

Transfer Date (June 30)	Amount
2006	$4,180,621
2007	4,236,942
2008	4,277,871
2009	5,313,032
2010	2,749,226
2011	2,688,264
2012	2,613,403
2013	2,556,905
2014	1,008,650
2015	1,015,882
2016	997,410
2017	952,895

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF

FIRST SUPPLEMENTAL INDENTURE

by and between

CITY OF RICHMOND

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
AS TRUSTEE

Dated as of September 1, 2022

Relating to

$154,140,000
City of Richmond
Taxable Pension Refunding Bonds,
Series 2022

TABLE OF CONTENTS

ARTICLE XI
SERIES 2022 BONDS

Section 11.01.	Definitions	3
Section 11.02.	Authorization of Series 2022 Bonds	4
Section 11.03.	Terms of Series 2022 Bonds	4
Section 11.04.	Form of Series 2022 Bonds	6
Section 11.05.	Procedure for the Issuance of Series 2022 Bonds; Application of Series 2022 Bond Proceeds	6
Section 11.06.	Book-Entry System for the Series 2022 Bonds	7
Section 11.07.	Redemption of Series 2022 Bonds	8
Section 11.08.	Notice of Redemption for Series 2022 Bonds	9
Section 11.09.	Selection of Series 2022 Bonds for Redemption	10
Section 11.11.	Continuing Disclosure	11
Section 11.12.	Continuing Disclosure	11
Section 11.13.	Effect of First Supplemental Indenture	16
Section 11.14.	Execution in Several Counterparts	17
Section 11.15.	Effective Date	17

APPENDIX M – FORM OF SERIES 2022 BOND
APPENDIX N – SCHEDULE OF DEBT SERVICE AND AMOUNTS EXPECTED TO BE PAID FROM PLEDGED PENSION TAX OVERRIDE REVENUES AND THE GENERAL FUND

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), dated as of September 1, 2022, is by and between the CITY OF RICHMOND, a charter city and municipal corporation, duly organized and existing under and by virtue of the laws of the State of California (the "City"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), as successor to Union Bank of California, N.A., supplementing and amending that certain Indenture, dated as of November 1, 2005 (the "Original Indenture"), by and between the City and the Trustee. Capitalized terms used but not defined herein have the meanings given to such terms in the Original Indenture.

W I T N E S S E T H:

WHEREAS, the City is a contracting member of the California Public Employees' Retirement System (the "System"), and as such the City is obligated to make certain payments to the System (the "PERS Obligation");

WHEREAS, pursuant to Resolution No. 35-05, adopted by the City Council of the City (the "City Council") on March 29, 2005 (the "2005 Authorizing Resolution"), the City Council authorized, among other things, the issuance by the City of pension funding bonds (the "Series 2005 Bonds") for the purpose of refunding its PERS Obligation and additional pension funding bonds in the future from time to time for similar purposes ("Additional Bonds"), and interest rate swaps or swaptions (the "Swap Agreements") in connection with any such bonds pursuant to Section 5922 of the California Government Code for the purpose of lowering the cost of borrowing;

WHEREAS, pursuant to the 2005 Authorizing Resolution, the City Council also authorized the institution of a proceeding for judicial validation of the Series 2005 Bonds, the Additional Bonds, the Indenture and the Swap Agreements therefor in the Superior Court of Contra Costa County, in the matter entitled *City of Richmond v. All Persons Interest in the Matter, et. al*, Case No. 05-0063, under and pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure (the "Validation Proceeding");

WHEREAS, a default judgment was entered in the Validation Proceeding on May 25, 2005, to the effect that, among other things, the Series 2005 Bonds, the Additional Bonds, the Indenture, and the Swap Agreements are valid and legal obligations of the City;

WHEREAS, for the purpose of refunding a portion of the City's PERS Obligation, the City subsequently issued the Series 2005 Bonds in three separate series as follows pursuant to the Original Indenture: (i) City of Richmond Taxable Pension Funding Bonds, Series 2005A (the "Series 2005A Bonds"), in the initial principal amount of $26,530,000, (ii) City of Richmond Taxable Pension Funding Bonds, Series 2005B-1 (the "Series 2005B-1 Bonds"), in the initial principal amount of $47,061,960; and (iii) City of Richmond Taxable Pension Funding Bonds, Series 2005B-2 (the "Series 2005B-2 Bonds"), in the initial principal amount of $47,061,960;

WHEREAS, the Series 2005A Bonds matured in full on August 1, 2013, and are no longer outstanding;

WHEREAS, the Series 2005B-1 Bonds are outstanding in the principal amount of $17,899,000, have a final maturity date of August 1, 2023, and bear interest at a variable rate;

WHEREAS, the Series 2005B-2 Bonds were issued as Convertible Auction Rate Securities, are accreting interest (with a Full Accretion Date of August 1, 2023, at which time the full accreted principal amount thereof will be $127,968,000), and a final maturity date of August 1, 2034;

WHEREAS, in an effort to lower the cost of borrowing of the Series 2005B-1 Bonds and the Series 2005B-2 Bonds (collectively, the "Series 2005B Bonds") and in compliance with Section 5922 of the California Government Code, the City entered into an interest rate swap pursuant to an ISDA Master Agreement, together with the schedule and confirmations thereto (the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"), pursuant to which the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest;

WHEREAS, the portion of the 2016 Swap Agreement relating to the Series 2005B-2 Bonds is subject to mandatory termination on August 1, 2023;

WHEREAS, the Original Indenture provides that the City may at any time issue Additional Bonds (in addition to the Series 2005 Bonds) on a parity with the Series 2005 Bonds for the purpose, among others, of refunding any outstanding Series 2005 Bonds, including payment of all costs incidental to or connected with such refunding, upon compliance with the procedures set forth in Article III of the Original Indenture;

WHEREAS, the City is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Act"), to issue its bonds for the purpose of refunding certain outstanding obligations of the City, including all or a portion of the outstanding Series 2005B Bonds and paying the Termination Fee (as hereinafter defined);

WHEREAS, the City has determined that it is in the best interest of the City and the public to refund all of the outstanding Series 2005B Bonds, terminate the 2016 Swap Agreement with respect to all of the Series 2005B Bonds and pay the related termination fees or payments (collectively, the "Termination Fee") in connection with the termination of the 2016 Swap Agreement for such bonds (the "Termination");

WHEREAS, to that end, the City desires to issue its Taxable Pension Refunding Bonds, Series 2022 (the "Series 2022 Bonds") to refund all of the outstanding Series 2005B Bonds, pay the Termination Fee, and pay the costs of issuing the Series 2022 Bonds;

WHEREAS, the City desires to provide for the issuance of the Series 2022 Bonds and to provide the terms of the Series 2022 Bonds by amending the Original Indenture pursuant to this First Supplemental Indenture;

WHEREAS, as of the date hereof, no Insurance Policies are in effect with respect to any Bonds;

WHEREAS, the City previously issued its City of Richmond Taxable Limited Obligation Pension Bonds, 1999 Series A (the "1999 Bonds"), pursuant to a Trust Agreement dated as of

November 1, 1999 (the "1999 Indenture"), between the City and U.S. Bank Trust Company, National Association, as successor trustee to U.S. Bank Trust National Association;

WHEREAS, contemporaneous with the execution and delivery of this First Supplemental Indenture, the City has caused certain funds to be irrevocably deposited in an escrow fund held by U.S. Bank Trust Company, National Association, as escrow agent, for the purpose of paying principal and interest when due on the outstanding 1999 Bonds and, as a result, such 1999 Bonds are no longer outstanding within the meaning of the 1999 Indenture and the lien on the Pension Tax Override Revenues pledged therefor under the 1999 Indenture has been discharged;

WHEREAS, pursuant to Section 5451 of the Government Code of the State, the Series 2022 Bonds shall be secured by a pledge of, and lien and security interest in, all of the City's rights, title and interest in the Pledged Pension Tax Override Revenues to the extent set forth in this First Supplemental Indenture;

WHEREAS, the City has authorized the execution and delivery of this First Supplemental Indenture and has determined that all acts and proceedings required by law necessary to make the Series 2022 Bonds, when executed by the City and authenticated and delivered by the Trustee hereunder, valid, binding and legal obligations of the City payable in accordance with their terms, and to constitute this First Supplemental Indenture 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 First Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, the City and the Trustee do hereby agree that the Original Indenture is hereby amended by adding thereto an additional Article, as follows:

ARTICLE XI

SERIES 2022 BONDS

Section 11.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified. Capitalized terms used but not defined in this Section shall have the meanings given thereto in Section 1.01 of this Indenture.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement, dated as of September 1, 2022, between the City and the Escrow Bank, relating to the 2005B Bonds.

"Escrow Bank" means U.S. Bank Trust Company, National Association, as Escrow Bank and trustee for the Series 2005B Bonds.

"First Supplemental Indenture" means this First Supplemental Indenture, dated as of September 1, 2022, by and between the City and U.S. Bank Trust Company, National Association, as Trustee.

"RBC" means the Royal Bank of Canada.

"Series 2022 Bonds" means the City of Richmond Taxable Pension Refunding Bonds, Series 2022 in the original aggregate principal amount of $154,140,000.

"Series 2022 Bonds Actuarial Valuation" means the Pension Override Tax Study for Fiscal Years 2021/22 and 2022/23 dated August 30, 2022, prepared by Bartel Associates, LLC.

"Series 2022 Closing Date" means the date upon which the Series 2022 Bonds are delivered to the Series 2022 Original Purchasers, being September 8, 2022.

"Series 2022 Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated as of the date hereof, of the City, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Series 2022 Original Purchasers" means, collectively, Loop Capital Markets LLC and Hilltop Securities Inc., as the original purchasers of the Series 2022 Bonds from the City.

"Series 2022 Participating Underwriters" has the meaning ascribed to the term "Participating Underwriter" in the Series 2022 Continuing Disclosure Certificate.

"Series 2022 Refunding Fund" means the fund by that name established and maintained by the Trustee under Section 11.05(a) hereof.

"Termination Fee" means, collectively, the termination fees or payments in the aggregate amount of $21,991,660 payable by the City on the Series 2022 Closing Date to RBC in connection with the termination of the 2016 Swap Agreement with respect to the Series 2005B Bonds.

"2016 Swap Agreement" means, collectively, the ISDA Master Agreement, together with the schedules and confirmations thereto, between the City and RBC.

Section 11.02. Authorization of Series 2022 Bonds. The City has reviewed all proceedings heretofore taken relative to the authorization of the Series 2022 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 Series 2022 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the City is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2022 Bonds in the form and manner and for the purpose provided herein and that the Series 2022 Bonds shall be entitled to the benefit, protection and security of the provisions of the Indenture.

Section 11.03. Terms of Series 2022 Bonds. The Series 2022 Bonds shall be designated "City of Richmond Taxable Pension Refunding Bonds, Series 2022." The aggregate principal amount of Series 2022 Bonds that may be issued and Outstanding under this Indenture shall not exceed One Hundred Fifty-Four Million One Hundred Forty Thousand Dollars ($154,140,000), except as may be otherwise provided in Section 2.11. The Applicable Percentage for the Series 2022 Bonds as of the Series 2022 Closing Date is set forth on Appendix N hereto. Without limiting the foregoing, based upon the Series 2022 Bonds Actuarial Valuation, the City has determined that the Applicable Percentage for the portion of the Series 2022 Bonds the proceeds of which are used to refund the Series 2005B-1 Bonds and the Series 2005B-2 Bonds is 86.13%.

The Series 2022 Bonds shall be issued as Standard Bonds and in the aggregate principal amount of One Hundred Fifty-Four Million One Hundred Forty Thousand Dollars ($154,140,000). The Series 2022 Bonds shall be dated the Series 2022 Closing Date, shall be issued only in fully registered form in Authorized Denominations of $5,000 principal amount or any integral multiple thereof, and shall mature on the dates and in the amounts and bear interest at the rates as set forth in the following schedule as provided herein:

Maturity Date (January 15)	Principal Amount	Interest Rate
2026	$ 2,980,000	4.234%
2027	3,345,000	4.334
2028	3,730,000	4.512
2029	4,150,000	4.672
2030	4,595,000	4.798
2031	5,075,000	4.898
2032	5,590,000	4.988
2033	6,145,000	5.108
2034	6,735,000	5.208
2035	7,375,000	5.308
2036	8,060,000	5.428
2037	8,795,000	5.508
2044 T	87,565,000	5.786

T: Denotes Series 2022 Bonds that are Term Bonds.

(d) The Interest Payment Dates with respect to the Series 2022 Bonds shall be January 15 and July 15 of each year, commencing July 15, 2023.

(e) The Series 2022 Bonds shall bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth above, payable on the Interest Payment Dates for the Series 2022 Bonds. The Series 2022 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Series 2022 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) a Series 2022 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Series 2022 Closing Date; provided, however, that if at the time of authentication of any Series 2022 Bond interest is then in default on the Outstanding Series 2022 Bonds, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2022 Bonds. Payment of interest on the Series 2022 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the registration books kept by the Trustee pursuant to Section 2.08 hereof as the Holder 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 on the Interest Payment Date by first-class mail to such Holder at the address as it appears in such books; provided that upon the written request of an Holder of $1,000,000 or more in aggregate Principal Amount of Series 2022 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Holder.

(f) The principal of and premium, if any, on the Series 2022 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee. Payment of the principal of and premium, if any, on the Series 2022 Bonds shall be made upon the surrender thereof at maturity or on redemption prior to maturity at the Corporate Trust Office of the Trustee.

(g) The Series 2022 Bonds shall be subject to redemption as provided in Section 11.07.

Section 11.04. Form of Series 2022 Bonds. The Series 2022 Bonds and the authentication endorsement and assignment to appear thereon shall be substantially in the form set forth in Exhibit M attached hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby. Each Series 2022 Bond shall bear the letter prefix "R-__" and be numbered consecutively upward.

Section 11.05. Procedure for the Issuance of Series 2022 Bonds; Application of Series 2022 Bond Proceeds.

(a) At any time after the sale of the Series 2022 Bonds in accordance with the Act, the City shall execute the Series 2022 Bonds for issuance under this Indenture and shall deliver them to the Trustee, and thereupon the Series 2022 Bonds shall be authenticated and delivered by the Trustee upon the Written Request of the City and upon receipt of payment therefor from the Series 2022 Original Purchasers. Upon receipt of payment for the Series 2022 Bonds from the Series 2022 Original Purchasers, the Trustee shall set aside and deposit the proceeds received from such sale in the amount $131,531,780.00 (representing the original principal amount thereof of $154,140,000.00, less an underwriters' discount of $616,560.00, and less the amount of $21,991,660.00 transferred by the Underwriters to RBC on the Series 2022 Closing Date representing the Termination Fee) as follows:

(i) The Trustee shall deposit $130,912,376.07 from the proceeds of the Series 2022 Bonds in the Series 2022 Refunding Fund, which fund the Trustee is hereby directed to establish. On the Series 2022 Closing Date, the Trustee shall promptly transfer all amounts in the Series 2022 Refunding Fund to the Escrow Bank to be applied to the refunding of the outstanding Series 2005B Bonds as provided in the Escrow Agreement. Once the Trustee has made such transfer, it shall close the Series 2022 Refunding Fund.

(ii) The Trustee shall deposit $619,403.93 in the 2022 Costs of Issuance Fund, which fund the Trustee is hereby directed to establish. All money in the 2022 Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay or reimburse the Costs of Issuance of the Series 2022 Bonds upon receipt of a Written Request of the City 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 November 8, 2022, or upon the earlier Written Request of the City, any remaining balance in the 2022 Costs of Issuance Fund shall be transferred to the Bond Fund and applied to the payment of interest on the Series 2022 Bonds next coming due and payable. Thereafter, the 2022 Costs of Issuance Fund shall be closed.

(b) The Trustee is further instructed to make the following transfers on or before the Series 2022 Closing Date to the Escrow Fund (the "**1999 Escrow Fund**") established and held

by U.S. Bank Trust Company, National Association, as Escrow Agent, under that certain Escrow Deposit and Trust Agreement dated as of September 1, 2022 (the "**1999 Bonds Escrow Agreement**"), by and between the City and the U.S. Bank Trust Company, National Association, as Escrow Agent, 1999 Trustee and 2005 Trustee:

1. transfer from the Bond Fund established and held by the Trustee under the Indenture the amount of $894,413.84 to the 1999 Escrow Fund;

2. transfer from the Pension Funding Stabilization Fund established and held by the Trustee under the Indenture the amount of $658.45 to the 1999 Escrow Fund; and

3. transfer from the Deposit Fund established and held by the Trustee under the Indenture the amount of $33.12 to the 1999 Escrow Fund.

After the foregoing transfers from the Pension Funding Stabilization Fund and the Deposit Fund to the 1999 Escrow Fund, the Trustee shall close the Pension Funding Stabilization Fund and the Deposit Fund.

Section 11.06. Book-Entry System for the Series 2022 Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section, the Series 2022 Bonds shall initially be issued in the form of a single authenticated fully registered bond for each Principal Payment Date of each Series of the Series 2022 Bonds, and shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2022 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Series 2022 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Trustee and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2022 Bonds registered in its name for the purposes of payment of the principal or redemption price of and the interest on such Series 2022 Bonds, selecting the Series 2022 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of the Series 2022 Bonds, obtaining any consent or other action to be taken by Holders of the Series 2022 Bonds and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section, 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 Series 2022 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Holder, 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 the interest on any of the Series 2022 Bonds, (iii) any notice which is permitted or required to be given to Holders of Series 2022 Bonds hereunder, or (iv) any consent given or other action taken by DTC as Holder of Series 2022 Bonds. The Trustee shall pay the principal or redemption price of and the interest on the Series 2022 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 City's obligations with respect to the Series 2022 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 Series 2022 Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section.

(c) In the event that the City determines that it is in the best interests of the Beneficial Holders of the Series 2022 Bonds that they be able to obtain definitive Series 2022 Bonds, the Trustee shall, upon receipt of a Written Request of the City, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of definitive Series 2022 Bonds, and in such event the Series 2022 Bonds shall be transferable in accordance with subsection (f) of this Section. DTC may determine to discontinue providing its services with respect to the Series 2022 Bonds at any time by giving written notice of such discontinuance to the Trustee or the City and discharging its responsibilities with respect thereto under applicable law, and in such event the Series 2022 Bonds shall be transferable in accordance with subsection (f) of this Section. Whenever DTC requests the Trustee or the City to do so, the Trustee and the City 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 Series 2022 Bonds then Outstanding, and in such event the Series 2022 Bonds shall be transferable to such Securities Depository in accordance with subsection (f) of this Section, and thereafter, all references in this Indenture 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 hereof to the contrary, so long as all Series 2022 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal or redemption price of and the interest on each such Series 2022 Bond and all notices with respect to each such Series 2022 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Trustee and the City are each 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 hereunder.

(f) In the event that any transfer or exchange of Series 2022 Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2022 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.08(a) and 2.09 hereof. In the event that definitive Series 2022 Bonds are issued to Holders other than Cede & Co., its successor as nominee for DTC as Holder of all the Series 2022 Bonds, another Securities Depository as holder of all the Series 2022 Bonds, or the nominee of such successor Securities Depository, the provisions of Sections 2.08(a), 2.09, and 2.10 hereof shall also apply to, among other things, the registration, exchange and transfer of the Series 2022 Bonds and the method of payment of the principal or redemption price of and the interest on the Series 2022 Bonds.

Section 11.07. Redemption of Series 2022 Bonds.

(a) Optional Redemption. The Series 2022 Bonds maturing on and after January 15, 2033 shall be subject to optional redemption, in whole or in part (and if in part, as described in Section 11.09), on any date on or after January 15, 2032, at the option of the City, from any source of legally available funds, at a redemption price equal to the Principal Amount of the Series 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Series 2022 Bonds maturing on January 15, 2044 shall be subject to mandatory sinking fund redemption, in part (as described in Section 11.09), on January 15 in each year, commencing January 15, 2038, at a redemption price equal to the Principal Amount of such Series 2022 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective Principal Amounts in the respective years as follows:

Sinking Fund Redemption Date (January 15)	Principal Amount to be Redeemed
2038	$ 9,600,000
2039	10,465,000
2040	11,390,000
2041	12,380,000
2042	13,430,000
2043	14,555,000
2044 (Maturity)	15,745,000

If some but not all of the Series 2022 Bonds maturing on January 15, 2044 are redeemed pursuant to Section 11.07(a), the Principal Amount of Series 2022 Bonds maturing on January 15, 2044 to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate Principal Amount of the Series 2022 Bonds maturing on January 15, 2044 so redeemed pursuant to Section 11.07(a), such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the City in a Written Certificate of the City filed with the Trustee.

Section 11.08. Notice of Redemption for Series 2022 Bonds. Notwithstanding Section 10.06, the Trustee shall send notice of redemption of the Series 2022 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Holders of any Series 2022 Bonds designated for redemption at their addresses appearing on the registration books maintained by the Trustee pursuant to Section 2.10 and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2022 Bonds (or all Series 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series 2022 Bonds within a maturity are called for redemption) Bond numbers of the Series 2022 Bonds to be redeemed and the maturity or maturities of the Series 2022 Bonds to be redeemed, and in the case of Series 2022 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 the redemption date there will become due and payable on each of said Series 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2022 Bonds be then surrendered to the Trustee. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2022 Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

Redemption notices may be conditional. The City has the right to rescind any notice of the redemption of Series 2022 Bonds under Section 11.07 by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the

payment in full of the Series 2022 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The City and the Trustee have no liability to the Holders of Series 2022 Bonds or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section. In the event Series 2022 Bonds that are Term Bonds are redeemed in part, the City shall deliver a revised sinking fund schedule to the Trustee.

From and after the date fixed for redemption of any Series 2022 Bonds or any portions thereof, and if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Series 2022 Bonds or such portions thereof so called for redemption shall have been duly provided, no interest shall accrue on such Series 2022 Bonds or such portions thereof from and after the redemption date specified in such notice.

Section 11.09. Selection of Series 2022 Bonds for Redemption. If less than all of the Series 2022 Bonds of a maturity are to be redeemed prior to maturity, including by Mandatory Sinking Account Payments as described above, then:

(a) If the Series 2022 Bonds are registered in book-entry only form and so long as DTC or a successor Securities Depository is the sole registered owner of the Series 2022 Bonds, the particular Series 2022 Bonds shall be redeemed on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with the process described below. The Trustee will send notice to DTC or a successor Securities Depository to effect a pro rata reduction of principal of all applicable Series 2022 Bonds to accomplish the optional and mandatory sinking fund redemptions pursuant to Section 11.07 through a pass-through distribution of principal. In connection with each such redemption, the Trustee will include in the written notice of redemption described above the dollar amount per $1,000 original principal amount payable on account of principal and accrued interest to effect a pro rata reduction through a pass-through distribution of principal on the related redemption date, as well as the pro rata method factors applicable to such redemption. DTC or a successor Securities Depository will be responsible for distributing the principal and accrued interest among its direct participants, as applicable, based upon the Series 2022 Bonds being redeemed to the beneficial interests of the direct participant that DTC or a successor Securities Depository records list as owned by each direct participant of DTC or a successor Securities Depository as of the record date for such payment. If less than all of the Series 2022 Bonds are called for redemption, the Trustee will direct that the accrued interest due on the portion of the Series 2022 Bonds being redeemed be calculated and paid based on the amount of principal being redeemed on such redemption date. After the date fixed for redemption no further interest will accrue on the principal amount being called for redemption.

(b) If the operational arrangements of DTC or a successor Securities Depository do not allow for allocation of such redemption on a pro rata pass-through distribution of principal basis, the portion of the Series 2022 Bonds to be redeemed on such dates will be selected in accordance with the Depository's then existing rules and procedures and may be by lot.

(c) If the Series 2022 Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee may select the Series 2022 Bonds for redemption pro rata within a maturity. The Trustee will select such portions of Series 2022 Bonds to be redeemed in such manner as the Trustee may deem to be fair and appropriate.

Section 11.10. Continuing Disclosure. The City shall comply with and carry out all of the provisions of the Series 2022 Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Series 2022 Continuing Disclosure Certificate shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Series 2022 Participating Underwriter or the holders of at least 25% aggregate Principal Amount of Outstanding Series 2022 Bonds, and upon indemnification of the Trustee to its reasonable satisfaction, shall) or any Holder or Beneficial Owner of the Series 2022 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 11.11. Amendments to Original Indenture. The Original Indenture is hereby amended as follows:

(a) The following defined terms set forth in Section 1.01 of the Original Indenture are hereby amended to read in their entirety as follows:

Applicable Percentage

The term "Applicable Percentage" means, for each Series of Bonds, the percentage of the then outstanding unfunded accrued actuarial liability of the City to the System to be funded from such Series of Bonds relating to City pension benefits at the levels in existence on June 30, 1978 (the "Pre-1978 Benefits") or the Pre-1978 Benefits attributable to a Series of Bonds refunded by Additional Bonds, and, in the case of Additional Bonds issued to refund Bonds then Outstanding, the percentage of the Pre-1978 Benefits allocable thereto as determined by the City. In accordance with the report of Bartel Associates, LLC, dated June 21, 2005 and entitled "CalPERS Actuarial Issues "Cost: of Benefit Improvements Subsequent to July 1, 1978," the City has determined that the Applicable Percentage is 86.13% with respect to the Series 2005 Bonds. Based upon the Series 2022 Bonds Actuarial Valuation, the City has determined that the Applicable Percentage for the portion of the Series 2022 Bonds the proceeds of which are used to refund the Series 2005B-1 Bonds and the Series 2005B-2 Bonds (i.e. the Pre-1978 Benefits attributable to the Series 2005B-1 Bonds and the Series 2005B-2 Bonds) is 86.13% as set forth in Appendix N of the First Supplemental Indenture. The Applicable Percentage for any Additional Bonds issued in the future shall be set forth in the Supplemental Indenture for each such series of Additional Bonds. For the avoidance of doubt, the Applicable Percentage for any Series of Bonds may fluctuate from Bond Year to Bond Year.

Bond Year

The term "Bond Year" means the twelve-month period ending on January 15 of each year to which reference is made. The first Bond Year with respect to the Series 2022 Bonds shall commence on the date the Series 2022 Bonds are originally delivered and shall end on January 15, 2023.

Interest Payment Date

The term "Interest Payment Date" means each date upon which interest is due on the Bonds (excepting Capital Appreciation Bonds and Convertible Auction Rate Securities, prior to the Full Accretion Date, and Convertible Capital Appreciation Bonds,

prior to the Conversion Date), as initially set forth in Appendix J hereto with respect to the Series 2005 Bonds, and as set forth in the Supplemental Indenture for each series of Additional Bonds. The Series 2022 Bonds are being issued as Standard Bonds and Fixed Rate Bonds with Interest Payment Dates of January 15 and July 15 of each year, commencing July 15, 2023. As of the Series 2022 Closing Date, no Capital Appreciation Bonds or Convertible Auction Rate Securities will be Outstanding hereunder. For the avoidance of doubt, the Interest Payment Dates for any series of Additional Bonds issued in the future may, but are not required to be, the same as the interest payment dates for the Series 2022 Bonds.

Principal Payment Date

The term "Principal Payment Date" means the date on which principal is due on the Bonds as set forth on Appendix J attached hereto with respect to the Series 2005 Bonds, and as set forth in the Supplemental Indenture for each series of Additional Bonds. The Principal Payment Date for the Series 2022 Bonds is January 15 of each year, commencing January 15, 2026. For the avoidance of doubt, the Principal Payment Date for any series of Additional Bonds issued in the future may, but is not required to be, the same as the Principal Payment Dates for the Series 2022 Bonds.

(b) Section 1.01 of the Original Indenture is hereby amended by adding the following new defined terms to appear in alphabetical order therein:

Pledged Pension Tax Override Revenues

The term "Pledged Pension Tax Override Revenues" means, for each Bond Year, with respect to each Series of Bonds, the portion of the Pension Tax Override Revenues pledged therefor under this Indenture determined by multiplying (x) the Pension Tax Override Revenues, by (y) the Applicable Percentage for such Series of Bonds, but excluding any Pension Tax Override Revenues to the extent pledged, or otherwise available under applicable law, to pay debt service on any bonds or loans issued or incurred by the Richmond Community Redevelopment Agency or the Successor Agency to the Richmond Community Redevelopment Agency. The Applicable Percentage for the Series 2022 Bonds is set forth in Appendix N,

Secured Pension Override Fund

The term "Secured Pension Override Fund" means the fund by that name held by the City.

Secured Annual Debt Service

The term "Secured Annual Debt Service" means, for each Series of Bonds, with respect to any Bond Year, the product obtained by multiplying (x) the aggregate amount required to pay principal of and interest on and the redemption price of such Series of Bonds during such Bond Year, by (y) the Applicable Percentage for such Series of Bonds for such Bond Year, in each case as set forth in the Supplemental Indenture for such Series of Bonds. The Secured Annual Debt Service for the Series 2022 Bonds is set forth in Appendix N.

(d) Clause (iii) of Section 3.01(b) is hereby amended to read as follows in its entirety:

(iii) The interest payment dates and principal payment dates for such Additional Bonds; for the avoidance of doubt, the interest payment dates and principal payment dates for any series of Additional Bonds issued in the future may, but are not required to be, the same as the interest payment dates and principal payment dates for the Series 2022 Bonds;

(e) Clause (iv) of Section 3.01(b) is hereby amended to read as follows in its entirety:

(iv) Whether such Additional Bonds are fixed rate bonds, variable rate bonds, indexed bonds, indexed notes, current interest bonds, deferred interest bonds, capital appreciation bonds, convertible capital appreciation bonds, embedded cap bonds, equity participation bonds or synthetic or hedged fixed rate bonds or such other Mode as may be set forth in a Supplemental Indenture; provided, however, that no such Additional Bonds issued on or after the Series 2022 Closing Date shall bear interest at a rate of interest based on LIBOR;

(f) Clause (vii) of Section 3.01 is hereby amended to read in its entirety as follows:

(viii) Such other provisions as are necessary or appropriate and not inconsistent herewith, including, without limitation, (i) the requirements of a book-entry Bond registration system, and (ii) any and all provisions relating to any Additional Bonds issued as variable rate bonds, indexed bonds or indexed notes, regarding the interest rate for such Additional Bonds including provisions relating to the timing and frequency of determining rates and making payments and other technical, administrative or operational matters as may be appropriate, necessary or desirable, in the sole discretion of the City (which provisions may include those to reflect the adoption of the Secured Overnight Financing Rate as the replacement benchmark rate to LIBOR pursuant to the Adjustable Interest Rate (LIBOR Act) of 2021).

(g) Section 3.01(b) is hereby amended by renumbering existing clause (viii) as clause (ix) and adding the following new clause (viii):

(viii) The Secured Annual Debt Service, if any, for such Additional Bonds.

(h) Section 4.01 of the Original Indenture is hereby amended to read in its entirety as follows:

SECTION 4.01. Security for the Bonds.

(a) The obligations of the City under the Bonds, including the obligation to make all payments of principal of and interest on the Bonds when due and the obligation of the City to make the deposits required hereunder for the security of the Bonds, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim.

The City agrees to pay from any legally available source of revenues of the City, including amounts on deposit in the General Fund of the City, all amounts due and owing with respect to Bonds issued under this Indenture and all Supplemental

Indentures executed pursuant to this Indenture according to the provisions for such agreements, including principal and interest thereon and the redemption price thereof.

In addition, subject to the provisions of Section 4.01(b) and (c) hereof regarding the application of Pledged Tax Override Revenues for the payment of debt service on the Bonds, for the security of the Series 2022 Bonds and any Additional Bonds issued in the future, the City hereby grants a first pledge of and lien on, and a security interest in, the Pledged Pension Tax Override Revenues; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

In addition, the Series 2022 Bonds and any Additional Bonds shall be secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Bond Fund after the Series 2022 Closing Date; provided, however, that such pledge, lien and security interest shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, this Indenture constitutes a contract between the City and the Holders from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the City are for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation, except the Pension Tax Override but only to the extent set forth in Section 5.10 hereof. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(b) The City has established the Secured Pension Override Fund, which is held by the City. The City shall deposit all of the Pension Tax Override Revenues received with respect to any Bond Year into the Secured Pension Override Fund promptly upon receipt thereof by the City.

All Pledged Pension Tax Override Revenues received by the City during any Bond Year in excess of the Annual Secured Debt Service for such Bond Year shall be released from the pledge, security interest and lien under this Indenture for security of the Series 2022 Bonds and any Additional Bonds. Unless and until Pledged Pension Tax Override Revenues received by the City during any Bond Year exceed the Annual Secured Debt Service for such Bond Year, Pledged Pension Tax Override Revenues shall not be used for any purpose other than to make the transfers required to be made by the City under subsection (c) below for the payment of debt service on the Bonds up to the Annual Secured Debt Service. Upon release of the lien on Pledged Pension Tax Override Revenues received by the City during any Bond Year under this Indenture as provided in this paragraph, the City may apply such Pledged Pension Tax Override Revenues for any lawful purpose of the City.

(c) The Trustee shall establish and maintain a special fund designated as the "Bond Fund" and within the Bond Fund an account designated as the "Retirement Tax Special Revenue Account," which fund and account are hereby created and shall be held in trust by the Trustee.

On or before the 5th Business Day preceding each Payment Date, the City shall transfer to the Trustee for deposit in the Bond Fund (and, at the direction of the City, the Retirement Tax Special Revenue Account as described in the following sentence) an amount which, when added to the amount then on deposit in the Bond Fund (and the Retirement Tax Special Revenue Account), when added with amounts on deposit in the Interest Account and the Principal Account, equals the aggregate amount of the interest and principal coming due and payable on the Outstanding Bonds on the immediately following Payment Date. Without limiting the foregoing, the Trustee shall deposit all of the Pledged Pension Tax Override Revenues received from, and designated as such by, the City with respect to any Bond Year into the Retirement Tax Special Revenue Account promptly upon receipt thereof by the Trustee. All money in the Retirement Tax Special Revenue Account shall be transferred by the Trustee to the Interest Account and the Principal Account pursuant to Sections 4.02(a) and 4.02(b) solely for the purpose of paying interest and principal as provided therein on the Series 2022 Bonds and any Additional Bonds in an amount not to exceed the applicable Annual Secured Debt Service for the Series 2022 Bonds and any Additional Bonds.

If, at any time, there is a deficiency in Pledged Tax Override Revenues available to pay debt service with respect to any Series of Bonds in any Bond Year, available Pledged Tax Override Revenues shall be applied on a pro rata basis to the payment thereof; provided, however, that under no circumstances shall the amount available therefor with respect each Series of Bonds exceed the Applicable Percentage therefor.

(i) The proviso in Section 5.02 of the Original Indenture is hereby amended to read as follows:

":<u>provided</u>, that nothing in this section shall be deemed to limit the right of the City to issue bonds for the purpose of refunding any Outstanding Bonds and any bonds issued for such purpose, including Additional Bonds issued to refund any Outstanding Bonds or to satisfy any obligation of the City to make payments to the System pursuant to the Retirement Law as provided in Section 3.01(b) hereof, shall not be deemed to constitute an extension of maturity of any such Bonds, it being expressly acknowledged that any such refunding bonds, including Additional Bonds, may have a final maturity that is later in time than the bonds refunded or obligations of the City to make payments to the System satisfied thereby."

(j) Section 5.08 of the Original Indenture is hereby amended to read in its entirety as follows:

SECTION 5.08. <u>No Senior Pension Override Secured Debt; Issuance of Subordinated Debt</u>. The City hereby covenants that, so long as the Series 2022 Bonds or any Additional Bonds are Outstanding, the City shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness (collectively, "Indebtedness"), which is in any case payable from all or any part of the Pledged Pension Tax Override Revenues, except (i) the Series 2022 Bonds, (ii) Additional Bonds issued or incurred pursuant to Article III hereof, (iii) Indebtedness

payable from, but not secured by a pledge of or lien upon Pledged Pension Tax Override Revenues, and (iv) Indebtedness secured by a pledge of or lien on any Pledged Pension Tax Override Revenues which is subordinate to the pledge and lien which secures the Series 2022 Bonds and any Additional Bonds.

(k) Article V of the Original Indenture is hereby amended by adding the following new Section 5.10:

SECTION 5.10. Pension Tax Override Levy. The City covenants that, so long as any Series 2022 Bonds or any Additional Bonds are Outstanding under this Indenture, the City shall levy the Pension Tax Override (in an amount not to exceed the maximum tax permitted by law) in each Fiscal Year, whether or not the accrued unfunded actuarial liability of the City to the System is amortized prior to the final maturity of any Series 2022 Bonds or any Additional Bonds issued pursuant to this Indenture, in amounts that the City expects will be sufficient, when aggregated with any Pension Tax Revenues available to the City and on hand, to pay principal of and interest on and redemption price, if any, of the Series 2022 Bonds and Additional Bonds in an amount not to exceed the respective Secured Annual Debt Service for the Series 2022 Bonds set forth in the First Supplement Indenture and each such Additional Bonds as set forth in the Supplemental Indenture for such Additional Bonds, respectively.

(l) Section 8.01 of the Original Indenture is hereby amended by adding the following new paragraph immediately after the existing last paragraph thereof:

Notwithstanding anything contained herein to the contrary, under no circumstances shall the amount of Pledged Tax Override Revenues available to pay debt service on any Series of Bonds pursuant to this Section 8.01 exceed the Applicable Percentage therefor. If, at any time, there is a deficiency in Pledged Tax Override Revenues available to pay debt service with respect to any Series of Bonds, available Pledged Tax Override Revenues shall be applied on a pro rata basis to the payment thereof; provided, however, that under no circumstances shall the amount available therefor with respect each Series of Bonds exceed the Applicable Percentage therefor.

(m) Section 10.06 of the Original Indenture is hereby amended by deleting “thirty (30) days” and inserting “twenty (20) days” in place thereof.

(n) The address for notices to the Trustee set forth in Section 10.09 is hereby amended to read as follows:

If to the Trustee:

U.S. Bank Trust Company, National Association
1 California Street, Suite 1000
San Francisco, CA 904111
Attention: Global Corporate Trust

Section 11.12. Effect of First Supplemental Indenture. This First Supplemental Indenture and all of the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended hereby. If there shall be

any conflict between the terms of this First Supplemental Indenture and the terms of the Indenture (as in effect on the day prior to the effective date of this First Supplemental Indenture), the terms of this First Supplemental Indenture shall prevail.

Section 11.13. Execution in Several Counterparts. This First Supplemental Indenture 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 shall together constitute but one and the same instrument.

Section 11.14. Effective Date. This First Supplemental Indenture shall take effect upon the Series 2022 Closing Date.

[Signature Page Follows on Next Page]

IN WITNESS WHEREOF, the City has caused this First Supplemental Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee has caused this First Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

CITY OF RICHMOND

By: _____
Kinshasa Curl
City Manager

ATTEST:

_____
Pamela Christian
City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY

_____
David J. Aleshire

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

APPENDIX M

FORM OF SERIES 2022 BOND

CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

No. R- ***$***

Interest Rate	Maturity Date	Dated Date	CUSIP
	January 15, 2044	September 8, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Richmond, a charter city and municipal corporation, duly organized and existing under and by virtue of the laws of the State of California (the "City"), for value received, hereby promises to pay 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 amount specified above, together with interest on such principal amount from the Interest Payment Date (as hereinafter defined) 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 first day of the month of 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 the first Interest Payment Date, in which event it shall bear interest from the dated date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on July 15, 2023, and semiannually thereafter on each January 15 and July 15 (each an "Interest Payment Date"). Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the Interest Payment Date by first-class mail to the registered owner hereof; provided that upon the written request of a registered owner of $1,000,000 or more in aggregate Principal Amount of Series 2022 Bonds received by the Trustee (as hereinafter defined) prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds. The principal hereof is payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as "City of Richmond Taxable Pension Refunding Bonds, Series 2022" (the "Series 2022 Bonds"), issued in the aggregate principal amount of One Hundred Fifty-Four Million One Hundred Forty Thousand Dollars ($154,140,000). The Series 2022 Bonds are being issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act") and under and pursuant to the provisions of an Indenture, dated as of November 1, 2005, by and between the City and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended by the First Supplemental Indenture, dated as of September 1, 2022, by and between the City and the Trustee (as so supplemented and amended, the "Indenture"). Copies of the Indenture are on file at the Corporate Trust Office of the Trustee. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

The Series 2022 Bonds are being issued as Standard Bonds and constitute Additional Bonds under the Indenture. The Series 2022 Bonds have been issued by the City to refund all of the outstanding Series 2005B Bonds, pay the Termination Fee, and pay the costs of issuing the Series 2022 Bonds. Under the Indenture, Additional Bonds may be issued on a parity with the Series 2022 Bonds, subject to the conditions and upon compliance with the procedures set forth in the Indenture. The Series 2022 Bonds and any such Additional Bonds are collectively referred to herein as the "Bonds."

Reference is hereby made to the Act and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Series 2022 Bonds are issued, the rights of the registered owners of the Series 2022 Bonds, security for payment of the Series 2022 Bonds, remedies upon default and limitations thereon, and amendment of the Indenture (with or without consent of the registered owners of the Bonds); and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City 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 obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim.

This Bond and the interest hereon and all Additional Bonds and the interest thereon are payable from any source of legally available funds of the City, including amounts on deposit in the General Fund of the City. In addition, this Bond and the interest hereon and all Additional Bonds and the interest thereon are payable from, and are secured by a lien and security interest in all right, title and interest of the City in and to, the Pledged Pension Tax Override Revenues and the funds and accounts provided for in the Indenture; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds as set forth in the Indenture, as further supplemented or amended from time to time.

The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation, except with respect to the Pension Tax Override and solely to the extent provided in the Indenture. Neither the Bonds nor the obligation of the City to make payments on the Bonds constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Series 2022 Bonds are subject to redemption on the dates, at the redemption prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2022 Bonds or any portions thereof shall be given as set forth in the Indenture.

This Bond may be transferred or exchanged pursuant to the terms set forth in the Indenture. The City and the Trustee may deem and treat the registered owner of this Bond as the absolute owner of this Bond for the purpose of receiving payment hereof and for all other purposes, whether this Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary.

The rights and obligations of the City and of the owners of the Bonds may be amended by a Supplemental Indenture entered into by the City and the Trustee, as provided in the Indenture.

This Bond shall not be entitled to any benefit, protection or security under the Indenture 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.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the City of Richmond has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the City Manager of the City of Richmond and attested to by the manual or facsimile signature of its Secretary.

CITY OF RICHMOND

By: _____
Kinshasa Curl
City Manager

Attest:

_____
Pamela Christian
City Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on September 8, 2022.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____, whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

APPENDIX N

SCHEDULE OF DEBT SERVICE AND AMOUNTS EXPECTED TO BE PAID FROM PLEDGED PENSION TAX OVERRIDE REVENUES AND THE GENERAL FUND

	Debt Service Attributable to Refunding B-1s / B-2s			Debt Service Attributable to Swap Terminations			Total Series 2022 Bonds Debt Service	Secured Annual Debt Service (Payable from PTORs)	Series 2022 Bonds Applicable Percentage	Net Debt Service Payable from General Fund*
Payment Date	Interest (A)	Principal (B)	Total (C) = (A) + (B)	Interest (D)	Principal (E)	Total (F) = (D) + (E)	(G) = (C) + (F)	(H) = (C) x 86.3%	(I) = (H) / (G)	(J) = (G) - (H)
7/15/23	$0	$6,106,358	$6,106,358	$0	$1,078,933	$1,078,933	$7,185,291	$5,259,406	73%	$1,925,885
1/15/24	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73%	1,129,183
7/15/24	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73%	1,129,183
1/15/25	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73%	1,129,183
7/15/25	0	3,580,275	3,580,275	0	632,599	632,599	4,212,874	3,083,691	73%	1,129,183
1/15/26	2,980,000	3,580,275	6,560,275	0	632,599	632,599	7,192,874	5,650,365	79%	1,542,509
7/15/26	0	3,517,189	3,517,189	0	632,599	632,599	4,149,788	3,029,354	73%	1,120,433
1/15/27	3,345,000	3,517,189	6,862,189	0	632,599	632,599	7,494,788	5,910,403	79%	1,584,385
7/15/27	0	3,444,702	3,444,702	0	632,599	632,599	4,077,302	2,966,922	73%	1,110,379
1/15/28	3,730,000	3,444,702	7,174,702	0	632,599	632,599	7,807,302	6,179,571	79%	1,627,730
7/15/28	0	3,360,554	3,360,554	0	632,599	632,599	3,993,153	2,894,445	72%	1,098,708
1/15/29	4,150,000	3,360,554	7,510,554	0	632,599	632,599	8,143,153	6,468,840	79%	1,674,313
7/15/29	0	3,263,610	3,263,610	0	632,599	632,599	3,896,209	2,810,947	72%	1,085,262
1/15/30	4,595,000	3,263,610	7,858,610	0	632,599	632,599	8,491,209	6,768,620	80%	1,722,588
7/15/30	0	3,153,376	3,153,376	0	632,599	632,599	3,785,975	2,716,002	72%	1,069,972
1/15/31	5,075,000	3,153,376	8,228,376	0	632,599	632,599	8,860,975	7,087,100	80%	1,773,875
7/15/31	0	3,029,089	3,029,089	0	632,599	632,599	3,661,688	2,608,954	71%	1,052,734
1/15/32	5,590,000	3,029,089	8,619,089	0	632,599	632,599	9,251,688	7,423,621	80%	1,828,067
7/15/32	0	2,889,674	2,889,674	0	632,599	632,599	3,522,273	2,488,876	71%	1,033,397
1/15/33	6,145,000	2,889,674	9,034,674	0	632,599	632,599	9,667,273	7,781,565	80%	1,885,708
7/15/33	0	2,732,731	2,732,731	0	632,599	632,599	3,365,330	2,353,701	70%	1,011,629
1/15/34	6,735,000	2,732,731	9,467,731	0	632,599	632,599	10,100,330	8,154,557	81%	1,945,773
7/15/34	0	2,557,352	2,557,352	0	632,599	632,599	3,189,951	2,202,647	69%	987,304
1/15/35	5,915,000	2,557,352	8,472,352	1,460,000	632,599	2,092,599	10,564,951	7,297,236	69%	3,267,714

Payment Date	Debt Service Attributable to Refunding B-1s / B-2s: Interest (A)	Principal (B)	Total (C) = (A) + (B)	Debt Service Attributable to Swap Terminations: Interest (D)	Principal (E)	Total (F) = (D) + (E)	Total Series 2022 Bonds Debt Service (G) = (C) + (F)	Secured Annual Debt Service (Payable from PTORs) (H) = (C) x 86.3%	Series 2022 Bonds Applicable Percentage (I) = (H) / (G)	Net Debt Service Payable from General Fund* (J) = (G) - (H)
7/15/35	$ 0	$2,400,367	$2,400,367	$ 0	$593,851	$593,851	$2,994,218	$2,067,436	69%	$926,782
1/15/36	6,460,000	2,400,367	8,860,367	1,600,000	593,851	2,193,851	11,054,218	7,631,434	69%	3,422,784
7/15/36	0	2,225,043	2,225,043	0	550,427	550,427	2,775,470	1,916,430	69%	859,040
1/15/37	7,050,000	2,225,043	9,275,043	1,745,000	550,427	2,295,427	11,570,470	7,988,595	69%	3,581,875
7/15/37	0	2,030,886	2,030,886	0	502,369	502,369	2,533,255	1,749,202	69%	784,053
1/15/38	7,695,000	2,030,886	9,725,886	1,905,000	502,369	2,407,369	12,133,255	8,376,906	69%	3,756,350
7/15/38	0	1,808,270	1,808,270	0	447,258	447,258	2,255,527	1,557,463	69%	698,065
1/15/39	8,390,000	1,808,270	10,198,270	2,075,000	447,258	2,522,258	12,720,527	8,783,770	69%	3,936,758
7/15/39	0	1,565,547	1,565,547	0	387,228	387,228	1,952,775	1,348,406	69%	604,369
1/15/40	9,130,000	1,565,547	10,695,547	2,260,000	387,228	2,647,228	13,342,775	9,212,075	69%	4,130,700
7/15/40	0	1,301,416	1,301,416	0	321,846	321,846	1,623,262	1,120,910	69%	502,353
1/15/41	9,925,000	1,301,416	11,226,416	2,455,000	321,846	2,776,846	14,003,262	9,669,312	69%	4,333,950
7/15/41	0	1,014,286	1,014,286	0	250,823	250,823	1,265,109	873,604	69%	391,505
1/15/42	10,765,000	1,014,286	11,779,286	2,665,000	250,823	2,915,823	14,695,109	10,145,499	69%	4,549,610
7/15/42	0	702,854	702,854	0	173,725	173,725	876,579	605,368	69%	271,211
1/15/43	11,670,000	702,854	12,372,854	2,885,000	173,725	3,058,725	15,431,579	10,656,739	69%	4,774,840
7/15/43	0	365,241	365,241	0	90,262	90,262	455,503	314,582	69%	140,921
1/15/44	12,625,000	365,241	12,990,241	3,120,000	90,262	3,210,262	16,200,503	11,188,495	69%	5,012,008
Total	$131,970,000	$106,732,105	$238,702,105	$22,170,000	$22,264,290	$44,434,290	$283,136,395	$205,594,123		$77,542,272

* The figures shown in this column represent the net debt service on the Series 2022 Bonds that is payable from the City's General Fund assuming Pledged Pension Tax Override Revenues are available and is used by the City to pay debt service on the Series 2022 Bonds in the respective amounts shown under the column entitled "Secured Annual Debt Service."

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

City Council
City of Richmond
450 Civic Center Plaza
Richmond, California 94804

OPINION: $154,140,000 City of Richmond Taxable Pension Refunding Bonds, Series 2022

Members of the City Council:

We have acted as bond counsel in connection with the issuance and delivery by the City of Richmond (the "City") of the captioned bonds (the "Bonds"), issued under the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), an Indenture, dated as of November 1, 2005, as supplemented and amended by a First Supplemental Indenture, dated as of September 1, 2022, each by and between the City and U.S. Bank Trust Company, National Association, as trustee (as so supplemented and amended, the "Indenture"), and Resolution No. 86-22 adopted by the City Council of the City on June 21, 2022 and Resolution No. 117-22 adopted by the City Council of the City on July 26, 2022 (together, the "Resolution of Issuance").

We have examined the Bond Law, the Indenture and such certified proceedings, opinions, certifications and other papers as we deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the City Attorney and others, without undertaking to verify the same by independent investigation.

In rendering our opinion, we are also relying upon the judgment of the Superior Court of the County of Contra Costa rendered on May 25, 2005, in City of Richmond v. All Persons Interested, et. al, Case No. C 05-00637.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The City is a municipal corporation duly organized and existing under the laws of the State of California, with power to adopt the Resolution of Issuance, to enter into the Indenture and perform the agreements on its part contained therein, and to issue the Bonds.

2. The Bonds constitute legal, valid and binding obligations of the City enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture.

3. The Indenture has been duly authorized, executed and delivered by the City and constitutes a legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

4. The Indenture creates a valid lien on the Pledged Pension Tax Override Revenues for the security of the Bonds to the extent set forth in the Indenture.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The City does not intend for the interest on the Bonds to be excluded from gross income for federal income tax purposes.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the City of Richmond (the "City") in connection with the issuance its $154,140,000 Taxable Pension Refunding Bonds, Series 2022 (the "Series 2022 Bonds"). The Series 2022 Bonds are being issued pursuant to the Indenture, dated as of February 1, 2005, as supplemented by a First Supplemental Indenture, dated as of September 1, 2022 (collectively, the "Indenture"), both by and between the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners (as defined below) of the Series 2022 Bonds and in order to assist the Participating Underwriters (as defined below, in complying with the Rule (as defined below).

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

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

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

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the City to act as the City's agent in complying with the filing requirements of the Rule, which person has accepted such appointment. As of the date of this Certificate, the City has appointed Willdan Financial Services as the Dissemination Agent.

"*Financial Obligation*" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" will not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule "Listed Event" means any of the events listed in Section 5 of this Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriters*" means any of the original purchasers of the Series 2022 Bonds required to comply with the Rule in connection with the offering of the Series 2022 Bonds.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at http://emma.msrb.org.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent (if other than the City) to, not later than 60 days after the City normally receives its audited financial statements from its auditors in each year but in no event later than July 15, commencing with the audited financial statements for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event.

(b) If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a), the City shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent (if other than the City) and the Trustee. The Dissemination Agent (if other than the City) shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent (if other than the City) shall file a report with the City stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following financial information or operating data presented in the final Official Statement relating to the Series 2022 Bonds, updated to incorporate information for the most recent Fiscal Year:

(a) The audited financial statements of the City for the preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities. If the City'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 the format similar to the financial statement 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) To the extent not included in the financial statements, the following type of information will be provided in one or more reports:

(i) Update Table A-10 (Assessed Valuation) in the Official Statement for the Fiscal Year of the City most recently ended;

(ii) Update Table A-11 (Secured Tax Levies and Delinquencies) in the Official Statement for the Fiscal Year of the City most recently ended;

(iii) Update Table A-13 (Pension Tax Override Revenues) in the Official Statement for the Fiscal Year of the City most recently ended;

(iv) Update Table A-7 (General Fund Revenues and Expenditures) in the Official Statement for the City's total budget funds for the Fiscal Year of the City most recently ended;

(v) Update Table A-8 (Adopted Budget General Fund Revenues and Expenditures) in the Official Statement for the City for the current Fiscal Year and any changes in the adopted budget; and

(vi) Update Table A-23 (Outstanding General Fund Obligations) in the Official Statement for the City as of the beginning of the current Fiscal Year.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the City to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the City or to reflect changes in the business, structure, operations, legal form of the City or any mergers, consolidations, acquisitions or dispositions made by or affecting the City; provided that any such modifications shall comply with the requirements of the Rule.

The City has not undertaken in this Certificate to update all information an investor may want to have in making decisions to hold, sell or buy the Series 2022 Bonds but only to provide the specific information listed above.

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository, MSRB or the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the Series 2022 Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;

(vii) modifications to the rights of Owners of the Series 2022 Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Series 2022 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City (for purposes of the event identified in this Subsection 5(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and

officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Section 6. Termination of Reporting Obligation. The City's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2022 Bonds or upon delivery to the City and to the Dissemination Agent (if other than the City) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2022 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

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

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, Section 4 or Section 5, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Series 2022 Bonds, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2022 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2022 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Series 2022 Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2022 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, including the information then contained in the City's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate 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 Certificate. If the City 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 Certificate, the City shall have no obligation under this Certificate 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 City to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Series 2022 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture with respect to the Series 2022 Bonds, and the sole remedy under this Certificate in the event of any failure of the City to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the City) shall have only such duties as are expressly and specifically set forth in this Certificate and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent (if other than the City), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's (if other than the City) negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent (if other than the City) and payment of the Series 2022 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, the Dissemination Agent (if other than the City), the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Series 2022 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: **CITY OF RICHMOND**

By:_____
City Manager

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES
OF FAILURE TO FILE REPORT

Name of Issuer:	City of Richmond, California
Name of Bond Issue:	$154,140,000 City of Richmond, California Taxable Pension Refunding Bonds, Series 2022
Issuance Date:	September 8, 2022

NOTICE IS HEREBY GIVEN that the CITY OF RICHMOND (the "City") has not provided the Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of September 1, 2022, executed and delivered by the City. The City anticipates that such report will be filed by _____.

Dated:

CITY OF RICHMOND

By:_____
Authorized Officer

APPENDIX G

CALPERS 2021 ACTUARIAL VALUATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2022

Safety Plan of the City of Richmond (CalPERS ID: 2751275565)
Annual Valuation Report as of June 30, 2021

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24**. In addition, the report also contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member rate for FY 2023-24 along with an estimate of the required contribution for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Rate
2023-24	22.86%	$16,616,475	13.00%
Projected Results			
2024-25	*22.1%*	*$16,500,000*	*TBD*

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. ***To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY *2028-29*.

Changes from Previous Year's Valuations

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new

asset allocation, along with the new capital market assumptions and economic assumptions, support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (**888-225-7377**).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Valuation as of June 30, 2021

for the Safety Plan of the City of Richmond

(CalPERS ID: 2751275565)
(Rate Plan ID: 305)

Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

Introduction 3
Purpose of the Report 3
Required Contributions 4
Additional Discretionary Employer Contributions 5
Plan's Funded Status 6
Projected Employer Contributions 6
Cost 7
Changes Since the Prior Year's Valuation 8
Subsequent Events 8

Assets

Reconciliation of the Market Value of Assets 10
Asset Allocation 11
CalPERS History of Investment Returns 12

Liabilities and Contributions

Development of Accrued and Unfunded Liabilities 14
(Gain) / Loss Analysis 6/30/20 - 6/30/21 15
Schedule of Amortization Bases 16
Amortization Schedule and Alternatives 18
Reconciliation of Required Employer Contributions 20
Employer Contribution History 21
Funding History 21
Normal Cost by Benefit Group 22
PEPRA Member Contribution Rates 23

Risk Analysis

Future Investment Return Scenarios 25
Discount Rate Sensitivity 26
Mortality Rate Sensitivity 26
Maturity Measures 27
Maturity Measures History 28
Hypothetical Termination Liability 29

Plan's Major Benefit Provisions

Plan's Major Benefit Options 31

Appendix A – Actuarial Methods and Assumptions

Actuarial Data A-1
Actuarial Methods A-1
Actuarial Assumptions A-4
Miscellaneous A-24

Appendix B – Principal Plan Provisions B-1

Appendix C – Participant Data

Summary of Valuation Data C-1
Active Members C-2
Transferred and Terminated Members C-3
Retired Members and Beneficiaries C-4

Appendix D – Glossary of Actuarial Terms D-1

Actuarial Certification

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety Plan of the City of Richmond and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

TONY CUNY, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of the Report**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Cost**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the Safety Plan of the City of Richmond of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required employer contributions for fiscal year (FY) 2023-24.

Purpose of the Report

The actuarial valuation was prepared by the CalPERS Actuarial Office using data as of June 30, 2021. The purpose of the report is to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contributions for the FY July 1, 2023 through June 30, 2024;
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

	Fiscal Year
Required Employer Contributions	**2023-24**
Employer Normal Cost Rate	**22.86%**
Plus	
Required Payment on Amortization Bases	**$16,616,475**
Paid either as	
1) Monthly Payment	**$1,384,706**
Or	
2) Annual Prepayment Option*	**$16,078,787**
Required PEPRA Member Contribution Rate	**13.00%**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.*

For additional detail regarding the determination of the required contribution for PEPRA members, see "PEPRA Member Contribution Rates" in the "Liabilities and Contributions" section. Required member contributions for Classic members can be found in Appendix B.

	Fiscal Year 2022-23	Fiscal Year 2023-24
Normal Cost Contribution as a Percentage of Payroll		
Total Normal Cost	30.95%	33.03%
Employee Contribution[1]	9.88%	10.17%
Employer Normal Cost[2]	21.07%	22.86%
Projected Annual Payroll for Contribution Year	$36,234,183	$35,615,703
Estimated Employer Contributions Based On Projected Payroll		
Total Normal Cost	$11,214,480	$11,763,867
Employee Contribution	3,579,937	3,622,117
Employer Normal Cost	7,634,543	8,141,750
Unfunded Liability Contribution	17,906,147	16,616,475
% of Projected Payroll (illustrative only)	49.42%	46.65%
Estimated Total Employer Contribution	$25,540,690	$24,758,225
% of Projected Payroll (illustrative only)	70.49%	69.51%

[1] For classic members, this is the percentage specified in the Public Employees' Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50% of the normal cost. A development of PEPRA member contribution rates can be found in the "Liabilities and Contributions" section. Employee cost sharing is not shown in this report.

[2] The Employer Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see "Normal Cost by Benefit Group" in the "Liabilities and Contributions" section.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2023-24 is $16,616,475. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$8,141,750	$16,616,475	$0	$16,616,475	$24,758,225

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
10 years	$8,141,750	$16,616,475	$4,522,727	$21,139,202	$29,280,952
5 years	$8,141,750	$16,616,475	$19,736,338	$36,352,813	$44,494,563

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits	$796,817,166	$827,185,297
2. Entry Age Accrued Liability	704,498,734	731,550,243
3. Market Value of Assets (MVA)	475,219,458	565,627,298
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$229,279,276	$165,922,945
5. Funded Ratio [(3) / (2)]	67.5%	77.3%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
Fiscal Year	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Normal Cost %	22.86%	22.1%	21.4%	20.7%	19.9%	19.2%
UAL Payment	$16,616,475	$16,500,000	$16,025,000	$15,500,000	$14,703,000	$15,286,000
*Total as a % of Payroll**	*69.51%*	*67.2%*	*64.0%*	*60.7%*	*56.9%*	*56.6%*
Projected Payroll	*$35,615,703*	*$36,612,943*	*$37,638,106*	*$38,691,972*	*$39,775,348*	*$40,889,057*

*Illustrative only and based on the projected payroll shown.

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2017-18, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2017-18, the Amortization of UAL component is expressed as a dollar amount and invoiced on a monthly basis. There is an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the "(Gain) / Loss Analysis 6/30/20 – 6/30/21" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions." It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes, and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets

- **Reconciliation of the Market Value of Assets**
- **Asset Allocation**
- **CalPERS History of Investment Returns**

Reconciliation of the Market Value of Assets

1.	Market Value of Assets as of 6/30/20 including Receivables	$475,219,458
2.	Change in Receivables for Service Buybacks	(75,255)
3.	Employer Contributions	21,598,699
4.	Employee Contributions	4,281,551
5.	Benefit Payments to Retirees and Beneficiaries	(41,062,590)
6.	Refunds	(494,895)
7.	Transfers	4,881
8.	Service Credit Purchase (SCP) Payments and Interest	107,815
9.	Administrative Expenses	(603,858)
10.	Miscellaneous Adjustments	(1)
11.	Investment Return (Net of Investment Expenses)	106,651,491
12.	Market Value of Assets as of 6/30/21 including Receivables	$565,627,298

Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges and manages those asset class allocations within their policy ranges. CalPERS Investment Belief No. 6 recognizes that strategic asset allocation is the dominant determinant of portfolio risk and return.

The asset allocation shown below reflects the allocation of the Public Employees' Retirement Fund (PERF) in its entirety as of June 30, 2021. The assets for City of Richmond Safety Plan are part of the PERF and are invested accordingly.

Asset Class	Current Allocation as of 6/30/2021	Policy Target Allocation as of 6/30/2021
Public Equity	51.4%	50.0%
Private Equity	8.3%	8.0%
Global Fixed Income	29.8%	28.0%
Real Assets	9.6%	13.0%
Liquidity	1.0%	1.0%
Total Fund Level Portfolios	2.5%	0.0%
Trust Level Financing	(2.6%)	0.0%
Total Fund	**100.0%**	**100.0%**

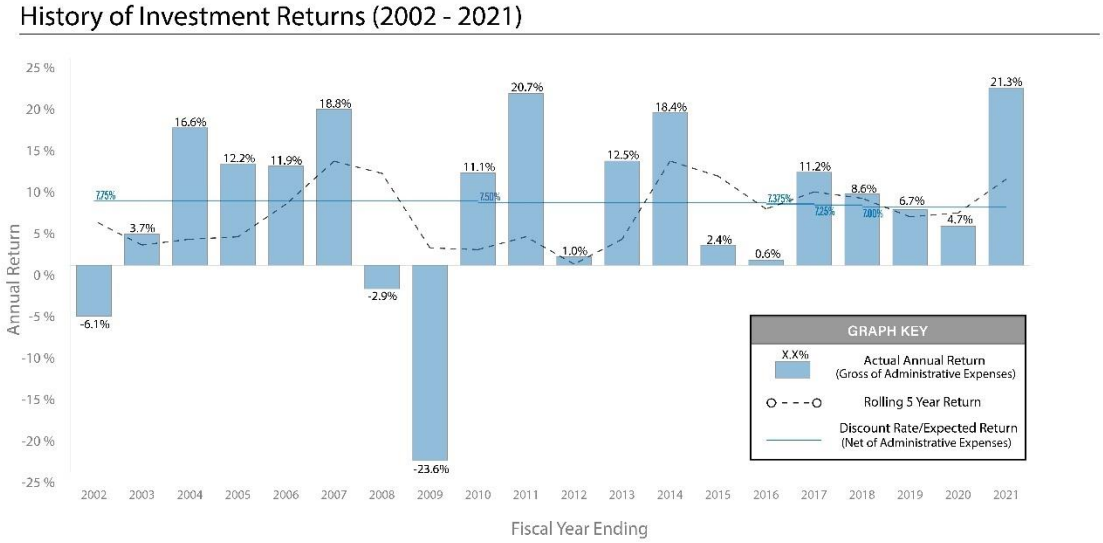
On November 17, 2021, the board adopted changes to the strategic asset allocation as shown in the Policy Target Allocation below expressed as a percentage of total assets.

Strategic Asset Allocation Policy Targets

Asset Class	Policy Target Allocation effective 11/17/2021
Global Equity Cap-weighted	30.0%
Global Equity Non-cap-weighted	12.0%
Private Equity	13.0%
Private Debt	5.0%
Emerging Market Sovereign Bonds	5.0%
High Yield Bonds	5.0%
Investment Grade Corporates	10.0%
Mortgage-backed Securities	5.0%
Treasuries	5.0%
Real Assets	15.0%
Leverage	(5.0%)
Total Fund	**100.0%**

CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the PERF for each fiscal year ending on June 30 as reported by the Investment Office. Investment returns reported are net of investment expenses but without reduction for administrative expenses. The assumed rate of return, however, is net of both investment and administrative expenses. The Investment Office uses a three-month lag on private assets for investment performance reporting purposes. This can lead to a timing difference in the returns below and those used for financial reporting purposes. The investment gain or loss calculation in this report relies on assets that have been audited and are appropriate for financial reporting. Because of these differences, it is possible for the Investment Office to report a return higher than the discount rate while the rate plan experiences an investment loss, or a return lower than the discount rate while the rate plan experiences an investment gain.



The table below shows annualized investment returns of the PERF for various time periods ending on June 30, 2021 (figures reported are net of investment expenses but without reduction for administrative expenses). These returns are the annual rates that if compounded over the indicated number of years would equate to the actual time-weighted investment performance of the PERF. It should be recognized that in any given year the rate of return is volatile. The portfolio has an expected volatility of 12.0% per year based on the most recent Asset Liability Management study. The realized volatility is a measure of the risk of the portfolio expressed as the standard deviation of the fund's total monthly return distribution, expressed as an annual percentage. Due to their volatile nature, when looking at investment returns, it is more instructive to look at returns over longer time horizons.

History of CalPERS Compound Annual Rates of Return and Volatilities					
	1 year	**5 year**	**10 year**	**20 year**	**30 year**
Compound Annual Return	21.3%	10.3%	8.5%	6.9%	8.4%
Realized Volatility	–	7.3%	7.2%	8.5%	8.5%

Liabilities and Contributions

- **Development of Accrued and Unfunded Liabilities**
- **(Gain) / Loss Analysis 6/30/20 - 6/30/21**
- **Schedule of Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Reconciliation of Required Employer Contributions**
- **Employer Contribution History**
- **Funding History**
- **Normal Cost by Benefit Group**
- **PEPRA Member Contribution Rates**

Development of Accrued and Unfunded Liabilities

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits		
a) Active Members	$248,589,376	$260,779,207
b) Transferred Members	9,404,371	11,382,397
c) Terminated Members	6,460,505	5,828,785
d) Members and Beneficiaries Receiving Payments	532,362,914	549,194,908
e) Total	$796,817,166	$827,185,297
2. Present Value of Future Employer Normal Costs	$59,725,512	$63,212,913
3. Present Value of Future Employee Contributions	$32,592,920	$32,422,141
4. Entry Age Accrued Liability		
a) Active Members [(1a) - (2) - (3)]	$156,270,944	$165,144,153
b) Transferred Members (1b)	9,404,371	11,382,397
c) Terminated Members (1c)	6,460,505	5,828,785
d) Members and Beneficiaries Receiving Payments (1d)	532,362,914	549,194,908
e) Total	$704,498,734	$731,550,243
5. Market Value of Assets (MVA)	$475,219,458	$565,627,298
6. Unfunded Accrued Liability (UAL) [(4e) - (5)]	$229,279,276	$165,922,945
7. Funded Ratio [(5) / (4e)]	67.5%	77.3%

(Gain)/Loss Analysis 6/30/20 – 6/30/21

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year, actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

1.	**Total (Gain)/Loss for the Year**	
a)	Unfunded Accrued Liability (UAL) as of 6/30/20	$229,279,276
b)	Expected Payment on the UAL during 2020-21	14,418,684
c)	Interest through 6/30/21 [.07 x (1a) - ((1.07)^{½} - 1) x (1b)]	15,553,430
d)	Expected UAL before all other changes [(1a) - (1b) + (1c)]	230,414,022
e)	Change due to plan changes	0
f)	Change due to AL Significant Increase	0
g)	Change due to assumption change	(679,562)
h)	Change due to method change	0
i)	Change due to Funding Risk Mitigation	16,766,425
j)	Expected UAL after all other changes [(1d) + (1e) + (1f) + (1g) + (1h) + (1i)]	246,500,885
k)	Actual UAL as of 6/30/21	165,922,945
l)	Total (Gain)/Loss for 2020-21 [(1k) - (1j)]	($80,577,940)
2.	**Investment (Gain)/Loss for the Year**	
a)	Market Value of Assets as of 6/30/20	$475,219,458
b)	Prior Fiscal Year Receivables	(460,628)
c)	Current Fiscal Year Receivables	385,373
d)	Contributions Received	25,880,250
e)	Benefits and Refunds Paid	(41,557,485)
f)	Transfers, SCP Payments and Interest, and Miscellaneous Adjustments	112,695
g)	Expected Return at 7% per year	32,697,573
h)	Expected Assets as of 6/30/21 [(2a) + (2b) + (2c) + (2d) + (2e) + (2f) + (2g)]	492,277,237
i)	Actual Market Value of Assets as of 6/30/21	565,627,298
j)	Investment (Gain)/Loss [(2h) **-** (2i)]	($73,350,061)
3.	**Non-Investment (Gain)/Loss for the Year**	
a)	Total (Gain)/Loss (1l)	($80,577,940)
b)	Investment (Gain)/Loss (2j)	(73,350,061)
c)	Non-Investment (Gain)/Loss [(3a) - (3b)]	($7,227,879)

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
FS 30-Year Amortization	6/30/08	No Ramp		2.80%	17	(79,873)	(6,111)	(78,989)	(6,279)	(77,871)	(6,313)
Assumption Change	6/30/09	No Ramp		2.80%	8	8,561,873	1,055,676	8,053,102	1,084,707	7,479,732	1,100,133
Special (Gain)/Loss	6/30/09	No Ramp		2.80%	18	7,289,056	539,207	7,227,473	554,035	7,146,379	556,583
Special (Gain)/Loss	6/30/10	No Ramp		2.80%	19	7,983,136	572,354	7,934,495	588,094	7,866,280	590,274
Assumption Change	6/30/11	No Ramp		2.80%	10	8,336,670	889,348	7,984,475	913,805	7,583,056	924,963
Special (Gain)/Loss	6/30/11	No Ramp		2.80%	20	(2,825,526)	(196,755)	(2,814,327)	(202,166)	(2,796,775)	(202,738)
(Gain)/Loss	6/30/12	No Ramp		2.80%	21	26,244,919	1,778,476	26,191,624	1,827,384	26,084,161	1,830,983
Payment (Gain)/Loss	6/30/12	No Ramp		2.80%	21	600,392	40,685	599,173	41,804	596,715	41,887
(Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	78,856,208	5,497,416	78,537,176	5,648,595	78,040,215	5,664,340
(Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(44,332,652)	(3,007,394)	(44,239,309)	(3,090,097)	(44,054,150)	(3,096,062)
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	34,029,266	3,421,848	32,806,979	3,515,949	31,404,328	3,554,910
(Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	33,220,196	2,196,748	33,208,960	2,257,159	33,134,529	2,259,613
(Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	39,096,922	2,044,929	39,642,200	2,626,455	39,623,584	2,627,168
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	11,763,453	865,587	11,668,835	1,111,738	11,313,400	1,121,941
(Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(20,136,663)	(791,344)	(20,688,149)	(1,084,141)	(20,974,548)	(1,354,507)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	12,612,639	686,693	12,760,642	940,770	12,656,136	1,185,726
(Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(8,411,391)	(223,589)	(8,752,300)	(344,606)	(8,991,326)	(458,766)
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	22,684,145	827,187	23,371,818	1,274,902	23,643,566	1,712,047
Method Change	6/30/18	80%	Up/Down	2.80%	17	3,188,150	116,257	3,284,799	179,181	3,322,992	240,620
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	18	(2,437,399)	(222,420)	(2,373,284)	(222,420)	(2,304,809)	(218,523)

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	3,023,391	66,103	3,160,668	132,207	3,238,965	194,748
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	12,516,996	0	13,368,152	292,828	13,974,566	574,456
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	19	(1,369,886)	0	(1,463,038)	(133,757)	(1,424,295)	(131,352)
Assumption Change	6/30/21	No Ramp		0.00%	20	(679,562)	(411,164)	(300,859)	(422,677)	115,494	10,386
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(55,662,014)	0	(59,447,031)	0	(63,489,429)	(1,364,686)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	20	(7,227,879)	0	(7,719,375)	0	(8,244,292)	(741,356)
Risk Mitigation	6/30/21	No Ramp		0.00%	1	16,766,425	(485,309)	18,408,080	(498,898)	20,175,411	20,850,094
Risk Mitigation Offset	6/30/21	No Ramp		0.00%	1	(17,688,047)	0	(18,890,834)	0	(20,175,411)	(20,850,094)
Total						**165,922,945**	**15,254,428**	**161,441,156**	**16,984,572**	**154,866,603**	**16,616,475**

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			15 Year Amortization		10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2023	154,866,603	16,616,475	154,866,603	16,246,075	154,866,603	21,139,202
6/30/2024	148,225,388	16,500,063	148,608,174	16,246,075	143,551,417	21,139,201
6/30/2025	141,252,875	16,024,807	141,924,172	16,246,075	131,466,799	21,139,202
6/30/2026	134,297,378	15,499,684	134,785,658	16,246,074	118,560,426	21,139,201
6/30/2027	127,411,595	14,702,797	127,161,726	16,246,075	104,776,421	21,139,201
6/30/2028	120,881,111	15,286,496	119,019,366	16,246,074	90,055,104	21,139,202
6/30/2029	113,303,336	15,886,538	110,323,326	16,246,075	74,332,736	21,139,201
6/30/2030	104,590,166	16,503,380	101,035,955	16,246,075	57,541,248	21,139,202
6/30/2031	94,647,030	15,765,380	91,117,042	16,246,074	39,607,938	21,139,201
6/30/2032	84,790,441	15,467,247	80,523,644	16,246,074	20,455,164	21,139,202
6/30/2033	74,571,707	13,916,094	69,209,895	16,246,074		
6/30/2034	65,261,123	13,210,383	57,126,811	16,246,075		
6/30/2035	56,046,731	12,119,107	44,222,077	16,246,075		
6/30/2036	47,333,529	10,252,544	30,439,821	16,246,074		
6/30/2037	39,956,811	9,313,687	15,720,372	16,246,075		
6/30/2038	33,048,730	8,309,406				
6/30/2039	26,708,764	7,585,815				
6/30/2040	20,685,468	7,199,695				
6/30/2041	14,651,621	4,689,953				
6/30/2042	10,801,143	1,825,908				
6/30/2043	9,648,652	8,317,713				
6/30/2044	1,708,896	1,766,043				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total	**256,759,215**		**243,691,119**		**211,392,015**	
Interest Paid	**101,892,612**		**88,824,516**		**56,525,412**	
Estimated Savings			**13,068,096**		**45,367,200**	

Reconciliation of Required Employer Contributions

Normal Cost (% of Payroll)

1. For Period 7/1/22 – 6/30/23	
a) Employer Normal Cost	21.07%
b) Employee contribution	9.88%
c) Total Normal Cost	30.95%
2. Changes since the prior year annual valuation	
a) Effect of demographic experience	(0.58%)
b) Effect of plan changes	0.00%
c) Effect of Funding Risk Mitigation	1.44%
d) Effect of assumption changes	1.22%
e) Effect of method changes	0.00%
f) Net effect of the changes above [sum of (a) through (e)]	2.08%
3. For Period 7/1/23 – 6/30/24	
a) Employer Normal Cost	22.86%
b) Employee contribution	10.17%
c) Total Normal Cost	33.03%
Employer Normal Cost Change [(3a) – (1a)]	1.79%
Employee Contribution Change [(3b) – (1b)]	0.29%

Unfunded Liability Contribution ($)

1. For Period 7/1/22 – 6/30/23	17,906,147
2. Changes since the prior year annual valuation	
a) Effect of adjustments to prior year's amortization schedule	0
b) Effect of elimination of amortization bases	0
c) Effect of progression of amortization bases[1]	1,192,626
d) Effect of net investment (gain) after Funding Risk Mitigation[2]	(1,364,686)
e) Effect of non-investment (gain)/loss during the prior year	(741,356)
f) Effect of Funding Risk Mitigation (re-amortize existing bases at 6.8%)	(328,075)
g) Effect of Golden Handshake	0
h) Effect of plan changes	0
i) Effect of AL Significant Increase	0
j) Effect of assumption changes	(48,181)
k) Effect of changes due to Fresh Start or one year recognition of small balances	0
l) Effect of method change	0
m)Net effect of the changes above [sum of (a) through (l)]	(1,289,672)
3. For Period 7/1/23 – 6/30/24 [(1) + (2m)]	16,616,475

The amounts shown for the period 7/1/22 – 6/30/23 may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

[1] Includes scheduled escalation in individual amortization base payments due to the 5-year ramp and payroll growth assumption used in the pre-2019 amortization policy.

[2] The unfunded liability contribution for the investment (gain)/loss during the year prior to the valuation date is 20% of the "full" annual requirement due to the 5-year ramp. Increases to this amount that occur during the ramp period will be included in line c) in future years.

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2018 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Rate	Unfunded Liability Payment ($)	Additional Discretionary Payments
2014 - 15	19.485%	11.027%	N/A	N/A
2015 - 16	19.518%	13.746%	N/A	N/A
2016 - 17	20.293%	16.378%	N/A	N/A
2017 - 18	19.813%	N/A	7,884,394	N/A
2018 - 19	20.484%	N/A	10,213,652	0
2019 - 20	21.609%	N/A	12,715,008	0
2020 - 21	22.447%	N/A	14,418,684	0
2021 - 22	21.83%	N/A	16,150,901	
2022 - 23	21.07%	N/A	17,906,147	
2023 - 24	22.86%	N/A	16,616,475	

Funding History

The table below shows the recent history of actuarial accrued liability, market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2012	$470,067,588	$346,904,269	$123,163,319	73.8%	$32,609,136
6/30/2013	493,071,121	378,402,679	114,668,442	76.7%	33,306,463
6/30/2014	543,597,832	428,681,874	114,915,958	78.9%	34,681,739
6/30/2015	568,413,634	423,358,593	145,055,041	74.5%	35,718,498
6/30/2016	599,862,695	410,395,943	189,466,752	68.4%	36,125,382
6/30/2017	629,173,254	438,533,824	190,639,430	69.7%	35,596,645
6/30/2018	668,086,139	457,398,545	210,687,594	68.5%	35,685,305
6/30/2019	686,317,366	469,970,339	216,347,027	68.5%	34,990,127
6/30/2020	704,498,734	475,219,458	229,279,276	67.5%	33,402,039
6/30/2021	731,550,243	565,627,298	165,922,945	77.3%	32,784,018

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2023-24. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. However, based on the characteristics of the members (particularly when the number of actives is small), this may not be the case. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in the demographics of the group, changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2023-24	Number of Actives	Payroll on 6/30/2021
305	Safety Police First Level	39.53%	99	$15,281,324
25267	Safety Fire PEPRA Level	22.64%	32	$4,169,856
25268	Safety Police PEPRA Level	25.26%	41	$5,075,544
30358	Safety Fire First Level	31.54%	52	$8,257,294
	Plan Total	**33.03%**	**224**	**$32,784,018**

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences. Additionally, if a Second Level Benefit Group amended to the same benefit formula as a First Level Benefit Group, their Normal Costs may be dissimilar due to demographic or other population differences. For questions in these situations, please contact the plan actuary.

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 ("PEPRA") established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions, and demographics of the plan, particularly members' entry age into the plan. Should the total normal cost of the plan change by more than 1% from the base total normal cost established for the plan, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2023, based on 50% of the Total Normal Cost for each respective plan as of the June 30, 2021 valuation.

		Basis for Current Rate		Rates Effective July 1, 2023			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
25267	Safety Fire PEPRA Level	24.939%	12.50%	26.08%	1.141%	Yes	13.00%
25268	Safety Police PEPRA Level	24.939%	12.50%	26.08%	1.141%	Yes	13.00%

For purposes of setting member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large. The total PEPRA normal cost will be determined based on the plan's PEPRA membership only if the number of members covered under the PEPRA formula meets either:

1. 50% of the active population, or
2. 25% of the active population and 100 or more PEPRA members

Until one of these conditions is met, the plan's total PEPRA normal cost will be determined using the entire active plan population (both PEPRA and Classic) based on the PEPRA benefit provisions. For this reason, the PEPRA member contribution rate determined in the table above may not equal 50% of the total normal cost of the PEPRA group shown on the "Normal Cost by Benefit Group" page.

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through FY 2040-41	Projected Employer Contributions				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
3.0% (5th percentile)					
Normal Cost Rate	22.1%	21.4%	20.7%	19.9%	19.2%
UAL Contribution	$17,020,000	$17,585,000	$18,623,000	$19,912,000	$23,104,000
10.8% (95th percentile)					
Normal Cost Rate	22.5%	22.3%	22.0%	21.6%	21.3%
UAL Contribution	$16,008,000	$14,582,000	$12,603,000	$9,804,000	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	22.86%	22.1%
UAL Contribution	$16,616,475	$19,779,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	22.86%	22.1%
UAL Contribution	$16,616,475	$18,140,000

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	42.10%	33.03%	26.22%
b) Accrued Liability	$826,908,570	$731,550,243	$653,269,640
c) Market Value of Assets	$565,627,298	$565,627,298	$565,627,298
d) Unfunded Liability/(Surplus) [(b) - (c)]	$261,281,272	$165,922,945	$87,642,342
e) Funded Ratio	68.4%	77.3%	86.6%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.75%	33.03%	29.92%
b) Accrued Liability	$755,770,882	$731,550,243	$674,068,415
c) Market Value of Assets	$565,627,298	$565,627,298	$565,627,298
d) Unfunded Liability/(Surplus) [(b) - (c)]	$190,143,584	$165,922,945	$108,441,117
e) Funded Ratio	74.8%	77.3%	83.9%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.40%	33.03%	32.68%
b) Accrued Liability	$745,350,625	$731,550,243	$718,841,396
c) Market Value of Assets	$565,627,298	$565,627,298	$565,627,298
d) Unfunded Liability/(Surplus) [(b) - (c)]	$179,723,327	$165,922,945	$153,214,098
e) Funded Ratio	75.9%	77.3%	78.7%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	**June 30, 2020**	**June 30, 2021**
1. Retiree Accrued Liability	532,362,914	549,194,908
2. Total Accrued Liability	704,498,734	731,550,243
3. Ratio of Retiree AL to Total AL [(1) / (2)]	76%	75%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	**June 30, 2020**	**June 30, 2021**
1. Number of Actives	232	224
2. Number of Retirees	532	543
3. Support Ratio [(1) / (2)]	0.44	0.41

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Maturity Measures (continued)

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets without Receivables	$474,758,830	$565,241,925
2. Payroll	33,402,039	32,784,018
3. Asset Volatility Ratio (AVR) [(1) / (2)]	14.2	17.2
4. Accrued Liability	$704,498,734	$731,550,243
5. Liability Volatility Ratio (LVR) [(4) / (2)]	21.1	22.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
6/30/2017	72%	0.49	12.3	17.7
6/30/2018	74%	0.49	12.8	18.7
6/30/2019	74%	0.47	13.4	19.6
6/30/2020	76%	0.44	14.2	21.1
6/30/2021	75%	0.41	17.2	22.3

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently from the plan's ongoing funding liability. For this hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability[1,2] at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
$565,627,298	$1,701,372,416	33.2%	$1,135,745,118	$1,401,240,220	40.4%	$835,612,922

[1] The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

[2] The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Plan's Major Benefit Provisions

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Appendix B.

	Benefit Group						
Member Category	Police	Fire	Fire	Police	Fire	Fire	Police
Demographics							
Actives	Yes	Yes	Yes	Yes	No	No	No
Transfers/Separated	Yes	Yes	Yes	Yes	No	No	No
Receiving	Yes	Yes	No	No	Yes	Yes	Yes
Benefit Provision							
Benefit Formula	3% @ 50	3% @ 55	2.7% @ 57	2.7% @ 57			
Social Security Coverage	No	No	No	No			
Full/Modified	Full	Full	Full	Full			
Employee Contribution Rate	9.00%	9.00%	12.50%	12.50%			
Final Average Compensation Period	One Year	One Year	Three Year	Three Year			
Sick Leave Credit	Yes	Yes	Yes	Yes			
Non-Industrial Disability	Standard	Standard	Standard	Standard			
Industrial Disability	Standard	Standard	Standard	Standard			
Pre-Retirement Death Benefits							
Optional Settlement 2	No	No	No	No			
1959 Survivor Benefit Level	Level 1	Level 1	Level 1	Level 1			
Special	Yes	Yes	Yes	Yes			
Alternate (firefighters)	No	No	No	No			
Post-Retirement Death Benefits							
Lump Sum	$500	$500	$500	$500	$500	$500	$500
Survivor Allowance (PRSA)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
COLA	2%	2%	2%	2%	2%	2%	2%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Appendix B.

	Benefit Group		
Member Category	Police	Police	
Demographics			
Actives	No	No	
Transfers/Separated	No	No	
Receiving	Yes	Yes	
Benefit Provision			
Benefit Formula			
Social Security Coverage			
Full/Modified			
Employee Contribution Rate			
Final Average Compensation Period			
Sick Leave Credit			
Non-Industrial Disability			
Industrial Disability			
Pre-Retirement Death Benefits			
Optional Settlement 2			
1959 Survivor Benefit Level			
Special			
Alternate (firefighters)			
Post-Retirement Death Benefits			
Lump Sum	$500	$500	
Survivor Allowance (PRSA)	Yes	Yes	
COLA	2%	2%	

Appendices

- **Appendix A – Actuarial Methods and Assumptions**
- **Appendix B – Principal Plan Provisions**
- **Appendix C – Participant Data**
- **Appendix D – Glossary of Actuarial Terms**

Appendix A

Actuarial Methods and Assumptions

- **Actuarial Data**
- **Actuarial Methods**
- **Actuarial Assumptions**
- **Miscellaneous**

Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and generally do not have a material impact on the required employer contributions.

Actuarial Methods

Actuarial Cost Method

The actuarial cost method used is the Entry Age Actuarial Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the member's entry age to their assumed retirement age on the valuation date. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

CalPERS uses an in-house proprietary actuarial model for calculating plan costs. We believe this model is fit for its intended purpose and meets all applicable Actuarial Standards of Practice. Furthermore, the actuarial results of our model are independently confirmed periodically by outside auditing actuaries. The actuarial assumptions used are internally consistent and the generated results are reasonable.

Amortization of Unfunded Actuarial Accrued Liability

The excess of the total actuarial accrued liability over the market value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and a payment toward the UAL. The UAL payment is equal to the sum of individual amortization payments, each representing a different source of UAL for a given measurement period.

Amortization payments are determined according to the CalPERS amortization policy. The board adopted a new policy effective for the June 30, 2019 actuarial valuation. The new policy applies prospectively only; amortization bases (sources of UAL) established prior to the June 30, 2019 valuation will continue to be amortized according to the prior policy.

<u>Prior Policy (Bases Established prior to June 30, 2019)</u>

Amortization payments are determined as a level percentage of payroll whereby the payment increases each year at an escalation rate. Gains or losses are amortized over a fixed 30-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of five years. Bases established prior to June 30, 2013 may be amortized differently. A summary is provided in the following table:

Driver	Source				
	(Gain)/Loss				
	Investment	Non-investment	Assumption/Method Change	Benefit Change	Golden Handshake
Amortization Period	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate - Active Plans - Inactive Plans	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

The 5-year ramp up means that the payments in the first four years of the amortization period are 20%, 40%, 60% and 80% of the "full" payment which begins in year five. The 5-year ramp down means that the reverse is true in the final four years of the amortization period.

Current Policy (Bases Established on or after June 30, 2019)

Amortization payments are determined as a level dollar amount. Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years. A summary is provided in the table below:

	Source				
	(Gain)/Loss				
	Investment	Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	20 Years	20 Years	20 Years	20 Years	5 Years
Escalation Rate	0%	0%	0%	0%	0%
Ramp Up	5	0	0	0	0
Ramp Down	0	0	0	0	0

Exceptions for Inconsistencies

An exception to the amortization rules above is used whenever their application results in inconsistencies. In these cases, a "fresh start" approach is used. This means that the current unfunded actuarial liability is projected and amortized over a set number of years. For example, a fresh start is needed in the following situations:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

It should be noted that the actuary may determine that a fresh start is necessary under other circumstances. In all cases of a fresh start, the period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.

Exceptions for Plans in Surplus

If a surplus exists (i.e., the Market Value of Assets exceeds the plan's accrued liability) any prior amortization layers shall be considered fully amortized, and the surplus shall not be amortized.

In the event of any subsequent unfunded liability, a Fresh Start shall be used with an amortization period of 20 years or less.

Exceptions for Small Amounts

Where small unfunded liabilities are identified in annual valuations which result in small payment amounts, the actuary may shorten the remaining period for these bases.

- When the balance of a single amortization base has an absolute value less than $250, the amortization period is reduced to one year.
- When the entire unfunded liability is a small amount, the actuary may perform a Fresh Start and use an appropriate amortization period.

Exceptions for Inactive Plans

The following exceptions apply to plans classified as Inactive. These plans have no active members and no expectation to have active members in the future.

- Amortization of the unfunded liability is on a "level dollar" basis rather than a "level percent of pay" basis. For amortization layers, which utilize a ramp up and ramp down, the "ultimate" payment is constant.
- Actuarial judgment will be used to shorten amortization periods for Inactive plans with existing periods that are deemed too long given the duration of the liability. The specific demographics of the plan will be used to determine if shorter periods may be more appropriate.

Exceptions for Inactive Agencies

For a public agency with no active members in any CalPERS rate plan, the unfunded liability shall be amortized over a closed amortization period of no more than 15 years.

Asset Valuation Method

The Actuarial Value of Assets is set equal to the market value of assets. Asset values include accounts receivable.

PEPRA Normal Cost Rate Methodology

Per Government Code Section 7522.30(b), the "normal cost rate" shall mean the annual actuarially determined normal cost for the plan of retirement benefits provided to the new member and shall be established based on actuarial assumptions used to determine the liabilities and costs as part of the annual actuarial valuation. The plan of retirement benefits shall include any elements that would impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments as determined by the public retirement system.

For purposes of setting member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large. The total PEPRA normal cost will be determined based on the plan's PEPRA membership only if the number of members covered under the PEPRA formula meets either:

1. 50% of the active population, or
2. 25% of the active population and 100 or more PEPRA members

Until one of these conditions is met, the plan's total PEPRA normal cost will be determined using the entire active plan population (both PEPRA and Classic) based on the PEPRA benefit provisions.

Actuarial Assumptions

In 2021, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In November 2021, the board adopted changes to the asset allocation that increased the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 6.80%. The board also approved several changes to the demographic assumptions that more closely aligned with actual experience.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website under: Forms and Publications. Click on "View All" and search for Experience Study.

All actuarial assumptions (except the discount rates used for the hypothetical termination liability) represent an estimate of future experience rather than observations of the estimates inherent in market data.

Economic Assumptions

Discount Rate

The prescribed discount rate assumption, adopted by the board on November 17, 2021, is 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2021.

Termination Liability Discount Rate

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

The hypothetical termination liabilities in this report are calculated using an observed range of market interest rates. This range is based on the lowest and highest 20-year Treasury bond observed during an approximate 19-month period from 12 months before the valuation date to seven months after. The 20-year Treasury bond has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate. The 20-year Treasury yield was 2.00% on June 30, 2021.

Salary Growth

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases are shown below. Wage inflation assumption in the valuation year (2.80% for 2021) is added to these factors for total salary growth.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0764	0.0621	0.0521
1	0.0663	0.0528	0.0424
2	0.0576	0.0449	0.0346
3	0.0501	0.0381	0.0282
4	0.0435	0.0324	0.0229
5	0.0378	0.0276	0.0187
10	0.0201	0.0126	0.0108
15	0.0155	0.0102	0.0071
20	0.0119	0.0083	0.0047
25	0.0091	0.0067	0.0031
30	0.0070	0.0054	0.0020

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1517	0.1549	0.0631
1	0.1191	0.1138	0.0517
2	0.0936	0.0835	0.0423
3	0.0735	0.0613	0.0346
4	0.0577	0.0451	0.0284
5	0.0453	0.0331	0.0232
10	0.0188	0.0143	0.0077
15	0.0165	0.0124	0.0088
20	0.0145	0.0108	0.0101
25	0.0127	0.0094	0.0115
30	0.0112	0.0082	0.0132

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1181	0.1051	0.0653
1	0.0934	0.0812	0.0532
2	0.0738	0.0628	0.0434
3	0.0584	0.0485	0.0353
4	0.0462	0.0375	0.0288
5	0.0365	0.0290	0.0235
10	0.0185	0.0155	0.0118
15	0.0183	0.0150	0.0131
20	0.0181	0.0145	0.0145
25	0.0179	0.0141	0.0161
30	0.0178	0.0136	0.0179

Salary Growth (continued)

Public Agency County Peace Officers

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1238	0.1053	0.0890
1	0.0941	0.0805	0.0674
2	0.0715	0.0616	0.0510
3	0.0544	0.0471	0.0387
4	0.0413	0.0360	0.0293
5	0.0314	0.0276	0.0222
10	0.0184	0.0142	0.0072
15	0.0174	0.0124	0.0073
20	0.0164	0.0108	0.0074
25	0.0155	0.0094	0.0075
30	0.0147	0.0083	0.0077

Schools

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0275	0.0275	0.0200
1	0.0422	0.0373	0.0298
2	0.0422	0.0373	0.0298
3	0.0422	0.0373	0.0298
4	0.0388	0.0314	0.0245
5	0.0308	0.0239	0.0179
10	0.0236	0.0160	0.0121
15	0.0182	0.0135	0.0103
20	0.0145	0.0109	0.0085
25	0.0124	0.0102	0.0058
30	0.0075	0.0053	0.0019

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Price Inflation

2.30% compounded annually.

Wage Inflation

2.80% compounded annually (used in projecting individual salary increases).

Payroll Growth

2.80% compounded annually (used in projecting the payroll over which the unfunded liability is amortized for level percent of payroll bases). This assumption is used for all plans with active members.

Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 2.30% price inflation assumption and any potential liability loss from future member service purchases that are not reflected in the valuation.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Total years of service is increased by 1% for those plans that have adopted the provision of providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 5% contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. For purposes of the mortality rates, the rates incorporate generational mortality to capture on-going mortality improvement. Generational mortality explicitly assumes that members born more recently will live longer than the members born before them thereby capturing the mortality improvement seen in the past and expected continued improvement. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

Rates vary by age and gender are shown in the table below. This table only contains a sample of the 2017 base table rates for illustrative purposes. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety plans (except for local Safety members described in Section 20423.6 where the agency has not specifically contracted for industrial death benefits.)

	Miscellaneous		**Safety**			
	Non-Industrial Death (Not Job-Related)		**Non-Industrial Death (Not Job-Related)**		**Industrial Death (Job-Related)**	
Age	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00038	0.00014	0.00004	0.00002
25	0.00033	0.00013	0.00034	0.00018	0.00004	0.00002
30	0.00044	0.00019	0.00042	0.00025	0.00005	0.00003
35	0.00058	0.00029	0.00048	0.00034	0.00005	0.00004
40	0.00075	0.00039	0.00055	0.00042	0.00006	0.00005
45	0.00093	0.00054	0.00066	0.00053	0.00007	0.00006
50	0.00134	0.00081	0.00092	0.00073	0.00010	0.00008
55	0.00198	0.00123	0.00138	0.00106	0.00015	0.00012
60	0.00287	0.00179	0.00221	0.00151	0.00025	0.00017
65	0.00403	0.00250	0.00346	0.00194	0.00038	0.00022
70	0.00594	0.00404	0.00606	0.00358	0.00067	0.00040
75	0.00933	0.00688	0.01099	0.00699	0.00122	0.00078
80	0.01515	0.01149	0.02027	0.01410	0.00225	0.00157

- The pre-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.
- Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. If so, each non-industrial death rate shown above will be split into two components: 99% will become the non-industrial death rate and 1% will become the industrial death rate.

Post-Retirement Mortality

Rates vary by age, type of retirement, and gender. See sample rates in table below. These rates are used for all plans.

	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
50	0.00267	0.00199	0.01701	0.01439	0.00430	0.00311
55	0.00390	0.00325	0.02210	0.01734	0.00621	0.00550
60	0.00578	0.00455	0.02708	0.01962	0.00944	0.00868
65	0.00857	0.00612	0.03334	0.02276	0.01394	0.01190
70	0.01333	0.00996	0.04001	0.02910	0.02163	0.01858
75	0.02391	0.01783	0.05376	0.04160	0.03446	0.03134
80	0.04371	0.03403	0.07936	0.06112	0.05853	0.05183
85	0.08274	0.06166	0.11561	0.09385	0.10137	0.08045
90	0.14539	0.11086	0.16608	0.14396	0.16584	0.12434
95	0.24665	0.20364	0.24665	0.20364	0.24665	0.20364
100	0.36198	0.31582	0.36198	0.31582	0.36198	0.31582
105	0.52229	0.44679	0.52229	0.44679	0.52229	0.44679
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The post-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

Marital Status

For active members, a percentage who are married upon retirement is assumed according to the member category as shown in the following table.

Member Category	Percent Married
Miscellaneous Member	70%
Local Police	85%
Local Fire	85%
Other Local Safety	70%
School Police	85%
Local County Peace Officers	75%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to retire at age 59 for Miscellaneous members and age 54 for Safety members.

Termination with Refund

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.1851	0.1944	0.1769	0.1899	0.1631	0.1824	0.1493	0.1749	0.1490	0.1731	0.1487	0.1713
1	0.1531	0.1673	0.1432	0.1602	0.1266	0.1484	0.1101	0.1366	0.1069	0.1323	0.1037	0.1280
2	0.1218	0.1381	0.1125	0.1307	0.0970	0.1183	0.0815	0.1058	0.0771	0.0998	0.0726	0.0938
3	0.0927	0.1085	0.0852	0.1020	0.0727	0.0912	0.0601	0.0804	0.0556	0.0737	0.0511	0.0669
4	0.0672	0.0801	0.0616	0.0752	0.0524	0.0670	0.0431	0.0587	0.0392	0.0523	0.0352	0.0459
5	0.0463	0.0551	0.0423	0.0517	0.0358	0.0461	0.0292	0.0404	0.0261	0.0350	0.0230	0.0296
10	0.0112	0.0140	0.0101	0.0129	0.0083	0.0112	0.0064	0.0094	0.0048	0.0071	0.0033	0.0049
15	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
0	0.1022	0.1317	0.1298	0.1389	0.1086	0.1284
1	0.0686	0.1007	0.0789	0.0904	0.0777	0.0998
2	0.0441	0.0743	0.0464	0.0566	0.0549	0.0759
3	0.0272	0.0524	0.0274	0.0343	0.0385	0.0562
4	0.0161	0.0349	0.0170	0.0206	0.0268	0.0402
5	0.0092	0.0214	0.0113	0.0128	0.0186	0.0276
10	0.0015	0.0000	0.0032	0.0047	0.0046	0.0038
15	0.0000	0.0000	0.0000	0.0000	0.0023	0.0036
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- The police termination and refund rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Termination with Refund (continued)

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.2054	0.2120	0.1933	0.1952	0.1730	0.1672	0.1527	0.1392	0.1423	0.1212	0.1318	0.1032
1	0.1922	0.2069	0.1778	0.1883	0.1539	0.1573	0.1300	0.1264	0.1191	0.1087	0.1083	0.0910
2	0.1678	0.1859	0.1536	0.1681	0.1298	0.1383	0.1060	0.1086	0.0957	0.0934	0.0853	0.0782
3	0.1384	0.1575	0.1256	0.1417	0.1042	0.1155	0.0829	0.0893	0.0736	0.0774	0.0643	0.0656
4	0.1085	0.1274	0.0978	0.1143	0.0800	0.0925	0.0622	0.0707	0.0542	0.0620	0.0462	0.0533
5	0.0816	0.0991	0.0732	0.0887	0.0590	0.0713	0.0449	0.0539	0.0383	0.0476	0.0317	0.0413
10	0.0222	0.0248	0.0200	0.0221	0.0163	0.0174	0.0125	0.0128	0.0094	0.0100	0.0063	0.0072
15	0.0106	0.0132	0.0095	0.0113	0.0077	0.0083	0.0058	0.0052	0.0040	0.0039	0.0021	0.0026
20	0.0059	0.0065	0.0050	0.0054	0.0035	0.0036	0.0021	0.0019	0.0010	0.0009	0.0000	0.0000
25	0.0029	0.0034	0.0025	0.0029	0.0018	0.0020	0.0010	0.0012	0.0005	0.0006	0.0000	0.0000
30	0.0012	0.0015	0.0011	0.0013	0.0011	0.0011	0.0010	0.0009	0.0005	0.0005	0.0000	0.0000
35	0.0006	0.0007	0.0006	0.0007	0.0005	0.0006	0.0005	0.0005	0.0003	0.0002	0.0000	0.0000

Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0381	0.0524	0.0381	0.0524	0.0358	0.0464	0.0334	0.0405	0.0301	0.0380
10	0.0265	0.0362	0.0265	0.0362	0.0254	0.0334	0.0244	0.0307	0.0197	0.0236
15	0.0180	0.0252	0.0180	0.0252	0.0166	0.0213	0.0152	0.0174	0.0119	0.0132
20	0.0141	0.0175	0.0141	0.0175	0.0110	0.0131	0.0079	0.0087	0.0000	0.0000
25	0.0084	0.0108	0.0084	0.0108	0.0064	0.0076	0.0000	0.0000	0.0000	0.0000
30	0.0047	0.0056	0.0047	0.0056	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0038	0.0041	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
5	0.0089	0.0224	0.0156	0.0272	0.0177	0.0266
10	0.0066	0.0164	0.0113	0.0198	0.0126	0.0189
15	0.0048	0.0120	0.0083	0.0144	0.0089	0.0134
20	0.0035	0.0088	0.0060	0.0105	0.0063	0.0095
25	0.0024	0.0061	0.0042	0.0073	0.0042	0.0063
30	0.0012	0.0031	0.0021	0.0037	0.0021	0.0031
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- After termination with vested benefits, a Miscellaneous member is assumed to retire at age 59 and a Safety member at age 54.
- The Police termination with vested benefits rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0359	0.0501	0.0359	0.0501	0.0332	0.0402	0.0305	0.0304	0.0266	0.0272
10	0.0311	0.0417	0.0311	0.0417	0.0269	0.0341	0.0228	0.0265	0.0193	0.0233
15	0.0193	0.0264	0.0193	0.0264	0.0172	0.0220	0.0151	0.0175	0.0123	0.0142
20	0.0145	0.0185	0.0145	0.0185	0.0113	0.0141	0.0080	0.0097	0.0000	0.0000
25	0.0089	0.0123	0.0089	0.0123	0.0074	0.0093	0.0000	0.0000	0.0000	0.0000
30	0.0057	0.0064	0.0057	0.0064	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0040	0.0049	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous plans. Rates vary by age and category for Safety plans.

	Miscellaneous		Fire	Police	County Peace Officer	Schools	
Age	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0000	0.0001	0.0001	0.0001	0.0000	0.0002
25	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000	0.0002
30	0.0002	0.0003	0.0001	0.0001	0.0001	0.0002	0.0002
35	0.0004	0.0007	0.0001	0.0002	0.0003	0.0005	0.0004
40	0.0009	0.0012	0.0001	0.0002	0.0006	0.0010	0.0008
45	0.0015	0.0019	0.0002	0.0003	0.0011	0.0019	0.0015
50	0.0015	0.0019	0.0004	0.0005	0.0016	0.0027	0.0021
55	0.0014	0.0013	0.0006	0.0007	0.0009	0.0024	0.0017
60	0.0012	0.0009	0.0006	0.0011	0.0005	0.0020	0.0010

- The Miscellaneous non-industrial disability rates are used for Local Prosecutors.
- The police non-industrial disability rates are also used for Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0001	0.0000	0.0004
25	0.0002	0.0017	0.0013
30	0.0006	0.0048	0.0025
35	0.0012	0.0079	0.0037
40	0.0023	0.0110	0.0051
45	0.0040	0.0141	0.0067
50	0.0208	0.0185	0.0092
55	0.0307	0.0479	0.0151
60	0.0438	0.0602	0.0174

- The police industrial disability rates are also used for Local Sheriff and Other Safety.
- 50% of the police industrial disability rates are used for School Police.
- 1% of the police industrial disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous plans unless the agency has specifically contracted for industrial disability benefits. If so, each Miscellaneous non-industrial disability rate will be split into two components: 50% will become the non-industrial disability rate and 50% will become the industrial disability rate.

Service Retirement

Retirement rates vary by age, service, and formula, except for the Safety Half Pay at 55 and 2% at 55 formulas, where retirement rates vary by age only.

Public Agency Miscellaneous 1.5% at 65

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.011	0.013	0.015	0.017	0.019
51	0.007	0.010	0.012	0.013	0.015	0.017
52	0.010	0.014	0.017	0.019	0.021	0.024
53	0.008	0.012	0.015	0.017	0.019	0.022
54	0.012	0.016	0.019	0.022	0.025	0.028
55	0.018	0.025	0.031	0.035	0.038	0.043
56	0.015	0.021	0.025	0.029	0.032	0.036
57	0.020	0.028	0.033	0.038	0.043	0.048
58	0.024	0.033	0.040	0.046	0.052	0.058
59	0.028	0.039	0.048	0.054	0.060	0.067
60	0.049	0.069	0.083	0.094	0.105	0.118
61	0.062	0.087	0.106	0.120	0.133	0.150
62	0.104	0.146	0.177	0.200	0.223	0.251
63	0.099	0.139	0.169	0.191	0.213	0.239
64	0.097	0.136	0.165	0.186	0.209	0.233
65	0.140	0.197	0.240	0.271	0.302	0.339
66	0.092	0.130	0.157	0.177	0.198	0.222
67	0.129	0.181	0.220	0.249	0.277	0.311
68	0.092	0.129	0.156	0.177	0.197	0.221
69	0.092	0.130	0.158	0.178	0.199	0.224
70	0.103	0.144	0.175	0.198	0.221	0.248

Public Agency Miscellaneous 2% at 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.011	0.014	0.014	0.017	0.017
51	0.017	0.013	0.014	0.010	0.010	0.010
52	0.014	0.014	0.018	0.015	0.016	0.016
53	0.015	0.012	0.013	0.010	0.011	0.011
54	0.006	0.010	0.017	0.016	0.018	0.018
55	0.012	0.016	0.024	0.032	0.036	0.036
56	0.010	0.014	0.023	0.030	0.034	0.034
57	0.006	0.018	0.030	0.040	0.044	0.044
58	0.022	0.023	0.033	0.042	0.046	0.046
59	0.039	0.033	0.040	0.047	0.050	0.050
60	0.063	0.069	0.074	0.090	0.137	0.116
61	0.044	0.058	0.066	0.083	0.131	0.113
62	0.084	0.107	0.121	0.153	0.238	0.205
63	0.173	0.166	0.165	0.191	0.283	0.235
64	0.120	0.145	0.164	0.147	0.160	0.172
65	0.138	0.160	0.214	0.216	0.237	0.283
66	0.198	0.228	0.249	0.216	0.228	0.239
67	0.207	0.242	0.230	0.233	0.233	0.233
68	0.201	0.234	0.225	0.231	0.231	0.231
69	0.152	0.173	0.164	0.166	0.166	0.166
70	0.200	0.200	0.200	0.200	0.200	0.200

Service Retirement

Public Agency Miscellaneous 2% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.017	0.021	0.023	0.024
51	0.013	0.017	0.017	0.018	0.018	0.019
52	0.013	0.018	0.018	0.020	0.020	0.021
53	0.013	0.019	0.021	0.024	0.025	0.026
54	0.017	0.025	0.028	0.032	0.033	0.035
55	0.045	0.042	0.053	0.086	0.098	0.123
56	0.018	0.036	0.056	0.086	0.102	0.119
57	0.041	0.046	0.056	0.076	0.094	0.120
58	0.052	0.044	0.048	0.074	0.106	0.123
59	0.043	0.058	0.073	0.092	0.105	0.126
60	0.059	0.064	0.083	0.115	0.154	0.170
61	0.087	0.074	0.087	0.107	0.147	0.168
62	0.115	0.123	0.151	0.180	0.227	0.237
63	0.116	0.127	0.164	0.202	0.252	0.261
64	0.084	0.138	0.153	0.190	0.227	0.228
65	0.167	0.187	0.210	0.262	0.288	0.291
66	0.187	0.258	0.280	0.308	0.318	0.319
67	0.195	0.235	0.244	0.277	0.269	0.280
68	0.228	0.248	0.250	0.241	0.245	0.245
69	0.188	0.201	0.209	0.219	0.231	0.231
70	0.229	0.229	0.229	0.229	0.229	0.229

Public Agency Miscellaneous 2.5% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.017	0.027	0.035	0.046	0.050
51	0.019	0.021	0.025	0.030	0.038	0.040
52	0.018	0.020	0.026	0.034	0.038	0.037
53	0.013	0.021	0.031	0.045	0.052	0.053
54	0.025	0.025	0.030	0.046	0.057	0.068
55	0.029	0.042	0.064	0.109	0.150	0.225
56	0.036	0.047	0.068	0.106	0.134	0.194
57	0.051	0.047	0.060	0.092	0.116	0.166
58	0.035	0.046	0.062	0.093	0.119	0.170
59	0.029	0.053	0.072	0.112	0.139	0.165
60	0.039	0.069	0.094	0.157	0.177	0.221
61	0.080	0.077	0.086	0.140	0.167	0.205
62	0.086	0.131	0.149	0.220	0.244	0.284
63	0.135	0.135	0.147	0.214	0.222	0.262
64	0.114	0.128	0.158	0.177	0.233	0.229
65	0.112	0.174	0.222	0.209	0.268	0.273
66	0.235	0.254	0.297	0.289	0.321	0.337
67	0.237	0.240	0.267	0.249	0.267	0.277
68	0.258	0.271	0.275	0.207	0.210	0.212
69	0.117	0.208	0.266	0.219	0.250	0.270
70	0.229	0.229	0.229	0.229	0.229	0.229

Service Retirement

Public Agency Miscellaneous 2.7% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.016	0.022	0.033	0.034	0.038
51	0.018	0.019	0.023	0.032	0.031	0.031
52	0.019	0.020	0.026	0.035	0.034	0.037
53	0.020	0.020	0.025	0.043	0.048	0.053
54	0.018	0.030	0.040	0.052	0.053	0.070
55	0.045	0.058	0.082	0.138	0.208	0.278
56	0.057	0.062	0.080	0.121	0.178	0.222
57	0.045	0.052	0.071	0.106	0.147	0.182
58	0.074	0.060	0.074	0.118	0.163	0.182
59	0.058	0.067	0.086	0.123	0.158	0.187
60	0.087	0.084	0.096	0.142	0.165	0.198
61	0.073	0.084	0.101	0.138	0.173	0.218
62	0.130	0.133	0.146	0.187	0.214	0.249
63	0.122	0.140	0.160	0.204	0.209	0.243
64	0.104	0.124	0.154	0.202	0.214	0.230
65	0.182	0.201	0.242	0.264	0.293	0.293
66	0.272	0.249	0.273	0.285	0.312	0.312
67	0.182	0.217	0.254	0.249	0.264	0.264
68	0.223	0.197	0.218	0.242	0.273	0.273
69	0.217	0.217	0.217	0.217	0.217	0.217
70	0.227	0.227	0.227	0.227	0.227	0.227

Public Agency Miscellaneous 3% at 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.025	0.039	0.040	0.044
51	0.041	0.034	0.032	0.041	0.036	0.037
52	0.024	0.020	0.022	0.039	0.040	0.041
53	0.018	0.024	0.032	0.047	0.048	0.057
54	0.033	0.033	0.035	0.051	0.049	0.052
55	0.137	0.043	0.051	0.065	0.076	0.108
56	0.173	0.038	0.054	0.075	0.085	0.117
57	0.019	0.035	0.059	0.088	0.111	0.134
58	0.011	0.040	0.070	0.105	0.133	0.162
59	0.194	0.056	0.064	0.081	0.113	0.163
60	0.081	0.085	0.133	0.215	0.280	0.333
61	0.080	0.090	0.134	0.170	0.223	0.292
62	0.137	0.153	0.201	0.250	0.278	0.288
63	0.128	0.140	0.183	0.227	0.251	0.260
64	0.174	0.147	0.173	0.224	0.239	0.264
65	0.152	0.201	0.262	0.299	0.323	0.323
66	0.272	0.273	0.317	0.355	0.380	0.380
67	0.218	0.237	0.268	0.274	0.284	0.284
68	0.200	0.228	0.269	0.285	0.299	0.299
69	0.250	0.250	0.250	0.250	0.250	0.250
70	0.245	0.245	0.245	0.245	0.245	0.245

Service Retirement

Public Agency Miscellaneous 2% at 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.005	0.008	0.012	0.015	0.019	0.031
53	0.007	0.011	0.014	0.018	0.021	0.032
54	0.007	0.011	0.015	0.019	0.023	0.034
55	0.010	0.019	0.028	0.036	0.061	0.096
56	0.014	0.026	0.038	0.050	0.075	0.108
57	0.018	0.029	0.039	0.050	0.074	0.107
58	0.023	0.035	0.048	0.060	0.073	0.099
59	0.025	0.038	0.051	0.065	0.092	0.128
60	0.031	0.051	0.071	0.091	0.111	0.138
61	0.038	0.058	0.079	0.100	0.121	0.167
62	0.044	0.074	0.104	0.134	0.164	0.214
63	0.077	0.105	0.134	0.163	0.192	0.237
64	0.072	0.101	0.129	0.158	0.187	0.242
65	0.108	0.141	0.173	0.206	0.239	0.300
66	0.132	0.172	0.212	0.252	0.292	0.366
67	0.132	0.172	0.212	0.252	0.292	0.366
68	0.120	0.156	0.193	0.229	0.265	0.333
69	0.120	0.156	0.193	0.229	0.265	0.333
70	0.120	0.156	0.193	0.229	0.265	0.333

Service Retirement

Public Agency Fire Half Pay at 55 and 2% at 55

Age	Rate	Age	Rate
50	0.016	56	0.111
51	0.000	57	0.000
52	0.034	58	0.095
53	0.020	59	0.044
54	0.041	60	1.000
55	0.075		

Public Agency Police Half Pay at 55 and 2% at 55

Age	Rate	Age	Rate
50	0.026	56	0.069
51	0.000	57	0.051
52	0.016	58	0.072
53	0.027	59	0.070
54	0.010	60	0.300
55	0.167		

Service Retirement

Public Agency Police 2% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.018	0.077	0.056	0.046	0.043	0.046
51	0.022	0.087	0.060	0.048	0.044	0.047
52	0.020	0.102	0.081	0.071	0.069	0.075
53	0.016	0.072	0.053	0.045	0.042	0.046
54	0.006	0.071	0.071	0.069	0.072	0.080
55	0.009	0.040	0.099	0.157	0.186	0.186
56	0.020	0.051	0.108	0.165	0.194	0.194
57	0.036	0.072	0.106	0.139	0.156	0.156
58	0.001	0.046	0.089	0.130	0.152	0.152
59	0.066	0.094	0.119	0.143	0.155	0.155
60	0.177	0.177	0.177	0.177	0.177	0.177
61	0.134	0.134	0.134	0.134	0.134	0.134
62	0.184	0.184	0.184	0.184	0.184	0.184
63	0.250	0.250	0.250	0.250	0.250	0.250
64	0.177	0.177	0.177	0.177	0.177	0.177
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.054	0.054	0.056	0.080	0.064	0.066
51	0.020	0.020	0.021	0.030	0.024	0.024
52	0.037	0.037	0.038	0.054	0.043	0.045
53	0.051	0.051	0.053	0.076	0.061	0.063
54	0.082	0.082	0.085	0.121	0.097	0.100
55	0.139	0.139	0.139	0.139	0.139	0.139
56	0.129	0.129	0.129	0.129	0.129	0.129
57	0.085	0.085	0.085	0.085	0.085	0.085
58	0.119	0.119	0.119	0.119	0.119	0.119
59	0.167	0.167	0.167	0.167	0.167	0.167
60	0.152	0.152	0.152	0.152	0.152	0.152
61	0.179	0.179	0.179	0.179	0.179	0.179
62	0.179	0.179	0.179	0.179	0.179	0.179
63	0.179	0.179	0.179	0.179	0.179	0.179
64	0.179	0.179	0.179	0.179	0.179	0.179
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.019	0.053	0.045	0.054	0.057	0.061
51	0.002	0.017	0.028	0.044	0.053	0.060
52	0.002	0.031	0.037	0.051	0.059	0.066
53	0.026	0.049	0.049	0.080	0.099	0.114
54	0.019	0.034	0.047	0.091	0.121	0.142
55	0.006	0.115	0.141	0.199	0.231	0.259
56	0.017	0.188	0.121	0.173	0.199	0.199
57	0.008	0.137	0.093	0.136	0.157	0.157
58	0.017	0.126	0.105	0.164	0.194	0.194
59	0.026	0.146	0.110	0.167	0.195	0.195
60	0.155	0.155	0.155	0.155	0.155	0.155
61	0.210	0.210	0.210	0.210	0.210	0.210
62	0.262	0.262	0.262	0.262	0.262	0.262
63	0.172	0.172	0.172	0.172	0.172	0.172
64	0.227	0.227	0.227	0.227	0.227	0.227
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 3% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.003	0.006	0.013	0.019	0.025	0.028
51	0.004	0.008	0.017	0.026	0.034	0.038
52	0.005	0.011	0.022	0.033	0.044	0.049
53	0.005	0.034	0.024	0.038	0.069	0.138
54	0.007	0.047	0.032	0.051	0.094	0.187
55	0.010	0.067	0.046	0.073	0.134	0.266
56	0.010	0.063	0.044	0.069	0.127	0.253
57	0.135	0.100	0.148	0.196	0.220	0.220
58	0.083	0.062	0.091	0.120	0.135	0.135
59	0.137	0.053	0.084	0.146	0.177	0.177
60	0.162	0.063	0.099	0.172	0.208	0.208
61	0.598	0.231	0.231	0.231	0.231	0.231
62	0.621	0.240	0.240	0.240	0.240	0.240
63	0.236	0.236	0.236	0.236	0.236	0.236
64	0.236	0.236	0.236	0.236	0.236	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.124	0.103	0.113	0.143	0.244	0.376
51	0.060	0.081	0.087	0.125	0.207	0.294
52	0.016	0.055	0.111	0.148	0.192	0.235
53	0.072	0.074	0.098	0.142	0.189	0.237
54	0.018	0.049	0.105	0.123	0.187	0.271
55	0.069	0.074	0.081	0.113	0.209	0.305
56	0.064	0.108	0.113	0.125	0.190	0.288
57	0.056	0.109	0.160	0.182	0.210	0.210
58	0.108	0.129	0.173	0.189	0.214	0.214
59	0.093	0.144	0.204	0.229	0.262	0.262
60	0.343	0.180	0.159	0.188	0.247	0.247
61	0.221	0.221	0.221	0.221	0.221	0.221
62	0.213	0.213	0.213	0.213	0.213	0.213
63	0.233	0.233	0.233	0.233	0.233	0.233
64	0.234	0.234	0.234	0.234	0.234	0.234
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 3% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.095	0.048	0.053	0.093	0.134	0.175
51	0.016	0.032	0.053	0.085	0.117	0.149
52	0.013	0.032	0.054	0.087	0.120	0.154
53	0.085	0.044	0.049	0.089	0.129	0.170
54	0.038	0.065	0.074	0.105	0.136	0.167
55	0.042	0.043	0.049	0.085	0.132	0.215
56	0.133	0.103	0.075	0.113	0.151	0.209
57	0.062	0.048	0.060	0.124	0.172	0.213
58	0.124	0.097	0.092	0.153	0.194	0.227
59	0.092	0.071	0.078	0.144	0.192	0.233
60	0.056	0.044	0.061	0.131	0.186	0.233
61	0.282	0.219	0.158	0.198	0.233	0.260
62	0.292	0.227	0.164	0.205	0.241	0.269
63	0.196	0.196	0.196	0.196	0.196	0.196
64	0.197	0.197	0.197	0.197	0.197	0.197
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.040	0.040	0.040	0.040	0.040	0.080
51	0.028	0.028	0.028	0.028	0.040	0.066
52	0.028	0.028	0.028	0.028	0.043	0.061
53	0.028	0.028	0.028	0.028	0.057	0.086
54	0.028	0.028	0.028	0.032	0.069	0.110
55	0.050	0.050	0.050	0.067	0.099	0.179
56	0.046	0.046	0.046	0.062	0.090	0.160
57	0.054	0.054	0.054	0.072	0.106	0.191
58	0.060	0.060	0.060	0.066	0.103	0.171
59	0.060	0.060	0.060	0.069	0.105	0.171
60	0.113	0.113	0.113	0.113	0.113	0.171
61	0.108	0.108	0.108	0.108	0.108	0.128
62	0.113	0.113	0.113	0.113	0.113	0.159
63	0.113	0.113	0.113	0.113	0.113	0.159
64	0.113	0.113	0.113	0.113	0.113	0.239
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.005	0.005	0.005	0.008	0.012
51	0.006	0.006	0.006	0.006	0.009	0.013
52	0.012	0.012	0.012	0.012	0.019	0.028
53	0.033	0.033	0.033	0.033	0.050	0.075
54	0.045	0.045	0.045	0.045	0.069	0.103
55	0.061	0.061	0.061	0.061	0.094	0.140
56	0.055	0.055	0.055	0.055	0.084	0.126
57	0.081	0.081	0.081	0.081	0.125	0.187
58	0.059	0.059	0.059	0.059	0.091	0.137
59	0.055	0.055	0.055	0.055	0.084	0.126
60	0.085	0.085	0.085	0.085	0.131	0.196
61	0.085	0.085	0.085	0.085	0.131	0.196
62	0.085	0.085	0.085	0.085	0.131	0.196
63	0.085	0.085	0.085	0.085	0.131	0.196
64	0.085	0.085	0.085	0.085	0.131	0.196
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.5% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.050	0.050	0.050	0.050	0.050	0.100
51	0.038	0.038	0.038	0.038	0.055	0.089
52	0.038	0.038	0.038	0.038	0.058	0.082
53	0.036	0.036	0.036	0.036	0.073	0.111
54	0.036	0.036	0.036	0.041	0.088	0.142
55	0.061	0.061	0.061	0.082	0.120	0.217
56	0.056	0.056	0.056	0.075	0.110	0.194
57	0.060	0.060	0.060	0.080	0.118	0.213
58	0.072	0.072	0.072	0.079	0.124	0.205
59	0.072	0.072	0.072	0.083	0.126	0.205
60	0.135	0.135	0.135	0.135	0.135	0.205
61	0.130	0.130	0.130	0.130	0.130	0.153
62	0.135	0.135	0.135	0.135	0.135	0.191
63	0.135	0.135	0.135	0.135	0.135	0.191
64	0.135	0.135	0.135	0.135	0.135	0.287
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2.5% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.012	0.018
52	0.016	0.016	0.016	0.016	0.025	0.038
53	0.042	0.042	0.042	0.042	0.064	0.096
54	0.057	0.057	0.057	0.057	0.088	0.132
55	0.074	0.074	0.074	0.074	0.114	0.170
56	0.066	0.066	0.066	0.066	0.102	0.153
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.071	0.071	0.071	0.071	0.110	0.164
59	0.066	0.066	0.066	0.066	0.101	0.151
60	0.102	0.102	0.102	0.102	0.157	0.235
61	0.102	0.102	0.102	0.102	0.157	0.236
62	0.102	0.102	0.102	0.102	0.157	0.236
63	0.102	0.102	0.102	0.102	0.157	0.236
64	0.102	0.102	0.102	0.102	0.157	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.7% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.050	0.050	0.050	0.050	0.050	0.100
51	0.040	0.040	0.040	0.040	0.058	0.094
52	0.038	0.038	0.038	0.038	0.058	0.083
53	0.038	0.038	0.038	0.038	0.077	0.117
54	0.038	0.038	0.038	0.044	0.093	0.150
55	0.068	0.068	0.068	0.091	0.134	0.242
56	0.063	0.063	0.063	0.084	0.123	0.217
57	0.060	0.060	0.060	0.080	0.118	0.213
58	0.080	0.080	0.080	0.088	0.138	0.228
59	0.080	0.080	0.080	0.092	0.140	0.228
60	0.150	0.150	0.150	0.150	0.150	0.228
61	0.144	0.144	0.144	0.144	0.144	0.170
62	0.150	0.150	0.150	0.150	0.150	0.213
63	0.150	0.150	0.150	0.150	0.150	0.213
64	0.150	0.150	0.150	0.150	0.150	0.319
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2.7% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.013	0.019
52	0.016	0.016	0.016	0.016	0.025	0.038
53	0.044	0.044	0.044	0.044	0.068	0.102
54	0.061	0.061	0.061	0.061	0.093	0.140
55	0.083	0.083	0.083	0.083	0.127	0.190
56	0.074	0.074	0.074	0.074	0.114	0.171
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.079	0.079	0.079	0.079	0.122	0.182
59	0.073	0.073	0.073	0.073	0.112	0.168
60	0.114	0.114	0.114	0.114	0.175	0.262
61	0.114	0.114	0.114	0.114	0.175	0.262
62	0.114	0.114	0.114	0.114	0.175	0.262
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Schools 2% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.003	0.004	0.006	0.007	0.010	0.010
51	0.004	0.005	0.007	0.008	0.011	0.011
52	0.005	0.007	0.008	0.009	0.012	0.012
53	0.007	0.008	0.010	0.012	0.015	0.015
54	0.006	0.009	0.012	0.015	0.020	0.021
55	0.011	0.023	0.034	0.057	0.070	0.090
56	0.012	0.027	0.036	0.056	0.073	0.095
57	0.016	0.027	0.036	0.055	0.068	0.087
58	0.019	0.030	0.040	0.062	0.078	0.103
59	0.023	0.034	0.046	0.070	0.085	0.109
60	0.022	0.043	0.062	0.095	0.113	0.141
61	0.030	0.051	0.071	0.103	0.124	0.154
62	0.065	0.098	0.128	0.188	0.216	0.248
63	0.075	0.112	0.144	0.197	0.222	0.268
64	0.091	0.116	0.138	0.180	0.196	0.231
65	0.163	0.164	0.197	0.232	0.250	0.271
66	0.208	0.204	0.243	0.282	0.301	0.315
67	0.189	0.185	0.221	0.257	0.274	0.287
68	0.127	0.158	0.200	0.227	0.241	0.244
69	0.168	0.162	0.189	0.217	0.229	0.238
70	0.191	0.190	0.237	0.250	0.246	0.254

Schools 2% at 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.004	0.007	0.010	0.011	0.013	0.015
53	0.004	0.008	0.010	0.013	0.014	0.016
54	0.005	0.011	0.015	0.018	0.020	0.022
55	0.014	0.027	0.038	0.045	0.050	0.056
56	0.013	0.026	0.037	0.043	0.048	0.055
57	0.013	0.027	0.038	0.045	0.050	0.055
58	0.017	0.034	0.047	0.056	0.062	0.069
59	0.019	0.037	0.052	0.062	0.068	0.076
60	0.026	0.053	0.074	0.087	0.097	0.108
61	0.030	0.058	0.081	0.095	0.106	0.119
62	0.053	0.105	0.147	0.174	0.194	0.217
63	0.054	0.107	0.151	0.178	0.198	0.222
64	0.053	0.105	0.147	0.174	0.194	0.216
65	0.072	0.142	0.199	0.235	0.262	0.293
66	0.077	0.152	0.213	0.252	0.281	0.314
67	0.070	0.139	0.194	0.229	0.255	0.286
68	0.063	0.124	0.173	0.205	0.228	0.255
69	0.066	0.130	0.183	0.216	0.241	0.270
70	0.071	0.140	0.196	0.231	0.258	0.289

Miscellaneous

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 are taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law. The Section 415(b) dollar limit for the 2021 calendar year is $230,000.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. The compensation limit for classic members for the 2021 calendar year is $290,000.

Appendix B

Principal Plan Provisions

The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Hands hakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the Public Employees' Retirement Law. The law itself governs in all situations.

Service Retirement

Eligibility

A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at age 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRA Miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service.

Benefit

The service retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation.*

- The *benefit factor* depends on the benefit formula specified in the agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

Miscellaneous Plan Formulas

Retirement Age	1.5% at 65	2% at 60	2% at 55	2.5% at 55	2.7% at 55	3% at 60	PEPRA 2% at 62
50	0.5000%	1.092%	1.426%	2.000%	2.000%	2.000%	N/A
51	0.5667%	1.156%	1.522%	2.100%	2.140%	2.100%	N/A
52	0.6334%	1.224%	1.628%	2.200%	2.280%	2.200%	1.000%
53	0.7000%	1.296%	1.742%	2.300%	2.420%	2.300%	1.100%
54	0.7667%	1.376%	1.866%	2.400%	2.560%	2.400%	1.200%
55	0.8334%	1.460%	2.000%	2.500%	2.700%	2.500%	1.300%
56	0.9000%	1.552%	2.052%	2.500%	2.700%	2.600%	1.400%
57	0.9667%	1.650%	2.104%	2.500%	2.700%	2.700%	1.500%
58	1.0334%	1.758%	2.156%	2.500%	2.700%	2.800%	1.600%
59	1.1000%	1.874%	2.210%	2.500%	2.700%	2.900%	1.700%
60	1.1667%	2.000%	2.262%	2.500%	2.700%	3.000%	1.800%
61	1.2334%	2.134%	2.314%	2.500%	2.700%	3.000%	1.900%
62	1.3000%	2.272%	2.366%	2.500%	2.700%	3.000%	2.000%
63	1.3667%	2.418%	2.418%	2.500%	2.700%	3.000%	2.100%
64	1.4334%	2.418%	2.418%	2.500%	2.700%	3.000%	2.200%
65	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.300%
66	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.400%
67 & up	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.500%

Safety Plan Formulas

Retirement Age	Half Pay at 55*	2% at 55	2% at 50	3% at 55	3% at 50
50	1.783%	1.426%	2.000%	2.400%	3.000%
51	1.903%	1.522%	2.140%	2.520%	3.000%
52	2.035%	1.628%	2.280%	2.640%	3.000%
53	2.178%	1.742%	2.420%	2.760%	3.000%
54	2.333%	1.866%	2.560%	2.880%	3.000%
55 & Up	2.500%	2.000%	2.700%	3.000%	3.000%

* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50% divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

PEPRA Safety Plan Formulas

Retirement Age	2% at 57	2.5% at 57	2.7% at 57
50	1.426%	2.000%	2.000%
51	1.508%	2.071%	2.100%
52	1.590%	2.143%	2.200%
53	1.672%	2.214%	2.300%
54	1.754%	2.286%	2.400%
55	1.836%	2.357%	2.500%
56	1.918%	2.429%	2.600%
57 & Up	2.000%	2.500%	2.700%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security contribution and benefit base. For employees that participate in Social Security this cap is $128,059 for 2021 and for those employees that do not participate in Social Security the cap for 2021 is $153,671. Adjustments to the caps are permitted annually based on changes to the CPI for all urban consumers.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by Social Security, the modified formula is the standard benefit. Under this type of formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less than $400). Employers may contract for the full benefit with Social Security that will eliminate the offset applicable to the final compensation. For employees not covered by Social Security, the full benefit is paid with no offsets.

Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is $317 if members are not covered by Social Security or $513 if members are covered by Social Security.

- The Miscellaneous and PEPRA Safety service retirement benefit is not capped. The classic Safety service retirement benefit is capped at 90% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits

The CalPERS classic members and PEPRA Safety members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 50 (55 for employees hired into a 1.5% at 65 plan). PEPRA Miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 52.

Benefit

The vested deferred retirement benefit is the same as the service retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury, which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively employed by any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33⅓% of final compensation.

Improved Benefit

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30% of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50% of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial (Job Related) Disability Retirement

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the increased benefit option or the improved benefit option.

Eligibility

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury, which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described below.

Standard Benefit

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation.

Increased Benefit (75% of Final Compensation)

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75% of final compensation for total disability.

Improved Benefit (50% to 90% of Final Compensation)

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50% or greater, with a maximum of 90%) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for service retirement and if the service retirement benefit is more than the industrial disability retirement benefit, the member may choose to receive the larger benefit.

Post-Retirement Death Benefit

Standard Lump Sum Payment

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Improved Lump Sum Payment

Employers have the option of providing an improved lump sum death benefit of $600, $2,000, $3,000, $4,000 or $5,000.

Form of Payment for Retirement Allowance

Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

Improved Form of Payment (Post-Retirement Survivor Allowance)

Employers have the option to contract for the post-retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full or supplemental formula, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is referred to as post-retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25% or 50% of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried child(ren) until they attain age 18; or, if no eligible child(ren), to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75% or 50% of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

Pre-Retirement Death Benefits

Basic Death Benefit

This is a standard benefit.

Eligibility

An employee's beneficiary (or estate) may receive the basic death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

Benefit

The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is credited annually at the greater of 6% or the prevailing discount rate through the date of death, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

This is a standard benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried child(ren) under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

Benefit

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to dependent child(ren), the benefit will be discontinued upon death or attainment of age 18, unless the child(ren) is disabled. The total amount paid will be at least equal to the basic death benefit.

Optional Settlement 2 Death Benefit

This is an optional benefit.

Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2 Death benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2 Death benefit.

Benefit

The Optional Settlement 2 Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected 100% to continue to the eligible survivor after the member's death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

Special Death Benefit

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the special death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Benefit

The special death benefit is a monthly allowance equal to 50% of final compensation and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried child(ren) under age 22. There is a guarantee that the total amount paid will at least equal the basic death benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving child(ren) (*eligible* means unmarried child(ren) under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

Eligibility

An employee's *eligible survivor(s)* may receive the alternate death benefit in lieu of the basic death benefit or the 1957 Survivor benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 18.

Benefit

The Alternate Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2. (A retiree who elects Optional Settlement 2 receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

Cost-of-Living Adjustments (COLA)

Standard Benefit

Retirement and survivor allowances are adjusted each year in May for cost of living, beginning the second calendar year after the year of retirement. The standard cost-of-living adjustment (COLA) is 2%. Annual adjustments are calculated by first determining the lesser of 1) 2% compounded from the end of the year of retirement or 2) actual rate of price inflation. The resulting increase is divided by the total increase provided in prior years. For any given year, the COLA adjustment may be less than 2% (when the rate of price inflation is low), may be greater than the rate of price inflation (when the rate of price inflation is low after several years of high price inflation) or may even be greater than 2% (when price inflation is high after several years of low price inflation).

Improved Benefit

Employers have the option of providing a COLA of 3%, 4%, or 5%, determined in the same manner as described above for the standard 2% COLA. An improved COLA is not available with the 1.5% at 65 formula.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against price inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80% of the initial allowance at retirement adjusted for price inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward his or her retirement based upon the retirement formula. The standard employee contribution is as described below.

- The percent contributed below the monthly compensation breakpoint is 0%.
- The monthly compensation breakpoint is $0 for full and supplemental formula members and $133.33 for employees covered by the modified formula.
- The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at 65	2%
Miscellaneous, 2% at 60	7%
Miscellaneous, 2% at 55	7%
Miscellaneous, 2.5% at 55	8%
Miscellaneous, 2.7% at 55	8%
Miscellaneous, 3% at 60	8%
Miscellaneous, 2% at 62	50% of the Total Normal Cost
Miscellaneous, 1.5% at 65	50% of the Total Normal Cost
Safety, Half Pay at 55	Varies by entry age
Safety, 2% at 55	7%
Safety, 2% at 50	9%
Safety, 3% at 55	9%
Safety, 3% at 50	9%
Safety, 2% at 57	50% of the Total Normal Cost
Safety, 2.5% at 57	50% of the Total Normal Cost
Safety, 2.7% at 57	50% of the Total Normal Cost

The employer may choose to "pick-up" these contributions for classic members (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRA members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSU system may elect reduced contribution rates, in which case the offset is $317 and the contribution rate is 6% if members are not covered by Social Security. If members are covered by Social Security, the offset is $513 and the contribution rate is 5%.

Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited with 6% interest compounded annually.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 is required to provide this benefit if the members are not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2, and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level may only choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website.

Appendix C

Participant Data

- **Summary of Valuation Data**
- **Active Members**
- **Transferred and Terminated Members**
- **Retired Members and Beneficiaries**

Summary of Valuation Data

	June 30, 2020	June 30, 2021
1. **Active Members**		
a) Counts	232	224
b) Average Attained Age	40.89	41.18
c) Average Entry Age to Rate Plan	29.48	29.40
d) Average Years of Credited Service	11.37	11.77
e) Average Annual Covered Pay	$143,974	$146,357
f) Annual Covered Payroll	33,402,039	32,784,018
g) Projected Annual Payroll for Contribution Year	36,234,183	35,615,703
h) Present Value of Future Payroll	316,713,548	309,792,961
2. **Transferred Members**		
a) Counts	48	46
b) Average Attained Age	43.13	42.65
c) Average Years of Credited Service	3.97	4.37
d) Average Annual Covered Pay	$128,748	$134,101
3. **Terminated Members**		
a) Counts	38	35
b) Average Attained Age	46.71	46.87
c) Average Years of Credited Service	3.88	3.54
d) Average Annual Covered Pay	$92,092	$89,283
4. **Retired Members and Beneficiaries**		
a) Counts	532	543
b) Average Attained Age	67.27	67.51
c) Average Annual Benefits	$75,061	$76,175
5. **Active to Retired Ratio** [(1a) / (4a)]	0.44	0.41

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**
15-24	1	0	0	0	0	0	1
25-29	21	2	0	0	0	0	23
30-34	17	17	2	0	0	0	36
35-39	7	23	19	2	0	0	51
40-44	3	8	14	9	0	0	34
45-49	0	4	13	6	14	2	39
50-54	0	2	5	7	4	7	25
55-59	0	0	0	3	5	3	11
60-64	0	0	0	1	0	2	3
65 and Over	0	0	0	1	0	0	1
All Ages	**49**	**56**	**53**	**29**	**23**	**14**	**224**

Distribution of Average Annual Salaries by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Average Salary**
15-24	$118,851	$0	$0	$0	$0	$0	$118,851
25-29	117,066	136,169	0	0	0	0	118,727
30-34	119,978	140,334	137,275	0	0	0	130,551
35-39	127,592	142,096	150,729	154,345	0	0	143,802
40-44	114,120	142,882	160,207	154,563	0	0	150,570
45-49	0	144,754	161,552	160,824	171,111	213,267	165,801
50-54	0	141,974	141,325	149,438	177,509	180,210	160,325
55-59	0	0	0	144,206	151,906	178,282	156,999
60-64	0	0	0	139,018	0	153,362	148,580
65 and Over	0	0	0	134,228	0	0	134,228
Average	**$119,436**	**$141,647**	**$154,493**	**$152,298**	**$168,049**	**$180,684**	**$146,357**

Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	0	0	0	0	0	0	0	$0
25-29	3	0	0	0	0	0	3	101,165
30-34	2	2	0	0	0	0	4	125,507
35-39	5	1	4	1	0	0	11	123,516
40-44	8	1	1	0	0	0	10	126,928
45-49	7	1	1	1	0	0	10	149,237
50-54	4	1	1	0	0	0	6	166,174
55-59	2	0	0	0	0	0	2	122,881
60-64	0	0	0	0	0	0	0	0
65 and Over	0	0	0	0	0	0	0	0
All Ages	**31**	**6**	**7**	**2**	**0**	**0**	**46**	**$134,101**

Distribution of Terminated Participants with Funds on Deposit by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	0	0	0	0	0	0	0	$0
25-29	3	0	0	0	0	0	3	98,270
30-34	1	0	0	0	0	0	1	64,211
35-39	4	0	0	0	0	0	4	88,526
40-44	6	0	0	0	0	0	6	64,738
45-49	4	0	3	0	0	0	7	110,740
50-54	4	2	1	0	0	0	7	74,453
55-59	2	0	0	1	0	0	3	110,983
60-64	2	1	0	0	0	0	3	118,142
65 and Over	1	0	0	0	0	0	1	39,617
All Ages	**27**	**3**	**4**	**1**	**0**	**0**	**35**	**$89,283**

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0
35-39	0	0	5	0	1	0	6
40-44	0	0	11	0	1	0	12
45-49	0	0	15	0	0	0	15
50-54	16	0	26	0	0	0	42
55-59	25	0	41	0	0	2	68
60-64	37	0	39	0	2	7	85
65-69	28	0	31	0	0	12	71
70-74	35	1	35	0	3	11	85
75-79	27	0	45	0	1	22	95
80-84	17	1	13	0	0	7	38
85 and Over	9	0	4	0	0	13	26
All Ages	**194**	**2**	**265**	**0**	**8**	**74**	**543**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	$0	$0	$0	$0	$0	$0	$0
30-34	0	0	0	0	0	0	0
35-39	0	0	67,581	0	67,679	0	67,597
40-44	0	0	63,059	0	96,595	0	65,854
45-49	0	0	57,349	0	0	0	57,349
50-54	75,600	0	73,003	0	0	0	73,992
55-59	92,972	0	91,767	0	0	392	89,522
60-64	77,154	0	107,793	0	71,778	72,850	90,731
65-69	77,475	0	89,844	0	0	92,152	85,356
70-74	80,534	11,044	101,048	0	39,020	55,742	83,490
75-79	77,325	0	69,333	0	34,682	44,194	65,418
80-84	56,579	23,599	56,304	0	0	58,674	56,003
85 and Over	35,533	0	27,895	0	0	36,051	34,617
All Ages	**$76,010**	**$17,321**	**$83,176**	**$0**	**$57,446**	**$55,154**	**$76,175**

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	33	0	51	0	0	26	110
5-9	39	0	51	0	3	15	108
10-14	33	0	20	0	1	10	64
15-19	45	0	45	0	0	11	101
20-24	19	1	36	0	1	3	60
25-29	13	0	23	0	0	6	42
30 and Over	12	1	39	0	3	3	58
All Years	**194**	**2**	**265**	**0**	**8**	**74**	**543**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	$80,929	$0	$95,254	$0	$0	$64,595	$83,710
5-9	87,365	0	104,302	0	78,637	43,635	89,047
10-14	58,385	0	104,342	0	71,917	70,656	74,876
15-19	92,858	0	104,983	0	0	59,964	94,678
20-24	62,787	11,044	66,869	0	55,598	33,207	62,775
25-29	75,055	0	56,203	0	0	37,498	59,366
30 and Over	32,840	23,599	34,696	0	32,048	18,863	33,165
All Years	**$76,010**	**$17,321**	**$83,176**	**$0**	**$57,446**	**$55,154**	**$76,175**

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on C-1 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

Appendix D

Glossary of Actuarial Terms

Glossary of Actuarial Terms

Accrued Liability *(Actuarial Accrued Liability)*
The portion of the Present Value of Benefits allocated to prior years. Based on CalPERS funding policies, the accrued liability is the target level of assets on any valuation date.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability, and retirement rates. Economic assumptions include discount rate, salary growth, and inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include an actuarial cost method, an amortization policy, and an asset valuation method.

Actuarial Valuation
The determination as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change in plan provisions.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Accrued Liability (UAL). The total UAL of a rate plan can be segregated by cause. The impact of such individual causes on the UAL are quantified at the time of their occurrence, resulting in new amortization bases. Each base is separately amortized and paid for over a specific period of time. Generally, in an actuarial valuation, the separate bases consist of changes in UAL due to contract amendments, actuarial assumption changes, method changes, and/or gains and losses.

Amortization Period
The number of years required to pay off an Amortization Base.

Classic Member (under PEPRA)
A member who joined a public retirement system prior to January 1, 2013 and who is not defined as a new member under PEPRA. (See definition of New Member below.)

Discount Rate
This is the rate used to discount the expected future benefit payments to the valuation date to determine the Projected Value of Benefits. The discount rate is based on the assumed long-term rate of return on plan assets, net of investment and administrative expenses. This rate is called the "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law.

Entry Age
The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Actuarial Cost Method
An actuarial cost method designed to fund a member's total plan benefit evenly over the course of his or her career. This method yields a total normal cost rate, expressed as a percentage of payroll, which is designed to remain level throughout the member's career.

Fresh Start
A Fresh Start is when multiple amortization bases are combined into a single base and amortized over a new Amortization Period.

Funded Ratio
Defined as the Market Value of Assets divided by the Accrued Liability. It is a measure of how well funded a rate plan is. A ratio greater than 100% means the rate plan has more assets than the target established by CalPERS

funding policies on the valuation date and the employer need only contribute the Normal Cost. A ratio less than 100% means assets are less than the funding target and contributions in addition to Normal Cost are required.

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions.

New Member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost

The portion of the Present Value of Benefits allocated to the upcoming fiscal year for active employees. The normal cost plus the required amortization of the UAL, if any, make up the required contributions.

Pension Actuary

A business professional proficient in mathematics and statistics who performs the calculations necessary to properly fund a pension plan and allow the plan sponsor to disclose its liabilities. A pension actuary must satisfy the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PEPRA

The California Public Employees' Pension Reform Act of 2013

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Unfunded Accrued Liability (UAL)

The Accrued Liability minus the Market Value of Assets. If the UAL for a rate plan is positive, the employer is required to make contributions in excess of the Normal Cost.

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2022

Miscellaneous Plan of the City of Richmond (CalPERS ID: 2751275565)
Annual Valuation Report as of June 30, 2021

Dear Employer,

Attached to this letter, you will find the June 30, 2021 actuarial valuation report for the rate plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2023-24**. In addition, the report also contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth, eligibility for the types of benefits provided, and longevity among retirees. The CalPERS Board of Administration (board) adopts these assumptions after considering the advice of CalPERS actuarial and investment teams and other professionals. Each actuarial valuation reflects all prior differences between actual and assumed experience and adjusts the contribution requirements as needed. This valuation is based on an investment return assumption of 6.8%, which was adopted by the board in November 2021. Other assumptions used in this report are those recommended in the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member rate for FY 2023-24 along with an estimate of the required contribution for FY 2024-25. Employee contributions other than cost sharing (whether paid by the employer or the employee) are in addition to the results shown below. **The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Rate
2023-24	13.89%	$9,949,871	8.25%
Projected Results			
2024-25	*13.3%*	*$9,678,000*	*TBD*

The actual investment return for FY 2021-22 was not known at the time this report was prepared. The projections above assume the investment return for that year would be 6.8%. ***To the extent the actual investment return for FY 2021-22 differs from 6.8%, the actual contribution requirements for FY 2024-25 will differ from those shown above.*** For additional details regarding the assumptions and methods used for these projections, please refer to the "Projected Employer Contributions" in the "Highlights and Executive Summary" section. This section also contains projected required contributions through FY *2028-29*.

Changes from Previous Year's Valuations

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for FY 2020-21. Since the return exceeded the 7.00% discount rate sufficiently, the CalPERS Funding Risk Mitigation policy allows CalPERS to use a portion of the investment gain to offset the cost of reducing the expected volatility of future investment returns. Based on the thresholds specified in the policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate of 0.20%, from 7.00% to 6.80%.

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for public agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new strategic asset allocation as part of its Asset Liability Management process. The new

asset allocation, along with the new capital market assumptions and economic assumptions, support a discount rate of 6.80%. This includes a reduction in the price inflation assumption from 2.50% to 2.30%.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes.

Further descriptions of general changes are included in the "Highlights and Executive Summary" section and in Appendix A, "Actuarial Methods and Assumptions." The effects of the changes on the required contributions are included in the "Reconciliation of Required Employer Contributions" section.

Questions

We understand that you might have questions about these results, and the plan actuary whose signature is on the valuation report is available to discuss. If you have other questions, you may call the Customer Contact Center at (888)-CalPERS or (**888-225-7377**).

Sincerely,

SCOTT TERANDO, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Valuation as of June 30, 2021

for the Miscellaneous Plan of the City of Richmond

(CalPERS ID: 2751275565)
(Rate Plan ID: 304)

Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Table of Contents

Actuarial Certification 1

Highlights and Executive Summary

Introduction 3
Purpose of the Report 3
Required Contributions 4
Additional Discretionary Employer Contributions 5
Plan's Funded Status 6
Projected Employer Contributions 6
Cost 7
Changes Since the Prior Year's Valuation 8
Subsequent Events 8

Assets

Reconciliation of the Market Value of Assets 10
Asset Allocation 11
CalPERS History of Investment Returns 12

Liabilities and Contributions

Development of Accrued and Unfunded Liabilities 14
(Gain) / Loss Analysis 6/30/20 - 6/30/21 15
Schedule of Amortization Bases 16
Amortization Schedule and Alternatives 18
Reconciliation of Required Employer Contributions 20
Employer Contribution History 21
Funding History 21
Normal Cost by Benefit Group 22
PEPRA Member Contribution Rates 23

Risk Analysis

Future Investment Return Scenarios 25
Discount Rate Sensitivity 26
Mortality Rate Sensitivity 26
Maturity Measures 27
Maturity Measures History 28
Hypothetical Termination Liability 29

Plan's Major Benefit Provisions

Plan's Major Benefit Options 31

Appendix A – Actuarial Methods and Assumptions

Actuarial Data A-1
Actuarial Methods A-1
Actuarial Assumptions A-4
Miscellaneous A-24

Appendix B – Principal Plan Provisions B-1

Appendix C – Participant Data

Summary of Valuation Data C-1
Active Members C-2
Transferred and Terminated Members C-3
Retired Members and Beneficiaries C-4

Appendix D – Glossary of Actuarial Terms D-1

Actuarial Certification

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the City of Richmond and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation is based on the member and financial data as of June 30, 2021 provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles, in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

The undersigned is an actuary who satisfies the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

TONY CUNY, ASA, MAAA
Senior Pension Actuary, CalPERS

Highlights and Executive Summary

- **Introduction**
- **Purpose of the Report**
- **Required Contributions**
- **Additional Discretionary Employer Contributions**
- **Plan's Funded Status**
- **Projected Employer Contributions**
- **Cost**
- **Changes Since the Prior Year's Valuation**
- **Subsequent Events**

Introduction

This report presents the results of the June 30, 2021 actuarial valuation of the Miscellaneous Plan of the City of Richmond of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required employer contributions for fiscal year (FY) 2023-24.

Purpose of the Report

The actuarial valuation was prepared by the CalPERS Actuarial Office using data as of June 30, 2021. The purpose of the report is to:

- Set forth the assets and accrued liabilities of this plan as of June 30, 2021;
- Determine the minimum required employer contributions for the FY July 1, 2023 through June 30, 2024;
- Provide actuarial information as of June 30, 2021 to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact the plan actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

Required Employer Contributions	Fiscal Year 2023-24
Employer Normal Cost Rate	**13.89%**
Plus	
Required Payment on Amortization Bases	**$9,949,871**
Paid either as	
1) Monthly Payment	**$829,156**
Or	
2) Annual Prepayment Option*	**$9,627,906**
Required PEPRA Member Contribution Rate	**8.25%**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

** Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.*

For additional detail regarding the determination of the required contribution for PEPRA members, see "PEPRA Member Contribution Rates" in the "Liabilities and Contributions" section. Required member contributions for Classic members can be found in Appendix B.

	Fiscal Year 2022-23	Fiscal Year 2023-24
Normal Cost Contribution as a Percentage of Payroll		
Total Normal Cost	20.38%	21.96%
Employee Contribution[1]	7.80%	8.07%
Employer Normal Cost[2]	12.58%	13.89%
Projected Annual Payroll for Contribution Year	$36,951,667	$32,894,545
Estimated Employer Contributions Based On Projected Payroll		
Total Normal Cost	$7,530,750	$7,223,642
Employee Contribution	2,882,230	2,654,590
Employer Normal Cost	4,648,520	4,569,052
Unfunded Liability Contribution	11,299,221	9,949,871
% of Projected Payroll (illustrative only)	30.58%	30.25%
Estimated Total Employer Contribution	$15,947,741	$14,518,923
% of Projected Payroll (illustrative only)	43.16%	44.14%

[1] For classic members, this is the percentage specified in the Public Employees' Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50% of the normal cost. A development of PEPRA member contribution rates can be found in the "Liabilities and Contributions" section. Employee cost sharing is not shown in this report.

[2] The Employer Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see "Normal Cost by Benefit Group" in the "Liabilities and Contributions" section.

Additional Discretionary Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2023-24 is $9,949,871. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time and in any amount. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2023-24 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see the "Amortization Schedule and Alternatives" section of the report.

Agencies considering making an ADP should contact CalPERS for additional information.

Minimum Required Employer Contribution for Fiscal Year 2023-24

Estimated Normal Cost	Minimum UAL Payment	ADP	Total UAL Contribution	Estimated Total Contribution
$4,569,052	$9,949,871	$0	$9,949,871	$14,518,923

Alternative Fiscal Year 2023-24 Employer Contributions for Greater UAL Reduction

Funding Target	Estimated Normal Cost	Minimum UAL Payment	ADP[1]	Total UAL Contribution	Estimated Total Contribution
5 years	$4,569,052	$9,949,871	$6,923,586	$16,873,457	$21,442,509

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

Note that the calculations above are based on the projected Unfunded Accrued Liability as of June 30, 2023 as determined in the June 30, 2021 actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Plan's Funded Status

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits	$561,203,895	$578,471,734
2. Entry Age Accrued Liability	515,279,210	531,971,936
3. Market Value of Assets (MVA)	377,612,392	449,245,909
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$137,666,818	$82,726,027
5. Funded Ratio [(3) / (2)]	73.3%	84.4%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22 and Beyond)				
Fiscal Year	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Normal Cost %	13.89%	13.3%	12.8%	12.3%	11.8%	11.4%
UAL Payment	$9,949,871	$9,678,000	$9,176,000	$8,633,000	$7,875,000	$8,266,000
*Total as a % of Payroll**	*44.14%*	*41.9%*	*39.2%*	*36.5%*	*33.3%*	*33.3%*
Projected Payroll	*$32,894,545*	*$33,815,592*	*$34,762,429*	*$35,735,777*	*$36,736,378*	*$37,764,997*

*Illustrative only and based on the projected payroll shown.

For some sources of UAL, the change in UAL is amortized using a 5-year ramp up. For more information, please see "Amortization of the Unfunded Actuarial Accrued Liability" under "Actuarial Methods" in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large increase in UAL, the relatively small amortization payments during the ramp up period could result in a funded ratio that is projected to decrease initially while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the "Future Investment Return Scenarios" in the "Risk Analysis" section. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Cost

Actuarial Determination of Plan Cost

Contributions to fund the plan are comprised of two components:

- Normal Cost, expressed as a percentage of total active payroll
- Amortization of the Unfunded Accrued Liability (UAL), expressed as a dollar amount

For fiscal years prior to 2017-18, the Amortization of UAL component was expressed as a percentage of total active payroll. Starting with FY 2017-18, the Amortization of UAL component is expressed as a dollar amount and invoiced on a monthly basis. There is an option to prepay this amount during July of each fiscal year.

The Normal Cost component is expressed as a percentage of active payroll with employer and employee contributions payable as part of the regular payroll reporting process.

The determination of both components requires complex actuarial calculations. The calculations are based on a set of actuarial assumptions which can be divided into two categories:

- Demographic assumptions (e.g., mortality rates, retirement rates, employment termination rates, disability rates)
- Economic assumptions (e.g., future investment earnings, inflation, salary growth rates)

These assumptions reflect CalPERS' best estimate of future experience of the plan and are long term in nature. We recognize that all assumptions will not be realized in any given year. For example, the investment earnings at CalPERS have averaged 6.9% over the 20 years ending June 30, 2021, yet individual fiscal year returns have ranged from -23.6% to +21.3%. In addition, CalPERS reviews all actuarial assumptions by conducting in-depth experience studies every four years, with the most recent experience study completed in 2021.

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. Voluntary benefit changes by plan amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the valuation date is prior to the effective date of the amendment.

This valuation generally reflects plan changes by amendments effective before the date of the report. Please refer to the "Plan's Major Benefit Options" and Appendix B for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the "(Gain) / Loss Analysis 6/30/20 – 6/30/21" and the effect on the employer contribution is shown in the "Reconciliation of Required Employer Contributions." It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.

Actuarial Methods and Assumptions

On November 17, 2021, the board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions for Public Agencies. These new assumptions are incorporated in this actuarial valuation and will impact the required contribution for FY 2023-24. In addition, the board adopted a new asset portfolio as part of its Asset Liability Management process. The new asset mix supports a 6.80% discount rate, which reflects a change in the price inflation assumption to 2.30%.

Subsequent Events

The contribution requirements determined in this actuarial valuation report are based on demographic and financial information as of June 30, 2021. Changes subsequent to that date are not reflected. Investment returns below the assumed rate of return may increase future required contributions while investment returns above the assumed rate of return may decrease future required contributions.

The projected employer contributions on Page 6 are calculated under the assumption that the discount rate remains at 6.8% going forward and that the realized rate of return on assets for FY 2021-22 is 6.8%.

This actuarial valuation report reflects statutory changes, regulatory changes, and board actions through January 2022. Any subsequent changes or actions are not reflected.

Assets

- **Reconciliation of the Market Value of Assets**
- **Asset Allocation**
- **CalPERS History of Investment Returns**

Reconciliation of the Market Value of Assets

1.	Market Value of Assets as of 6/30/20 including Receivables	$377,612,392
2.	Change in Receivables for Service Buybacks	(119,203)
3.	Employer Contributions	14,612,575
4.	Employee Contributions	2,624,340
5.	Benefit Payments to Retirees and Beneficiaries	(29,911,603)
6.	Refunds	(89,243)
7.	Transfers	(4,881)
8.	Service Credit Purchase (SCP) Payments and Interest	152,303
9.	Administrative Expenses	(479,879)
10.	Miscellaneous Adjustments	(1)
11.	Investment Return (Net of Investment Expenses)	84,849,110
12.	Market Value of Assets as of 6/30/21 including Receivables	$449,245,909

Asset Allocation

CalPERS adheres to an Asset Allocation Strategy which establishes asset class allocation policy targets and ranges and manages those asset class allocations within their policy ranges. CalPERS Investment Belief No. 6 recognizes that strategic asset allocation is the dominant determinant of portfolio risk and return.

The asset allocation shown below reflects the allocation of the Public Employees' Retirement Fund (PERF) in its entirety as of June 30, 2021. The assets for City of Richmond Miscellaneous Plan are part of the PERF and are invested accordingly.

Asset Class	Current Allocation as of 6/30/2021	Policy Target Allocation as of 6/30/2021
Public Equity	51.4%	50.0%
Private Equity	8.3%	8.0%
Global Fixed Income	29.8%	28.0%
Real Assets	9.6%	13.0%
Liquidity	1.0%	1.0%
Total Fund Level Portfolios	2.5%	0.0%
Trust Level Financing	(2.6%)	0.0%
Total Fund	**100.0%**	**100.0%**

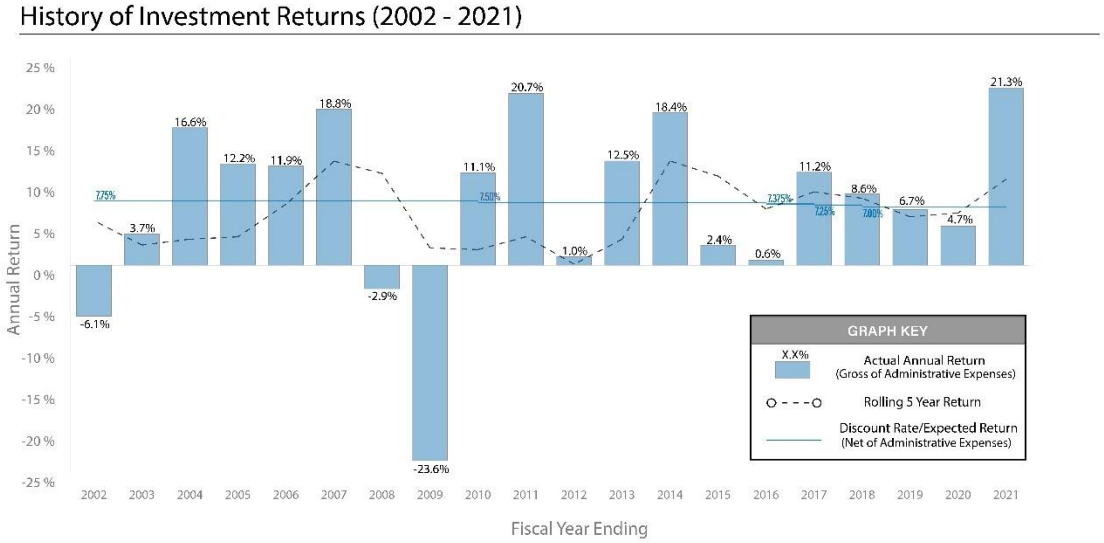
On November 17, 2021, the board adopted changes to the strategic asset allocation as shown in the Policy Target Allocation below expressed as a percentage of total assets.

Strategic Asset Allocation Policy Targets

Asset Class	Policy Target Allocation effective 11/17/2021
Global Equity Cap-weighted	30.0%
Global Equity Non-cap-weighted	12.0%
Private Equity	13.0%
Private Debt	5.0%
Emerging Market Sovereign Bonds	5.0%
High Yield Bonds	5.0%
Investment Grade Corporates	10.0%
Mortgage-backed Securities	5.0%
Treasuries	5.0%
Real Assets	15.0%
Leverage	(5.0%)
Total Fund	**100.0%**

CalPERS History of Investment Returns

The following is a chart with the 20-year historical annual returns of the PERF for each fiscal year ending on June 30 as reported by the Investment Office. Investment returns reported are net of investment expenses but without reduction for administrative expenses. The assumed rate of return, however, is net of both investment and administrative expenses. The Investment Office uses a three-month lag on private assets for investment performance reporting purposes. This can lead to a timing difference in the returns below and those used for financial reporting purposes. The investment gain or loss calculation in this report relies on assets that have been audited and are appropriate for financial reporting. Because of these differences, it is possible for the Investment Office to report a return higher than the discount rate while the rate plan experiences an investment loss, or a return lower than the discount rate while the rate plan experiences an investment gain.



The table below shows annualized investment returns of the PERF for various time periods ending on June 30, 2021 (figures reported are net of investment expenses but without reduction for administrative expenses). These returns are the annual rates that if compounded over the indicated number of years would equate to the actual time-weighted investment performance of the PERF. It should be recognized that in any given year the rate of return is volatile. The portfolio has an expected volatility of 12.0% per year based on the most recent Asset Liability Management study. The realized volatility is a measure of the risk of the portfolio expressed as the standard deviation of the fund's total monthly return distribution, expressed as an annual percentage. Due to their volatile nature, when looking at investment returns, it is more instructive to look at returns over longer time horizons.

History of CalPERS Compound Annual Rates of Return and Volatilities					
	1 year	**5 year**	**10 year**	**20 year**	**30 year**
Compound Annual Return	21.3%	10.3%	8.5%	6.9%	8.4%
Realized Volatility	–	7.3%	7.2%	8.5%	8.5%

Liabilities and Contributions

- **Development of Accrued and Unfunded Liabilities**
- **(Gain) / Loss Analysis 6/30/20 - 6/30/21**
- **Schedule of Amortization Bases**
- **Amortization Schedule and Alternatives**
- **Reconciliation of Required Employer Contributions**
- **Employer Contribution History**
- **Funding History**
- **Normal Cost by Benefit Group**
- **PEPRA Member Contribution Rates**

Development of Accrued and Unfunded Liabilities

	June 30, 2020	June 30, 2021
1. Present Value of Projected Benefits		
a) Active Members	$193,932,768	$184,521,844
b) Transferred Members	18,174,012	21,833,348
c) Terminated Members	10,825,116	10,891,089
d) Members and Beneficiaries Receiving Payments	338,271,999	361,225,453
e) Total	$561,203,895	$578,471,734
2. Present Value of Future Employer Normal Costs	$27,015,557	$28,909,351
3. Present Value of Future Employee Contributions	$18,909,128	$17,590,447
4. Entry Age Accrued Liability		
a) Active Members [(1a) - (2) - (3)]	$148,008,083	$138,022,046
b) Transferred Members (1b)	18,174,012	21,833,348
c) Terminated Members (1c)	10,825,116	10,891,089
d) Members and Beneficiaries Receiving Payments (1d)	338,271,999	361,225,453
e) Total	$515,279,210	$531,971,936
5. Market Value of Assets (MVA)	$377,612,392	$449,245,909
6. Unfunded Accrued Liability (UAL) [(4e) - (5)]	$137,666,818	$82,726,027
7. Funded Ratio [(5) / (4e)]	73.3%	84.4%

(Gain)/Loss Analysis 6/30/20 – 6/30/21

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year, actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

1.	**Total (Gain)/Loss for the Year**	
a)	Unfunded Accrued Liability (UAL) as of 6/30/20	$137,666,818
b)	Expected Payment on the UAL during 2020-21	10,090,307
c)	Interest through 6/30/21 [.07 x (1a) - ((1.07)^{½} - 1) x (1b)]	9,289,490
d)	Expected UAL before all other changes [(1a) - (1b) + (1c)]	136,866,001
e)	Change due to plan changes	0
f)	Change due to AL Significant Increase	0
g)	Change due to assumption change	(1,759,224)
h)	Change due to method change	0
i)	Change due to Funding Risk Mitigation	11,418,372
j)	Expected UAL after all other changes [(1d) + (1e) + (1f) + (1g) + (1h) + (1i)]	146,525,149
k)	Actual UAL as of 6/30/21	82,726,027
l)	Total (Gain)/Loss for 2020-21 [(1k) - (1j)]	($63,799,122)
2.	**Investment (Gain)/Loss for the Year**	
a)	Market Value of Assets as of 6/30/20	$377,612,392
b)	Prior Fiscal Year Receivables	(641,229)
c)	Current Fiscal Year Receivables	522,026
d)	Contributions Received	17,236,914
e)	Benefits and Refunds Paid	(30,000,846)
f)	Transfers, SCP Payments and Interest, and Miscellaneous Adjustments	147,421
g)	Expected Return at 7% per year	25,953,872
h)	Expected Assets as of 6/30/21 [(2a) + (2b) + (2c) + (2d) + (2e) + (2f) + (2g)]	390,830,550
i)	Actual Market Value of Assets as of 6/30/21	449,245,909
j)	Investment (Gain)/Loss [(2h) **-** (2i)]	($58,415,359)
3.	**Non-Investment (Gain)/Loss for the Year**	
a)	Total (Gain)/Loss (1l)	($63,799,122)
b)	Investment (Gain)/Loss (2j)	(58,415,359)
c)	Non-Investment (Gain)/Loss [(3a) - (3b)]	($5,383,763)

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the first fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
FS Non G/L - Surplus Used To Offset NC	6/30/08		No Ramp	2.80%	17	5,607,060	428,985	5,545,009	440,782	5,466,547	443,208
Assumption Change	6/30/09		No Ramp	2.80%	8	9,279,884	1,144,207	8,728,446	1,175,672	8,106,993	1,192,392
Special (Gain)/Loss	6/30/09		No Ramp	2.80%	18	7,715,522	570,755	7,650,336	586,451	7,564,496	589,147
Golden Handshake	6/30/10		No Ramp	2.80%	9	1,607,001	183,554	1,526,585	188,602	1,435,484	191,094
Special (Gain)/Loss	6/30/10		No Ramp	2.80%	19	6,057,222	434,275	6,020,316	446,217	5,968,559	447,872
Assumption Change	6/30/11		No Ramp	2.80%	10	7,213,218	769,499	6,908,485	790,660	6,561,162	800,315
Golden Handshake	6/30/11		No Ramp	2.80%	10	686,480	73,233	657,479	75,247	624,424	76,166
Special (Gain)/Loss	6/30/11		No Ramp	2.80%	20	3,283,411	228,640	3,270,397	234,927	3,250,001	235,592
(Gain)/Loss	6/30/12		No Ramp	2.80%	21	(409,601)	(27,756)	(408,770)	(28,520)	(407,093)	(28,576)
Golden Handshake	6/30/12		No Ramp	2.80%	11	1,114,427	111,797	1,074,672	114,871	1,029,037	116,160
Payment (Gain)/Loss	6/30/12		No Ramp	2.80%	21	956,020	64,784	954,079	66,566	950,164	66,697
(Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	60,481,513	4,216,434	60,236,821	4,332,386	59,855,660	4,344,463
(Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(44,654,940)	(3,029,257)	(44,560,918)	(3,112,561)	(44,374,413)	(3,118,570)
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	27,325,398	2,747,734	26,343,904	2,823,296	25,217,580	2,854,582
(Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	20,356,593	1,346,118	20,349,708	1,383,136	20,304,099	1,384,640
(Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	24,680,833	1,290,908	25,025,053	1,658,010	25,013,301	1,658,460
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	8,502,982	625,672	8,434,590	803,598	8,177,671	810,973
(Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(20,170,663)	(792,680)	(20,723,080)	(1,085,972)	(21,009,962)	(1,356,794)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	6,445,119	350,904	6,520,749	480,738	6,467,346	605,911
Method Change	6/30/18	80%	Up/Down	2.80%	17	3,019,484	110,107	3,111,020	169,702	3,147,192	227,890

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
(Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(8,422,248)	(223,877)	(8,763,597)	(345,051)	(9,002,932)	(459,358)
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	15,794,783	575,963	16,273,605	887,703	16,462,822	1,192,084
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	2,328,028	50,900	2,433,732	101,800	2,494,021	149,957
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	18	(5,020,790)	(458,163)	(4,888,719)	(458,163)	(4,747,668)	(450,135)
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	9,866,002	0	10,536,890	230,810	11,014,870	452,791
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	19	(6,776,737)	0	(7,237,555)	(661,686)	(7,045,895)	(649,792)
Assumption Change	6/30/21	No Ramp		0.00%	20	(1,759,224)	(227,227)	(1,644,026)	(233,589)	(1,514,419)	(136,182)
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(46,453,161)	0	(49,611,976)	0	(52,985,590)	(1,138,909)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	20	(5,383,763)	0	(5,749,859)	0	(6,140,849)	(552,207)
Risk Mitigation	6/30/21	No Ramp		0.00%	1	11,418,372	(286,369)	12,490,767	(294,387)	13,644,371	14,100,650
Risk Mitigation Offset	6/30/21	No Ramp		0.00%	1	(11,962,198)	0	(12,775,627)	0	(13,644,371)	(14,100,650)
Total						**82,726,027**	**10,279,140**	**77,728,516**	**10,771,245**	**71,882,608**	**9,949,871**

Amortization Schedule and Alternatives

The amortization schedule on the previous page shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a Fresh Start, please contact the plan actuary.

The Current Amortization Schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The Current Amortization Schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS amortization policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			10 Year Amortization		5 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2023	71,882,608	9,949,871	71,882,608	9,811,934	71,882,608	16,873,457
6/30/2024	66,488,024	9,677,901	66,630,572	9,811,934	59,332,906	16,873,457
6/30/2025	61,007,670	9,175,595	61,021,397	9,811,934	45,929,824	16,873,458
6/30/2026	55,673,756	8,633,382	55,030,799	9,811,935	31,615,331	16,873,457
6/30/2027	50,537,481	7,875,149	48,632,839	9,811,935	16,327,454	16,873,458
6/30/2028	45,835,531	8,266,477	41,799,818	9,811,934		
6/30/2029	40,409,430	8,668,762	34,502,152	9,811,935		
6/30/2030	34,198,617	9,082,319	26,708,244	9,811,934		
6/30/2031	27,138,083	8,020,267	18,384,351	9,811,935		
6/30/2032	20,695,001	7,438,652	9,494,432	9,811,934		
6/30/2033	14,414,855	5,910,023				
6/30/2034	9,287,406	5,095,613				
6/30/2035	4,652,934	4,219,173				
6/30/2036	609,068	629,436				
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
6/30/2050						
6/30/2051						
6/30/2052						
Total	**102,642,620**		**98,119,344**		**84,367,287**	
Interest Paid	**30,760,012**		**26,236,736**		**12,484,679**	
Estimated Savings			**4,523,276**		**18,275,333**	

Reconciliation of Required Employer Contributions

Normal Cost (% of Payroll)

1. For Period 7/1/22 – 6/30/23	
a) Employer Normal Cost	12.58%
b) Employee contribution	7.80%
c) Total Normal Cost	20.38%
2. Changes since the prior year annual valuation	
a) Effect of demographic experience	(0.07%)
b) Effect of plan changes	0.00%
c) Effect of Funding Risk Mitigation	0.92%
d) Effect of assumption changes	0.73%
e) Effect of method changes	0.00%
f) Net effect of the changes above [sum of (a) through (e)]	1.58%
3. For Period 7/1/23 – 6/30/24	
a) Employer Normal Cost	13.89%
b) Employee contribution	8.07%
c) Total Normal Cost	21.96%
Employer Normal Cost Change [(3a) – (1a)]	1.31%
Employee Contribution Change [(3b) – (1b)]	0.27%

Unfunded Liability Contribution ($)

1. For Period 7/1/22 – 6/30/23	11,299,221
2. Changes since the prior year annual valuation	
a) Effect of adjustments to prior year's amortization schedule	0
b) Effect of elimination of amortization bases	0
c) Effect of progression of amortization bases[1]	702,603
d) Effect of net investment (gain) after Funding Risk Mitigation[2]	(1,138,909)
e) Effect of non-investment (gain)/loss during the prior year	(552,207)
f) Effect of Funding Risk Mitigation (re-amortize existing bases at 6.8%)	(189,678)
g) Effect of Golden Handshake	0
h) Effect of plan changes	0
i) Effect of AL Significant Increase	0
j) Effect of assumption changes	(171,159)
k) Effect of changes due to Fresh Start or one year recognition of small balances	0
l) Effect of method change	0
m)Net effect of the changes above [sum of (a) through (l)]	(1,349,350)
3. For Period 7/1/23 – 6/30/24 [(1) + (2m)]	9,949,871

The amounts shown for the period 7/1/22 – 6/30/23 may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

[1] Includes scheduled escalation in individual amortization base payments due to the 5-year ramp and payroll growth assumption used in the pre-2019 amortization policy.

[2] The unfunded liability contribution for the investment (gain)/loss during the year prior to the valuation date is 20% of the "full" annual requirement due to the 5-year ramp. Increases to this amount that occur during the ramp period will be included in line c) in future years.

Employer Contribution History

The table below provides a recent history of the required employer contributions for the plan. The amounts are based on the actuarial valuation from two years prior and does not account for prepayments or benefit changes made during a fiscal year. Additional discretionary payments before July 1, 2018 or after June 30, 2021 are not included.

Fiscal Year	Employer Normal Cost	Unfunded Rate	Unfunded Liability Payment ($)	Additional Discretionary Payments
2014 - 15	11.730%	8.128%	N/A	N/A
2015 - 16	11.820%	10.250%	N/A	N/A
2016 - 17	12.275%	12.398%	N/A	N/A
2017 - 18	12.242%	N/A	6,121,474	N/A
2018 - 19	12.511%	N/A	7,664,256	0
2019 - 20	13.060%	N/A	9,205,244	0
2020 - 21	13.422%	N/A	10,090,307	0
2021 - 22	13.03%	N/A	10,792,736	
2022 - 23	12.58%	N/A	11,299,221	
2023 - 24	13.89%	N/A	9,949,871	

Funding History

The table below shows the recent history of actuarial accrued liability, market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2012	$382,055,190	$282,262,415	$99,792,775	73.9%	$37,623,594
6/30/2013	394,310,360	304,192,996	90,117,364	77.1%	37,275,009
6/30/2014	425,688,262	342,818,494	82,869,768	80.5%	36,913,576
6/30/2015	437,914,080	336,994,658	100,919,422	77.0%	35,766,117
6/30/2016	455,529,858	325,463,359	130,066,499	71.4%	36,545,420
6/30/2017	471,123,087	347,505,929	123,617,158	73.8%	35,264,453
6/30/2018	498,152,862	363,298,607	134,854,255	72.9%	36,315,973
6/30/2019	508,224,474	373,644,835	134,579,639	73.5%	36,294,806
6/30/2020	515,279,210	377,612,392	137,666,818	73.3%	34,063,443
6/30/2021	531,971,936	449,245,909	82,726,027	84.4%	30,279,210

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2023-24. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. However, based on the characteristics of the members (particularly when the number of actives is small), this may not be the case. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in the demographics of the group, changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2023-24	Number of Actives	Payroll on 6/30/2021
304	Miscellaneous First Level	24.19%	253	$21,819,601
26253	Miscellaneous PEPRA Level	16.40%	130	$8,459,609
	Plan Total	**21.96%**	**383**	**$30,279,210**

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences. Additionally, if a Second Level Benefit Group amended to the same benefit formula as a First Level Benefit Group, their Normal Costs may be dissimilar due to demographic or other population differences. For questions in these situations, please contact the plan actuary.

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 ("PEPRA") established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions, and demographics of the plan, particularly members' entry age into the plan. Should the total normal cost of the plan change by more than 1% from the base total normal cost established for the plan, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2023, based on 50% of the Total Normal Cost for each respective plan as of the June 30, 2021 valuation.

		Basis for Current Rate		Rates Effective July 1, 2023			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
26253	Miscellaneous PEPRA Level	14.674%	7.25%	16.40%	1.726%	Yes	8.25%

For purposes of setting member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large. The total PEPRA normal cost will be determined based on the plan's PEPRA membership only if the number of members covered under the PEPRA formula meets either:

1. 50% of the active population, or
2. 25% of the active population and 100 or more PEPRA members

Until one of these conditions is met, the plan's total PEPRA normal cost will be determined using the entire active plan population (both PEPRA and Classic) based on the PEPRA benefit provisions. For this reason, the PEPRA member contribution rate determined in the table above may not equal 50% of the total normal cost of the PEPRA group shown on the "Normal Cost by Benefit Group" page.

Risk Analysis

- **Future Investment Return Scenarios**
- **Discount Rate Sensitivity**
- **Mortality Rate Sensitivity**
- **Maturity Measures**
- **Maturity Measures History**
- **Hypothetical Termination Liability**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22 through FY 2040-41	Projected Employer Contributions				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
3.0% (5th percentile)					
Normal Cost Rate	13.3%	12.8%	12.3%	11.8%	11.4%
UAL Contribution	$10,090,000	$10,411,000	$11,103,000	$11,988,000	$14,430,000
10.8% (95th percentile)					
Normal Cost Rate	13.6%	13.3%	13.1%	12.9%	12.7%
UAL Contribution	$9,292,000	$8,026,000	$0	$0	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	13.89%	13.3%
UAL Contribution	$9,949,871	$12,278,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	13.89%	13.3%
UAL Contribution	$9,949,871	$10,978,000

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	27.73%	21.96%	17.60%
b) Accrued Liability	$596,560,714	$531,971,936	$478,310,454
c) Market Value of Assets	$449,245,909	$449,245,909	$449,245,909
d) Unfunded Liability/(Surplus) [(b) - (c)]	$147,314,805	$82,726,027	$29,064,545
e) Funded Ratio	75.3%	84.4%	93.9%

Sensitivity to the Price Inflation Assumption

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	23.12%	21.96%	19.92%
b) Accrued Liability	$548,685,969	$531,971,936	$491,393,595
c) Market Value of Assets	$449,245,909	$449,245,909	$449,245,909
d) Unfunded Liability/(Surplus) [(b) - (c)]	$99,440,060	$82,726,027	$42,147,686
e) Funded Ratio	81.9%	84.4%	91.4%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2021 plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long term.

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	22.29%	21.96%	21.65%
b) Accrued Liability	$543,991,974	$531,971,936	$520,972,807
c) Market Value of Assets	$449,245,909	$449,245,909	$449,245,909
d) Unfunded Liability/(Surplus) [(b) - (c)]	$94,746,065	$82,726,027	$71,726,898
e) Funded Ratio	82.6%	84.4%	86.2%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	**June 30, 2020**	**June 30, 2021**
1. Retiree Accrued Liability	338,271,999	361,225,453
2. Total Accrued Liability	515,279,210	531,971,936
3. Ratio of Retiree AL to Total AL [(1) / (2)]	66%	68%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	**June 30, 2020**	**June 30, 2021**
1. Number of Actives	428	383
2. Number of Retirees	976	1,005
3. Support Ratio [(1) / (2)]	0.44	0.38

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Maturity Measures (continued)

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR of 8 is expected to have twice the contribution volatility of a plan with LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2020	June 30, 2021
1. Market Value of Assets without Receivables	$376,971,163	$448,723,883
2. Payroll	34,063,443	30,279,210
3. Asset Volatility Ratio (AVR) [(1) / (2)]	11.1	14.8
4. Accrued Liability	$515,279,210	$531,971,936
5. Liability Volatility Ratio (LVR) [(4) / (2)]	15.1	17.6

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
6/30/2017	62%	0.50	9.8	13.4
6/30/2018	62%	0.50	10.0	13.7
6/30/2019	64%	0.48	10.3	14.0
6/30/2020	66%	0.44	11.1	15.1
6/30/2021	68%	0.38	14.8	17.6

Hypothetical Termination Liability

The hypothetical termination liability is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2021. The plan liability on a termination basis is calculated differently from the plan's ongoing funding liability. For this hypothetical termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The effective termination discount rate will depend on actual market rates of return for risk-free securities on the date of termination. As market discount rates are variable the table below shows a range for the hypothetical termination liability based on the lowest and highest interest rates observed during an approximate 19-month period from 12 months before the valuation date to seven months after.

Market Value of Assets (MVA)	Hypothetical Termination Liability[1,2] at 1.00%	Funded Ratio	Unfunded Termination Liability at 1.00%	Hypothetical Termination Liability[1,2] at 2.25%	Funded Ratio	Unfunded Termination Liability at 2.25%
$449,245,909	$1,149,883,671	39.1%	$700,637,762	$964,232,988	46.6%	$514,987,079

[1] The hypothetical liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

[2] The discount rate used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the table are based on 20-year Treasury bonds, rounded to the nearest quarter percentage point, which is a good proxy for most plans. The 20-year Treasury yield was 2.00% on June 30, 2021, the valuation date.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow the plan actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan liabilities. Before beginning this process, please consult with the plan actuary.

Plan's Major Benefit Provisions

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Appendix B.

	Benefit Group						
Member Category	Misc	Misc	Misc	Misc	Misc	Misc	
Demographics							
Actives	No	Yes	Yes	No	No	No	
Transfers/Separated	Yes	Yes	Yes	No	No	No	
Receiving	Yes	Yes	No	Yes	Yes	Yes	
Benefit Provision							
Benefit Formula	2% @ 55	2.7% @ 55	2% @ 62				
Social Security Coverage	No	No	No				
Full/Modified	Full	Full	Full				
Employee Contribution Rate		8.00%	7.25%				
Final Average Compensation Period	One Year	One Year	Three Year				
Sick Leave Credit	Yes	Yes	Yes				
Non-Industrial Disability	Standard	Standard	Standard				
Industrial Disability	No	No	No				
Pre-Retirement Death Benefits							
Optional Settlement 2	No	No	No				
1959 Survivor Benefit Level	Level 1	Level 1	Level 1				
Special	No	No	No				
Alternate (firefighters)	No	No	No				
Post-Retirement Death Benefits							
Lump Sum	$500	$500	$500	$500	$500	$500	
Survivor Allowance (PRSA)	Yes	Yes	Yes	Yes	Yes	No	
COLA	2%	2%	2%	2%	2%	2%	

Appendices

- **Appendix A – Actuarial Methods and Assumptions**
- **Appendix B – Principal Plan Provisions**
- **Appendix C – Participant Data**
- **Appendix D – Glossary of Actuarial Terms**

Appendix A

Actuarial Methods and Assumptions

- **Actuarial Data**
- **Actuarial Methods**
- **Actuarial Assumptions**
- **Miscellaneous**

Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and generally do not have a material impact on the required employer contributions.

Actuarial Methods

Actuarial Cost Method

The actuarial cost method used is the Entry Age Actuarial Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the member's entry age to their assumed retirement age on the valuation date. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

CalPERS uses an in-house proprietary actuarial model for calculating plan costs. We believe this model is fit for its intended purpose and meets all applicable Actuarial Standards of Practice. Furthermore, the actuarial results of our model are independently confirmed periodically by outside auditing actuaries. The actuarial assumptions used are internally consistent and the generated results are reasonable.

Amortization of Unfunded Actuarial Accrued Liability

The excess of the total actuarial accrued liability over the market value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and a payment toward the UAL. The UAL payment is equal to the sum of individual amortization payments, each representing a different source of UAL for a given measurement period.

Amortization payments are determined according to the CalPERS amortization policy. The board adopted a new policy effective for the June 30, 2019 actuarial valuation. The new policy applies prospectively only; amortization bases (sources of UAL) established prior to the June 30, 2019 valuation will continue to be amortized according to the prior policy.

<u>Prior Policy (Bases Established prior to June 30, 2019)</u>

Amortization payments are determined as a level percentage of payroll whereby the payment increases each year at an escalation rate. Gains or losses are amortized over a fixed 30-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of five years. Bases established prior to June 30, 2013 may be amortized differently. A summary is provided in the following table:

Driver	Source				
	(Gain)/Loss				
	Investment	Non-investment	Assumption/Method Change	Benefit Change	Golden Handshake
Amortization Period	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate - Active Plans - Inactive Plans	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

The 5-year ramp up means that the payments in the first four years of the amortization period are 20%, 40%, 60% and 80% of the "full" payment which begins in year five. The 5-year ramp down means that the reverse is true in the final four years of the amortization period.

Current Policy (Bases Established on or after June 30, 2019)

Amortization payments are determined as a level dollar amount. Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years. A summary is provided in the table below:

	Source				
	(Gain)/Loss				
	Investment	Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	20 Years	20 Years	20 Years	20 Years	5 Years
Escalation Rate	0%	0%	0%	0%	0%
Ramp Up	5	0	0	0	0
Ramp Down	0	0	0	0	0

Exceptions for Inconsistencies

An exception to the amortization rules above is used whenever their application results in inconsistencies. In these cases, a "fresh start" approach is used. This means that the current unfunded actuarial liability is projected and amortized over a set number of years. For example, a fresh start is needed in the following situations:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

It should be noted that the actuary may determine that a fresh start is necessary under other circumstances. In all cases of a fresh start, the period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.

Exceptions for Plans in Surplus

If a surplus exists (i.e., the Market Value of Assets exceeds the plan's accrued liability) any prior amortization layers shall be considered fully amortized, and the surplus shall not be amortized.

In the event of any subsequent unfunded liability, a Fresh Start shall be used with an amortization period of 20 years or less.

Exceptions for Small Amounts

Where small unfunded liabilities are identified in annual valuations which result in small payment amounts, the actuary may shorten the remaining period for these bases.

- When the balance of a single amortization base has an absolute value less than $250, the amortization period is reduced to one year.
- When the entire unfunded liability is a small amount, the actuary may perform a Fresh Start and use an appropriate amortization period.

Exceptions for Inactive Plans

The following exceptions apply to plans classified as Inactive. These plans have no active members and no expectation to have active members in the future.

- Amortization of the unfunded liability is on a "level dollar" basis rather than a "level percent of pay" basis. For amortization layers, which utilize a ramp up and ramp down, the "ultimate" payment is constant.
- Actuarial judgment will be used to shorten amortization periods for Inactive plans with existing periods that are deemed too long given the duration of the liability. The specific demographics of the plan will be used to determine if shorter periods may be more appropriate.

Exceptions for Inactive Agencies

For a public agency with no active members in any CalPERS rate plan, the unfunded liability shall be amortized over a closed amortization period of no more than 15 years.

Asset Valuation Method

The Actuarial Value of Assets is set equal to the market value of assets. Asset values include accounts receivable.

PEPRA Normal Cost Rate Methodology

Per Government Code Section 7522.30(b), the "normal cost rate" shall mean the annual actuarially determined normal cost for the plan of retirement benefits provided to the new member and shall be established based on actuarial assumptions used to determine the liabilities and costs as part of the annual actuarial valuation. The plan of retirement benefits shall include any elements that would impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments as determined by the public retirement system.

For purposes of setting member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large. The total PEPRA normal cost will be determined based on the plan's PEPRA membership only if the number of members covered under the PEPRA formula meets either:

1. 50% of the active population, or
2. 25% of the active population and 100 or more PEPRA members

Until one of these conditions is met, the plan's total PEPRA normal cost will be determined using the entire active plan population (both PEPRA and Classic) based on the PEPRA benefit provisions.

Actuarial Assumptions

In 2021, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In November 2021, the board adopted changes to the asset allocation that increased the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 6.80%. The board also approved several changes to the demographic assumptions that more closely aligned with actual experience.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website under: Forms and Publications. Click on "View All" and search for Experience Study.

All actuarial assumptions (except the discount rates used for the hypothetical termination liability) represent an estimate of future experience rather than observations of the estimates inherent in market data.

Economic Assumptions

Discount Rate

The prescribed discount rate assumption, adopted by the board on November 17, 2021, is 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2021.

Termination Liability Discount Rate

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date.

The hypothetical termination liabilities in this report are calculated using an observed range of market interest rates. This range is based on the lowest and highest 20-year Treasury bond observed during an approximate 19-month period from 12 months before the valuation date to seven months after. The 20-year Treasury bond has a similar duration to most plan liabilities and serves as a good proxy for the termination discount rate. The 20-year Treasury yield was 2.00% on June 30, 2021.

Salary Growth

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases are shown below. Wage inflation assumption in the valuation year (2.80% for 2021) is added to these factors for total salary growth.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0764	0.0621	0.0521
1	0.0663	0.0528	0.0424
2	0.0576	0.0449	0.0346
3	0.0501	0.0381	0.0282
4	0.0435	0.0324	0.0229
5	0.0378	0.0276	0.0187
10	0.0201	0.0126	0.0108
15	0.0155	0.0102	0.0071
20	0.0119	0.0083	0.0047
25	0.0091	0.0067	0.0031
30	0.0070	0.0054	0.0020

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1517	0.1549	0.0631
1	0.1191	0.1138	0.0517
2	0.0936	0.0835	0.0423
3	0.0735	0.0613	0.0346
4	0.0577	0.0451	0.0284
5	0.0453	0.0331	0.0232
10	0.0188	0.0143	0.0077
15	0.0165	0.0124	0.0088
20	0.0145	0.0108	0.0101
25	0.0127	0.0094	0.0115
30	0.0112	0.0082	0.0132

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1181	0.1051	0.0653
1	0.0934	0.0812	0.0532
2	0.0738	0.0628	0.0434
3	0.0584	0.0485	0.0353
4	0.0462	0.0375	0.0288
5	0.0365	0.0290	0.0235
10	0.0185	0.0155	0.0118
15	0.0183	0.0150	0.0131
20	0.0181	0.0145	0.0145
25	0.0179	0.0141	0.0161
30	0.0178	0.0136	0.0179

Salary Growth (continued)

Public Agency County Peace Officers

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1238	0.1053	0.0890
1	0.0941	0.0805	0.0674
2	0.0715	0.0616	0.0510
3	0.0544	0.0471	0.0387
4	0.0413	0.0360	0.0293
5	0.0314	0.0276	0.0222
10	0.0184	0.0142	0.0072
15	0.0174	0.0124	0.0073
20	0.0164	0.0108	0.0074
25	0.0155	0.0094	0.0075
30	0.0147	0.0083	0.0077

Schools

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0275	0.0275	0.0200
1	0.0422	0.0373	0.0298
2	0.0422	0.0373	0.0298
3	0.0422	0.0373	0.0298
4	0.0388	0.0314	0.0245
5	0.0308	0.0239	0.0179
10	0.0236	0.0160	0.0121
15	0.0182	0.0135	0.0103
20	0.0145	0.0109	0.0085
25	0.0124	0.0102	0.0058
30	0.0075	0.0053	0.0019

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Price Inflation

2.30% compounded annually.

Wage Inflation

2.80% compounded annually (used in projecting individual salary increases).

Payroll Growth

2.80% compounded annually (used in projecting the payroll over which the unfunded liability is amortized for level percent of payroll bases). This assumption is used for all plans with active members.

Non-valued Potential Additional Liabilities

The potential liability loss for a cost-of-living increase exceeding the 2.30% price inflation assumption and any potential liability loss from future member service purchases that are not reflected in the valuation.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Total years of service is increased by 1% for those plans that have adopted the provision of providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982 have projected benefit amounts increased in order to reflect the use of "Best Factors" in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 5% contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. For purposes of the mortality rates, the rates incorporate generational mortality to capture on-going mortality improvement. Generational mortality explicitly assumes that members born more recently will live longer than the members born before them thereby capturing the mortality improvement seen in the past and expected continued improvement. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

Rates vary by age and gender are shown in the table below. This table only contains a sample of the 2017 base table rates for illustrative purposes. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety plans (except for local Safety members described in Section 20423.6 where the agency has not specifically contracted for industrial death benefits.)

	Miscellaneous		**Safety**			
	Non-Industrial Death (Not Job-Related)		**Non-Industrial Death (Not Job-Related)**		**Industrial Death (Job-Related)**	
Age	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00038	0.00014	0.00004	0.00002
25	0.00033	0.00013	0.00034	0.00018	0.00004	0.00002
30	0.00044	0.00019	0.00042	0.00025	0.00005	0.00003
35	0.00058	0.00029	0.00048	0.00034	0.00005	0.00004
40	0.00075	0.00039	0.00055	0.00042	0.00006	0.00005
45	0.00093	0.00054	0.00066	0.00053	0.00007	0.00006
50	0.00134	0.00081	0.00092	0.00073	0.00010	0.00008
55	0.00198	0.00123	0.00138	0.00106	0.00015	0.00012
60	0.00287	0.00179	0.00221	0.00151	0.00025	0.00017
65	0.00403	0.00250	0.00346	0.00194	0.00038	0.00022
70	0.00594	0.00404	0.00606	0.00358	0.00067	0.00040
75	0.00933	0.00688	0.01099	0.00699	0.00122	0.00078
80	0.01515	0.01149	0.02027	0.01410	0.00225	0.00157

- The pre-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.
- Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. If so, each non-industrial death rate shown above will be split into two components: 99% will become the non-industrial death rate and 1% will become the industrial death rate.

Post-Retirement Mortality

Rates vary by age, type of retirement, and gender. See sample rates in table below. These rates are used for all plans.

	Healthy Recipients		Non-Industrially Disabled (Not Job-Related)		Industrially Disabled (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
50	0.00267	0.00199	0.01701	0.01439	0.00430	0.00311
55	0.00390	0.00325	0.02210	0.01734	0.00621	0.00550
60	0.00578	0.00455	0.02708	0.01962	0.00944	0.00868
65	0.00857	0.00612	0.03334	0.02276	0.01394	0.01190
70	0.01333	0.00996	0.04001	0.02910	0.02163	0.01858
75	0.02391	0.01783	0.05376	0.04160	0.03446	0.03134
80	0.04371	0.03403	0.07936	0.06112	0.05853	0.05183
85	0.08274	0.06166	0.11561	0.09385	0.10137	0.08045
90	0.14539	0.11086	0.16608	0.14396	0.16584	0.12434
95	0.24665	0.20364	0.24665	0.20364	0.24665	0.20364
100	0.36198	0.31582	0.36198	0.31582	0.36198	0.31582
105	0.52229	0.44679	0.52229	0.44679	0.52229	0.44679
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

The post-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

Marital Status

For active members, a percentage who are married upon retirement is assumed according to the member category as shown in the following table.

Member Category	Percent Married
Miscellaneous Member	70%
Local Police	85%
Local Fire	85%
Other Local Safety	70%
School Police	85%
Local County Peace Officers	75%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Terminated Members

It is assumed that terminated members refund immediately if non-vested. Terminated members who are vested are assumed to retire at age 59 for Miscellaneous members and age 54 for Safety members.

Termination with Refund

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.1851	0.1944	0.1769	0.1899	0.1631	0.1824	0.1493	0.1749	0.1490	0.1731	0.1487	0.1713
1	0.1531	0.1673	0.1432	0.1602	0.1266	0.1484	0.1101	0.1366	0.1069	0.1323	0.1037	0.1280
2	0.1218	0.1381	0.1125	0.1307	0.0970	0.1183	0.0815	0.1058	0.0771	0.0998	0.0726	0.0938
3	0.0927	0.1085	0.0852	0.1020	0.0727	0.0912	0.0601	0.0804	0.0556	0.0737	0.0511	0.0669
4	0.0672	0.0801	0.0616	0.0752	0.0524	0.0670	0.0431	0.0587	0.0392	0.0523	0.0352	0.0459
5	0.0463	0.0551	0.0423	0.0517	0.0358	0.0461	0.0292	0.0404	0.0261	0.0350	0.0230	0.0296
10	0.0112	0.0140	0.0101	0.0129	0.0083	0.0112	0.0064	0.0094	0.0048	0.0071	0.0033	0.0049
15	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
0	0.1022	0.1317	0.1298	0.1389	0.1086	0.1284
1	0.0686	0.1007	0.0789	0.0904	0.0777	0.0998
2	0.0441	0.0743	0.0464	0.0566	0.0549	0.0759
3	0.0272	0.0524	0.0274	0.0343	0.0385	0.0562
4	0.0161	0.0349	0.0170	0.0206	0.0268	0.0402
5	0.0092	0.0214	0.0113	0.0128	0.0186	0.0276
10	0.0015	0.0000	0.0032	0.0047	0.0046	0.0038
15	0.0000	0.0000	0.0000	0.0000	0.0023	0.0036
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- The police termination and refund rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Termination with Refund (continued)

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.2054	0.2120	0.1933	0.1952	0.1730	0.1672	0.1527	0.1392	0.1423	0.1212	0.1318	0.1032
1	0.1922	0.2069	0.1778	0.1883	0.1539	0.1573	0.1300	0.1264	0.1191	0.1087	0.1083	0.0910
2	0.1678	0.1859	0.1536	0.1681	0.1298	0.1383	0.1060	0.1086	0.0957	0.0934	0.0853	0.0782
3	0.1384	0.1575	0.1256	0.1417	0.1042	0.1155	0.0829	0.0893	0.0736	0.0774	0.0643	0.0656
4	0.1085	0.1274	0.0978	0.1143	0.0800	0.0925	0.0622	0.0707	0.0542	0.0620	0.0462	0.0533
5	0.0816	0.0991	0.0732	0.0887	0.0590	0.0713	0.0449	0.0539	0.0383	0.0476	0.0317	0.0413
10	0.0222	0.0248	0.0200	0.0221	0.0163	0.0174	0.0125	0.0128	0.0094	0.0100	0.0063	0.0072
15	0.0106	0.0132	0.0095	0.0113	0.0077	0.0083	0.0058	0.0052	0.0040	0.0039	0.0021	0.0026
20	0.0059	0.0065	0.0050	0.0054	0.0035	0.0036	0.0021	0.0019	0.0010	0.0009	0.0000	0.0000
25	0.0029	0.0034	0.0025	0.0029	0.0018	0.0020	0.0010	0.0012	0.0005	0.0006	0.0000	0.0000
30	0.0012	0.0015	0.0011	0.0013	0.0011	0.0011	0.0010	0.0009	0.0005	0.0005	0.0000	0.0000
35	0.0006	0.0007	0.0006	0.0007	0.0005	0.0006	0.0005	0.0005	0.0003	0.0002	0.0000	0.0000

Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0381	0.0524	0.0381	0.0524	0.0358	0.0464	0.0334	0.0405	0.0301	0.0380
10	0.0265	0.0362	0.0265	0.0362	0.0254	0.0334	0.0244	0.0307	0.0197	0.0236
15	0.0180	0.0252	0.0180	0.0252	0.0166	0.0213	0.0152	0.0174	0.0119	0.0132
20	0.0141	0.0175	0.0141	0.0175	0.0110	0.0131	0.0079	0.0087	0.0000	0.0000
25	0.0084	0.0108	0.0084	0.0108	0.0064	0.0076	0.0000	0.0000	0.0000	0.0000
30	0.0047	0.0056	0.0047	0.0056	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0038	0.0041	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
5	0.0089	0.0224	0.0156	0.0272	0.0177	0.0266
10	0.0066	0.0164	0.0113	0.0198	0.0126	0.0189
15	0.0048	0.0120	0.0083	0.0144	0.0089	0.0134
20	0.0035	0.0088	0.0060	0.0105	0.0063	0.0095
25	0.0024	0.0061	0.0042	0.0073	0.0042	0.0063
30	0.0012	0.0031	0.0021	0.0037	0.0021	0.0031
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- After termination with vested benefits, a Miscellaneous member is assumed to retire at age 59 and a Safety member at age 54.
- The Police termination with vested benefits rates are also used for Public Agency Local Prosecutors, Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0359	0.0501	0.0359	0.0501	0.0332	0.0402	0.0305	0.0304	0.0266	0.0272
10	0.0311	0.0417	0.0311	0.0417	0.0269	0.0341	0.0228	0.0265	0.0193	0.0233
15	0.0193	0.0264	0.0193	0.0264	0.0172	0.0220	0.0151	0.0175	0.0123	0.0142
20	0.0145	0.0185	0.0145	0.0185	0.0113	0.0141	0.0080	0.0097	0.0000	0.0000
25	0.0089	0.0123	0.0089	0.0123	0.0074	0.0093	0.0000	0.0000	0.0000	0.0000
30	0.0057	0.0064	0.0057	0.0064	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0040	0.0049	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Non-Industrial (Not Job-Related) Disability

Rates vary by age and gender for Miscellaneous plans. Rates vary by age and category for Safety plans.

	Miscellaneous		Fire	Police	County Peace Officer	Schools	
Age	Male	Female	Male and Female	Male and Female	Male and Female	Male	Female
20	0.0001	0.0000	0.0001	0.0001	0.0001	0.0000	0.0002
25	0.0001	0.0001	0.0001	0.0001	0.0001	0.0000	0.0002
30	0.0002	0.0003	0.0001	0.0001	0.0001	0.0002	0.0002
35	0.0004	0.0007	0.0001	0.0002	0.0003	0.0005	0.0004
40	0.0009	0.0012	0.0001	0.0002	0.0006	0.0010	0.0008
45	0.0015	0.0019	0.0002	0.0003	0.0011	0.0019	0.0015
50	0.0015	0.0019	0.0004	0.0005	0.0016	0.0027	0.0021
55	0.0014	0.0013	0.0006	0.0007	0.0009	0.0024	0.0017
60	0.0012	0.0009	0.0006	0.0011	0.0005	0.0020	0.0010

- The Miscellaneous non-industrial disability rates are used for Local Prosecutors.
- The police non-industrial disability rates are also used for Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0001	0.0000	0.0004
25	0.0002	0.0017	0.0013
30	0.0006	0.0048	0.0025
35	0.0012	0.0079	0.0037
40	0.0023	0.0110	0.0051
45	0.0040	0.0141	0.0067
50	0.0208	0.0185	0.0092
55	0.0307	0.0479	0.0151
60	0.0438	0.0602	0.0174

- The police industrial disability rates are also used for Local Sheriff and Other Safety.
- 50% of the police industrial disability rates are used for School Police.
- 1% of the police industrial disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous plans unless the agency has specifically contracted for industrial disability benefits. If so, each Miscellaneous non-industrial disability rate will be split into two components: 50% will become the non-industrial disability rate and 50% will become the industrial disability rate.

Service Retirement

Retirement rates vary by age, service, and formula, except for the Safety Half Pay at 55 and 2% at 55 formulas, where retirement rates vary by age only.

Public Agency Miscellaneous 1.5% at 65

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.011	0.013	0.015	0.017	0.019
51	0.007	0.010	0.012	0.013	0.015	0.017
52	0.010	0.014	0.017	0.019	0.021	0.024
53	0.008	0.012	0.015	0.017	0.019	0.022
54	0.012	0.016	0.019	0.022	0.025	0.028
55	0.018	0.025	0.031	0.035	0.038	0.043
56	0.015	0.021	0.025	0.029	0.032	0.036
57	0.020	0.028	0.033	0.038	0.043	0.048
58	0.024	0.033	0.040	0.046	0.052	0.058
59	0.028	0.039	0.048	0.054	0.060	0.067
60	0.049	0.069	0.083	0.094	0.105	0.118
61	0.062	0.087	0.106	0.120	0.133	0.150
62	0.104	0.146	0.177	0.200	0.223	0.251
63	0.099	0.139	0.169	0.191	0.213	0.239
64	0.097	0.136	0.165	0.186	0.209	0.233
65	0.140	0.197	0.240	0.271	0.302	0.339
66	0.092	0.130	0.157	0.177	0.198	0.222
67	0.129	0.181	0.220	0.249	0.277	0.311
68	0.092	0.129	0.156	0.177	0.197	0.221
69	0.092	0.130	0.158	0.178	0.199	0.224
70	0.103	0.144	0.175	0.198	0.221	0.248

Public Agency Miscellaneous 2% at 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.011	0.014	0.014	0.017	0.017
51	0.017	0.013	0.014	0.010	0.010	0.010
52	0.014	0.014	0.018	0.015	0.016	0.016
53	0.015	0.012	0.013	0.010	0.011	0.011
54	0.006	0.010	0.017	0.016	0.018	0.018
55	0.012	0.016	0.024	0.032	0.036	0.036
56	0.010	0.014	0.023	0.030	0.034	0.034
57	0.006	0.018	0.030	0.040	0.044	0.044
58	0.022	0.023	0.033	0.042	0.046	0.046
59	0.039	0.033	0.040	0.047	0.050	0.050
60	0.063	0.069	0.074	0.090	0.137	0.116
61	0.044	0.058	0.066	0.083	0.131	0.113
62	0.084	0.107	0.121	0.153	0.238	0.205
63	0.173	0.166	0.165	0.191	0.283	0.235
64	0.120	0.145	0.164	0.147	0.160	0.172
65	0.138	0.160	0.214	0.216	0.237	0.283
66	0.198	0.228	0.249	0.216	0.228	0.239
67	0.207	0.242	0.230	0.233	0.233	0.233
68	0.201	0.234	0.225	0.231	0.231	0.231
69	0.152	0.173	0.164	0.166	0.166	0.166
70	0.200	0.200	0.200	0.200	0.200	0.200

Service Retirement

Public Agency Miscellaneous 2% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.014	0.017	0.021	0.023	0.024
51	0.013	0.017	0.017	0.018	0.018	0.019
52	0.013	0.018	0.018	0.020	0.020	0.021
53	0.013	0.019	0.021	0.024	0.025	0.026
54	0.017	0.025	0.028	0.032	0.033	0.035
55	0.045	0.042	0.053	0.086	0.098	0.123
56	0.018	0.036	0.056	0.086	0.102	0.119
57	0.041	0.046	0.056	0.076	0.094	0.120
58	0.052	0.044	0.048	0.074	0.106	0.123
59	0.043	0.058	0.073	0.092	0.105	0.126
60	0.059	0.064	0.083	0.115	0.154	0.170
61	0.087	0.074	0.087	0.107	0.147	0.168
62	0.115	0.123	0.151	0.180	0.227	0.237
63	0.116	0.127	0.164	0.202	0.252	0.261
64	0.084	0.138	0.153	0.190	0.227	0.228
65	0.167	0.187	0.210	0.262	0.288	0.291
66	0.187	0.258	0.280	0.308	0.318	0.319
67	0.195	0.235	0.244	0.277	0.269	0.280
68	0.228	0.248	0.250	0.241	0.245	0.245
69	0.188	0.201	0.209	0.219	0.231	0.231
70	0.229	0.229	0.229	0.229	0.229	0.229

Public Agency Miscellaneous 2.5% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.014	0.017	0.027	0.035	0.046	0.050
51	0.019	0.021	0.025	0.030	0.038	0.040
52	0.018	0.020	0.026	0.034	0.038	0.037
53	0.013	0.021	0.031	0.045	0.052	0.053
54	0.025	0.025	0.030	0.046	0.057	0.068
55	0.029	0.042	0.064	0.109	0.150	0.225
56	0.036	0.047	0.068	0.106	0.134	0.194
57	0.051	0.047	0.060	0.092	0.116	0.166
58	0.035	0.046	0.062	0.093	0.119	0.170
59	0.029	0.053	0.072	0.112	0.139	0.165
60	0.039	0.069	0.094	0.157	0.177	0.221
61	0.080	0.077	0.086	0.140	0.167	0.205
62	0.086	0.131	0.149	0.220	0.244	0.284
63	0.135	0.135	0.147	0.214	0.222	0.262
64	0.114	0.128	0.158	0.177	0.233	0.229
65	0.112	0.174	0.222	0.209	0.268	0.273
66	0.235	0.254	0.297	0.289	0.321	0.337
67	0.237	0.240	0.267	0.249	0.267	0.277
68	0.258	0.271	0.275	0.207	0.210	0.212
69	0.117	0.208	0.266	0.219	0.250	0.270
70	0.229	0.229	0.229	0.229	0.229	0.229

Service Retirement

Public Agency Miscellaneous 2.7% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.011	0.016	0.022	0.033	0.034	0.038
51	0.018	0.019	0.023	0.032	0.031	0.031
52	0.019	0.020	0.026	0.035	0.034	0.037
53	0.020	0.020	0.025	0.043	0.048	0.053
54	0.018	0.030	0.040	0.052	0.053	0.070
55	0.045	0.058	0.082	0.138	0.208	0.278
56	0.057	0.062	0.080	0.121	0.178	0.222
57	0.045	0.052	0.071	0.106	0.147	0.182
58	0.074	0.060	0.074	0.118	0.163	0.182
59	0.058	0.067	0.086	0.123	0.158	0.187
60	0.087	0.084	0.096	0.142	0.165	0.198
61	0.073	0.084	0.101	0.138	0.173	0.218
62	0.130	0.133	0.146	0.187	0.214	0.249
63	0.122	0.140	0.160	0.204	0.209	0.243
64	0.104	0.124	0.154	0.202	0.214	0.230
65	0.182	0.201	0.242	0.264	0.293	0.293
66	0.272	0.249	0.273	0.285	0.312	0.312
67	0.182	0.217	0.254	0.249	0.264	0.264
68	0.223	0.197	0.218	0.242	0.273	0.273
69	0.217	0.217	0.217	0.217	0.217	0.217
70	0.227	0.227	0.227	0.227	0.227	0.227

Public Agency Miscellaneous 3% at 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.025	0.039	0.040	0.044
51	0.041	0.034	0.032	0.041	0.036	0.037
52	0.024	0.020	0.022	0.039	0.040	0.041
53	0.018	0.024	0.032	0.047	0.048	0.057
54	0.033	0.033	0.035	0.051	0.049	0.052
55	0.137	0.043	0.051	0.065	0.076	0.108
56	0.173	0.038	0.054	0.075	0.085	0.117
57	0.019	0.035	0.059	0.088	0.111	0.134
58	0.011	0.040	0.070	0.105	0.133	0.162
59	0.194	0.056	0.064	0.081	0.113	0.163
60	0.081	0.085	0.133	0.215	0.280	0.333
61	0.080	0.090	0.134	0.170	0.223	0.292
62	0.137	0.153	0.201	0.250	0.278	0.288
63	0.128	0.140	0.183	0.227	0.251	0.260
64	0.174	0.147	0.173	0.224	0.239	0.264
65	0.152	0.201	0.262	0.299	0.323	0.323
66	0.272	0.273	0.317	0.355	0.380	0.380
67	0.218	0.237	0.268	0.274	0.284	0.284
68	0.200	0.228	0.269	0.285	0.299	0.299
69	0.250	0.250	0.250	0.250	0.250	0.250
70	0.245	0.245	0.245	0.245	0.245	0.245

Service Retirement

Public Agency Miscellaneous 2% at 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.005	0.008	0.012	0.015	0.019	0.031
53	0.007	0.011	0.014	0.018	0.021	0.032
54	0.007	0.011	0.015	0.019	0.023	0.034
55	0.010	0.019	0.028	0.036	0.061	0.096
56	0.014	0.026	0.038	0.050	0.075	0.108
57	0.018	0.029	0.039	0.050	0.074	0.107
58	0.023	0.035	0.048	0.060	0.073	0.099
59	0.025	0.038	0.051	0.065	0.092	0.128
60	0.031	0.051	0.071	0.091	0.111	0.138
61	0.038	0.058	0.079	0.100	0.121	0.167
62	0.044	0.074	0.104	0.134	0.164	0.214
63	0.077	0.105	0.134	0.163	0.192	0.237
64	0.072	0.101	0.129	0.158	0.187	0.242
65	0.108	0.141	0.173	0.206	0.239	0.300
66	0.132	0.172	0.212	0.252	0.292	0.366
67	0.132	0.172	0.212	0.252	0.292	0.366
68	0.120	0.156	0.193	0.229	0.265	0.333
69	0.120	0.156	0.193	0.229	0.265	0.333
70	0.120	0.156	0.193	0.229	0.265	0.333

Service Retirement

Public Agency Fire Half Pay at 55 and 2% at 55

Age	Rate	Age	Rate
50	0.016	56	0.111
51	0.000	57	0.000
52	0.034	58	0.095
53	0.020	59	0.044
54	0.041	60	1.000
55	0.075		

Public Agency Police Half Pay at 55 and 2% at 55

Age	Rate	Age	Rate
50	0.026	56	0.069
51	0.000	57	0.051
52	0.016	58	0.072
53	0.027	59	0.070
54	0.010	60	0.300
55	0.167		

Service Retirement

Public Agency Police 2% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.018	0.077	0.056	0.046	0.043	0.046
51	0.022	0.087	0.060	0.048	0.044	0.047
52	0.020	0.102	0.081	0.071	0.069	0.075
53	0.016	0.072	0.053	0.045	0.042	0.046
54	0.006	0.071	0.071	0.069	0.072	0.080
55	0.009	0.040	0.099	0.157	0.186	0.186
56	0.020	0.051	0.108	0.165	0.194	0.194
57	0.036	0.072	0.106	0.139	0.156	0.156
58	0.001	0.046	0.089	0.130	0.152	0.152
59	0.066	0.094	0.119	0.143	0.155	0.155
60	0.177	0.177	0.177	0.177	0.177	0.177
61	0.134	0.134	0.134	0.134	0.134	0.134
62	0.184	0.184	0.184	0.184	0.184	0.184
63	0.250	0.250	0.250	0.250	0.250	0.250
64	0.177	0.177	0.177	0.177	0.177	0.177
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.054	0.054	0.056	0.080	0.064	0.066
51	0.020	0.020	0.021	0.030	0.024	0.024
52	0.037	0.037	0.038	0.054	0.043	0.045
53	0.051	0.051	0.053	0.076	0.061	0.063
54	0.082	0.082	0.085	0.121	0.097	0.100
55	0.139	0.139	0.139	0.139	0.139	0.139
56	0.129	0.129	0.129	0.129	0.129	0.129
57	0.085	0.085	0.085	0.085	0.085	0.085
58	0.119	0.119	0.119	0.119	0.119	0.119
59	0.167	0.167	0.167	0.167	0.167	0.167
60	0.152	0.152	0.152	0.152	0.152	0.152
61	0.179	0.179	0.179	0.179	0.179	0.179
62	0.179	0.179	0.179	0.179	0.179	0.179
63	0.179	0.179	0.179	0.179	0.179	0.179
64	0.179	0.179	0.179	0.179	0.179	0.179
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.019	0.053	0.045	0.054	0.057	0.061
51	0.002	0.017	0.028	0.044	0.053	0.060
52	0.002	0.031	0.037	0.051	0.059	0.066
53	0.026	0.049	0.049	0.080	0.099	0.114
54	0.019	0.034	0.047	0.091	0.121	0.142
55	0.006	0.115	0.141	0.199	0.231	0.259
56	0.017	0.188	0.121	0.173	0.199	0.199
57	0.008	0.137	0.093	0.136	0.157	0.157
58	0.017	0.126	0.105	0.164	0.194	0.194
59	0.026	0.146	0.110	0.167	0.195	0.195
60	0.155	0.155	0.155	0.155	0.155	0.155
61	0.210	0.210	0.210	0.210	0.210	0.210
62	0.262	0.262	0.262	0.262	0.262	0.262
63	0.172	0.172	0.172	0.172	0.172	0.172
64	0.227	0.227	0.227	0.227	0.227	0.227
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 3% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.003	0.006	0.013	0.019	0.025	0.028
51	0.004	0.008	0.017	0.026	0.034	0.038
52	0.005	0.011	0.022	0.033	0.044	0.049
53	0.005	0.034	0.024	0.038	0.069	0.138
54	0.007	0.047	0.032	0.051	0.094	0.187
55	0.010	0.067	0.046	0.073	0.134	0.266
56	0.010	0.063	0.044	0.069	0.127	0.253
57	0.135	0.100	0.148	0.196	0.220	0.220
58	0.083	0.062	0.091	0.120	0.135	0.135
59	0.137	0.053	0.084	0.146	0.177	0.177
60	0.162	0.063	0.099	0.172	0.208	0.208
61	0.598	0.231	0.231	0.231	0.231	0.231
62	0.621	0.240	0.240	0.240	0.240	0.240
63	0.236	0.236	0.236	0.236	0.236	0.236
64	0.236	0.236	0.236	0.236	0.236	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 3% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.124	0.103	0.113	0.143	0.244	0.376
51	0.060	0.081	0.087	0.125	0.207	0.294
52	0.016	0.055	0.111	0.148	0.192	0.235
53	0.072	0.074	0.098	0.142	0.189	0.237
54	0.018	0.049	0.105	0.123	0.187	0.271
55	0.069	0.074	0.081	0.113	0.209	0.305
56	0.064	0.108	0.113	0.125	0.190	0.288
57	0.056	0.109	0.160	0.182	0.210	0.210
58	0.108	0.129	0.173	0.189	0.214	0.214
59	0.093	0.144	0.204	0.229	0.262	0.262
60	0.343	0.180	0.159	0.188	0.247	0.247
61	0.221	0.221	0.221	0.221	0.221	0.221
62	0.213	0.213	0.213	0.213	0.213	0.213
63	0.233	0.233	0.233	0.233	0.233	0.233
64	0.234	0.234	0.234	0.234	0.234	0.234
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 3% at 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.095	0.048	0.053	0.093	0.134	0.175
51	0.016	0.032	0.053	0.085	0.117	0.149
52	0.013	0.032	0.054	0.087	0.120	0.154
53	0.085	0.044	0.049	0.089	0.129	0.170
54	0.038	0.065	0.074	0.105	0.136	0.167
55	0.042	0.043	0.049	0.085	0.132	0.215
56	0.133	0.103	0.075	0.113	0.151	0.209
57	0.062	0.048	0.060	0.124	0.172	0.213
58	0.124	0.097	0.092	0.153	0.194	0.227
59	0.092	0.071	0.078	0.144	0.192	0.233
60	0.056	0.044	0.061	0.131	0.186	0.233
61	0.282	0.219	0.158	0.198	0.233	0.260
62	0.292	0.227	0.164	0.205	0.241	0.269
63	0.196	0.196	0.196	0.196	0.196	0.196
64	0.197	0.197	0.197	0.197	0.197	0.197
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.040	0.040	0.040	0.040	0.040	0.080
51	0.028	0.028	0.028	0.028	0.040	0.066
52	0.028	0.028	0.028	0.028	0.043	0.061
53	0.028	0.028	0.028	0.028	0.057	0.086
54	0.028	0.028	0.028	0.032	0.069	0.110
55	0.050	0.050	0.050	0.067	0.099	0.179
56	0.046	0.046	0.046	0.062	0.090	0.160
57	0.054	0.054	0.054	0.072	0.106	0.191
58	0.060	0.060	0.060	0.066	0.103	0.171
59	0.060	0.060	0.060	0.069	0.105	0.171
60	0.113	0.113	0.113	0.113	0.113	0.171
61	0.108	0.108	0.108	0.108	0.108	0.128
62	0.113	0.113	0.113	0.113	0.113	0.159
63	0.113	0.113	0.113	0.113	0.113	0.159
64	0.113	0.113	0.113	0.113	0.113	0.239
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.005	0.005	0.005	0.008	0.012
51	0.006	0.006	0.006	0.006	0.009	0.013
52	0.012	0.012	0.012	0.012	0.019	0.028
53	0.033	0.033	0.033	0.033	0.050	0.075
54	0.045	0.045	0.045	0.045	0.069	0.103
55	0.061	0.061	0.061	0.061	0.094	0.140
56	0.055	0.055	0.055	0.055	0.084	0.126
57	0.081	0.081	0.081	0.081	0.125	0.187
58	0.059	0.059	0.059	0.059	0.091	0.137
59	0.055	0.055	0.055	0.055	0.084	0.126
60	0.085	0.085	0.085	0.085	0.131	0.196
61	0.085	0.085	0.085	0.085	0.131	0.196
62	0.085	0.085	0.085	0.085	0.131	0.196
63	0.085	0.085	0.085	0.085	0.131	0.196
64	0.085	0.085	0.085	0.085	0.131	0.196
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.5% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.050	0.050	0.050	0.050	0.050	0.100
51	0.038	0.038	0.038	0.038	0.055	0.089
52	0.038	0.038	0.038	0.038	0.058	0.082
53	0.036	0.036	0.036	0.036	0.073	0.111
54	0.036	0.036	0.036	0.041	0.088	0.142
55	0.061	0.061	0.061	0.082	0.120	0.217
56	0.056	0.056	0.056	0.075	0.110	0.194
57	0.060	0.060	0.060	0.080	0.118	0.213
58	0.072	0.072	0.072	0.079	0.124	0.205
59	0.072	0.072	0.072	0.083	0.126	0.205
60	0.135	0.135	0.135	0.135	0.135	0.205
61	0.130	0.130	0.130	0.130	0.130	0.153
62	0.135	0.135	0.135	0.135	0.135	0.191
63	0.135	0.135	0.135	0.135	0.135	0.191
64	0.135	0.135	0.135	0.135	0.135	0.287
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2.5% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.012	0.018
52	0.016	0.016	0.016	0.016	0.025	0.038
53	0.042	0.042	0.042	0.042	0.064	0.096
54	0.057	0.057	0.057	0.057	0.088	0.132
55	0.074	0.074	0.074	0.074	0.114	0.170
56	0.066	0.066	0.066	0.066	0.102	0.153
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.071	0.071	0.071	0.071	0.110	0.164
59	0.066	0.066	0.066	0.066	0.101	0.151
60	0.102	0.102	0.102	0.102	0.157	0.235
61	0.102	0.102	0.102	0.102	0.157	0.236
62	0.102	0.102	0.102	0.102	0.157	0.236
63	0.102	0.102	0.102	0.102	0.157	0.236
64	0.102	0.102	0.102	0.102	0.157	0.236
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Public Agency Police 2.7% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.050	0.050	0.050	0.050	0.050	0.100
51	0.040	0.040	0.040	0.040	0.058	0.094
52	0.038	0.038	0.038	0.038	0.058	0.083
53	0.038	0.038	0.038	0.038	0.077	0.117
54	0.038	0.038	0.038	0.044	0.093	0.150
55	0.068	0.068	0.068	0.091	0.134	0.242
56	0.063	0.063	0.063	0.084	0.123	0.217
57	0.060	0.060	0.060	0.080	0.118	0.213
58	0.080	0.080	0.080	0.088	0.138	0.228
59	0.080	0.080	0.080	0.092	0.140	0.228
60	0.150	0.150	0.150	0.150	0.150	0.228
61	0.144	0.144	0.144	0.144	0.144	0.170
62	0.150	0.150	0.150	0.150	0.150	0.213
63	0.150	0.150	0.150	0.150	0.150	0.213
64	0.150	0.150	0.150	0.150	0.150	0.319
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement

Public Agency Fire 2.7% at 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.007	0.007	0.007	0.010	0.015
51	0.008	0.008	0.008	0.008	0.013	0.019
52	0.016	0.016	0.016	0.016	0.025	0.038
53	0.044	0.044	0.044	0.044	0.068	0.102
54	0.061	0.061	0.061	0.061	0.093	0.140
55	0.083	0.083	0.083	0.083	0.127	0.190
56	0.074	0.074	0.074	0.074	0.114	0.171
57	0.090	0.090	0.090	0.090	0.139	0.208
58	0.079	0.079	0.079	0.079	0.122	0.182
59	0.073	0.073	0.073	0.073	0.112	0.168
60	0.114	0.114	0.114	0.114	0.175	0.262
61	0.114	0.114	0.114	0.114	0.175	0.262
62	0.114	0.114	0.114	0.114	0.175	0.262
63	0.114	0.114	0.114	0.114	0.175	0.262
64	0.114	0.114	0.114	0.114	0.175	0.262
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement

Schools 2% at 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.003	0.004	0.006	0.007	0.010	0.010
51	0.004	0.005	0.007	0.008	0.011	0.011
52	0.005	0.007	0.008	0.009	0.012	0.012
53	0.007	0.008	0.010	0.012	0.015	0.015
54	0.006	0.009	0.012	0.015	0.020	0.021
55	0.011	0.023	0.034	0.057	0.070	0.090
56	0.012	0.027	0.036	0.056	0.073	0.095
57	0.016	0.027	0.036	0.055	0.068	0.087
58	0.019	0.030	0.040	0.062	0.078	0.103
59	0.023	0.034	0.046	0.070	0.085	0.109
60	0.022	0.043	0.062	0.095	0.113	0.141
61	0.030	0.051	0.071	0.103	0.124	0.154
62	0.065	0.098	0.128	0.188	0.216	0.248
63	0.075	0.112	0.144	0.197	0.222	0.268
64	0.091	0.116	0.138	0.180	0.196	0.231
65	0.163	0.164	0.197	0.232	0.250	0.271
66	0.208	0.204	0.243	0.282	0.301	0.315
67	0.189	0.185	0.221	0.257	0.274	0.287
68	0.127	0.158	0.200	0.227	0.241	0.244
69	0.168	0.162	0.189	0.217	0.229	0.238
70	0.191	0.190	0.237	0.250	0.246	0.254

Schools 2% at 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.004	0.007	0.010	0.011	0.013	0.015
53	0.004	0.008	0.010	0.013	0.014	0.016
54	0.005	0.011	0.015	0.018	0.020	0.022
55	0.014	0.027	0.038	0.045	0.050	0.056
56	0.013	0.026	0.037	0.043	0.048	0.055
57	0.013	0.027	0.038	0.045	0.050	0.055
58	0.017	0.034	0.047	0.056	0.062	0.069
59	0.019	0.037	0.052	0.062	0.068	0.076
60	0.026	0.053	0.074	0.087	0.097	0.108
61	0.030	0.058	0.081	0.095	0.106	0.119
62	0.053	0.105	0.147	0.174	0.194	0.217
63	0.054	0.107	0.151	0.178	0.198	0.222
64	0.053	0.105	0.147	0.174	0.194	0.216
65	0.072	0.142	0.199	0.235	0.262	0.293
66	0.077	0.152	0.213	0.252	0.281	0.314
67	0.070	0.139	0.194	0.229	0.255	0.286
68	0.063	0.124	0.173	0.205	0.228	0.255
69	0.066	0.130	0.183	0.216	0.241	0.270
70	0.071	0.140	0.196	0.231	0.258	0.289

Miscellaneous

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code Section 415 are taken into account in this valuation. Each year the impact of any changes in this limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law. The Section 415(b) dollar limit for the 2021 calendar year is $230,000.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code Section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation since the prior valuation is included and amortized as part of the actuarial gain or loss base. The compensation limit for classic members for the 2021 calendar year is $290,000.

Appendix B

Principal Plan Provisions

The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Hands hakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the Public Employees' Retirement Law. The law itself governs in all situations.

Service Retirement

Eligibility

A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at age 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRA Miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service.

Benefit

The service retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation.*

- The *benefit factor* depends on the benefit formula specified in the agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

Miscellaneous Plan Formulas

Retirement Age	1.5% at 65	2% at 60	2% at 55	2.5% at 55	2.7% at 55	3% at 60	PEPRA 2% at 62
50	0.5000%	1.092%	1.426%	2.000%	2.000%	2.000%	N/A
51	0.5667%	1.156%	1.522%	2.100%	2.140%	2.100%	N/A
52	0.6334%	1.224%	1.628%	2.200%	2.280%	2.200%	1.000%
53	0.7000%	1.296%	1.742%	2.300%	2.420%	2.300%	1.100%
54	0.7667%	1.376%	1.866%	2.400%	2.560%	2.400%	1.200%
55	0.8334%	1.460%	2.000%	2.500%	2.700%	2.500%	1.300%
56	0.9000%	1.552%	2.052%	2.500%	2.700%	2.600%	1.400%
57	0.9667%	1.650%	2.104%	2.500%	2.700%	2.700%	1.500%
58	1.0334%	1.758%	2.156%	2.500%	2.700%	2.800%	1.600%
59	1.1000%	1.874%	2.210%	2.500%	2.700%	2.900%	1.700%
60	1.1667%	2.000%	2.262%	2.500%	2.700%	3.000%	1.800%
61	1.2334%	2.134%	2.314%	2.500%	2.700%	3.000%	1.900%
62	1.3000%	2.272%	2.366%	2.500%	2.700%	3.000%	2.000%
63	1.3667%	2.418%	2.418%	2.500%	2.700%	3.000%	2.100%
64	1.4334%	2.418%	2.418%	2.500%	2.700%	3.000%	2.200%
65	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.300%
66	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.400%
67 & up	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.500%

Safety Plan Formulas

Retirement Age	Half Pay at 55*	2% at 55	2% at 50	3% at 55	3% at 50
50	1.783%	1.426%	2.000%	2.400%	3.000%
51	1.903%	1.522%	2.140%	2.520%	3.000%
52	2.035%	1.628%	2.280%	2.640%	3.000%
53	2.178%	1.742%	2.420%	2.760%	3.000%
54	2.333%	1.866%	2.560%	2.880%	3.000%
55 & Up	2.500%	2.000%	2.700%	3.000%	3.000%

* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50% divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

PEPRA Safety Plan Formulas

Retirement Age	2% at 57	2.5% at 57	2.7% at 57
50	1.426%	2.000%	2.000%
51	1.508%	2.071%	2.100%
52	1.590%	2.143%	2.200%
53	1.672%	2.214%	2.300%
54	1.754%	2.286%	2.400%
55	1.836%	2.357%	2.500%
56	1.918%	2.429%	2.600%
57 & Up	2.000%	2.500%	2.700%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at 65 formula. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security contribution and benefit base. For employees that participate in Social Security this cap is $128,059 for 2021 and for those employees that do not participate in Social Security the cap for 2021 is $153,671. Adjustments to the caps are permitted annually based on changes to the CPI for all urban consumers.

- Employees must be covered by Social Security with the 1.5% at 65 formula. Social Security is optional for all other benefit formulas. For employees covered by Social Security, the modified formula is the standard benefit. Under this type of formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less than $400). Employers may contract for the full benefit with Social Security that will eliminate the offset applicable to the final compensation. For employees not covered by Social Security, the full benefit is paid with no offsets.

Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is $317 if members are not covered by Social Security or $513 if members are covered by Social Security.

- The Miscellaneous and PEPRA Safety service retirement benefit is not capped. The classic Safety service retirement benefit is capped at 90% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

A CalPERS member becomes eligible for a deferred vested retirement benefit when he or she leaves employment, keeps his or her contribution account balance on deposit with CalPERS, **and** has earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits

The CalPERS classic members and PEPRA Safety members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 50 (55 for employees hired into a 1.5% at 65 plan). PEPRA Miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 52.

Benefit

The vested deferred retirement benefit is the same as the service retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial (Non-Job Related) Disability Retirement

Eligibility

A CalPERS member is eligible for Non-Industrial Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform his or her job because of an illness or injury, which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively employed by any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33⅓% of final compensation.

Improved Benefit

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30% of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50% of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial (Job Related) Disability Retirement

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the increased benefit option or the improved benefit option.

Eligibility

An employee is eligible for Industrial Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury, which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described below.

Standard Benefit

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation.

Increased Benefit (75% of Final Compensation)

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75% of final compensation for total disability.

Improved Benefit (50% to 90% of Final Compensation)

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50% or greater, with a maximum of 90%) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for service retirement and if the service retirement benefit is more than the industrial disability retirement benefit, the member may choose to receive the larger benefit.

Post-Retirement Death Benefit

Standard Lump Sum Payment

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Improved Lump Sum Payment

Employers have the option of providing an improved lump sum death benefit of $600, $2,000, $3,000, $4,000 or $5,000.

Form of Payment for Retirement Allowance

Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of his or her allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in his or her retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

Improved Form of Payment (Post-Retirement Survivor Allowance)

Employers have the option to contract for the post-retirement survivor allowance.

For retirement allowances with respect to service subject to the modified formula, 25% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to the full or supplemental formula, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is referred to as post-retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25% or 50% of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried child(ren) until they attain age 18; or, if no eligible child(ren), to a qualifying dependent parent) for the rest of his or her lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75% or 50% of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

Pre-Retirement Death Benefits

Basic Death Benefit

This is a standard benefit.

Eligibility

An employee's beneficiary (or estate) may receive the basic death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

Benefit

The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is credited annually at the greater of 6% or the prevailing discount rate through the date of death, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

This is a standard benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried child(ren) under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

Benefit

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to dependent child(ren), the benefit will be discontinued upon death or attainment of age 18, unless the child(ren) is disabled. The total amount paid will be at least equal to the basic death benefit.

Optional Settlement 2 Death Benefit

This is an optional benefit.

Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2 Death benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2 Death benefit.

Benefit

The Optional Settlement 2 Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected 100% to continue to the eligible survivor after the member's death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

Special Death Benefit

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the special death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Benefit

The special death benefit is a monthly allowance equal to 50% of final compensation and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death at which time the allowance is continued to any unmarried child(ren) under age 22. There is a guarantee that the total amount paid will at least equal the basic death benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving child(ren) (*eligible* means unmarried child(ren) under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

Eligibility

An employee's *eligible survivor(s)* may receive the alternate death benefit in lieu of the basic death benefit or the 1957 Survivor benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 18.

Benefit

The Alternate Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of his or her death and elected Optional Settlement 2. (A retiree who elects Optional Settlement 2 receives an allowance that has been reduced so that it will continue to be paid after his or her death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable as long as the surviving spouse lives, at which time it is continued to any unmarried child(ren) under age 18, if applicable. The total amount paid will be at least equal to the basic death benefit.

Cost-of-Living Adjustments (COLA)

Standard Benefit

Retirement and survivor allowances are adjusted each year in May for cost of living, beginning the second calendar year after the year of retirement. The standard cost-of-living adjustment (COLA) is 2%. Annual adjustments are calculated by first determining the lesser of 1) 2% compounded from the end of the year of retirement or 2) actual rate of price inflation. The resulting increase is divided by the total increase provided in prior years. For any given year, the COLA adjustment may be less than 2% (when the rate of price inflation is low), may be greater than the rate of price inflation (when the rate of price inflation is low after several years of high price inflation) or may even be greater than 2% (when price inflation is high after several years of low price inflation).

Improved Benefit

Employers have the option of providing a COLA of 3%, 4%, or 5%, determined in the same manner as described above for the standard 2% COLA. An improved COLA is not available with the 1.5% at 65 formula.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against price inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80% of the initial allowance at retirement adjusted for price inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward his or her retirement based upon the retirement formula. The standard employee contribution is as described below.

- The percent contributed below the monthly compensation breakpoint is 0%.
- The monthly compensation breakpoint is $0 for full and supplemental formula members and $133.33 for employees covered by the modified formula.
- The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at 65	2%
Miscellaneous, 2% at 60	7%
Miscellaneous, 2% at 55	7%
Miscellaneous, 2.5% at 55	8%
Miscellaneous, 2.7% at 55	8%
Miscellaneous, 3% at 60	8%
Miscellaneous, 2% at 62	50% of the Total Normal Cost
Miscellaneous, 1.5% at 65	50% of the Total Normal Cost
Safety, Half Pay at 55	Varies by entry age
Safety, 2% at 55	7%
Safety, 2% at 50	9%
Safety, 3% at 55	9%
Safety, 3% at 50	9%
Safety, 2% at 57	50% of the Total Normal Cost
Safety, 2.5% at 57	50% of the Total Normal Cost
Safety, 2.7% at 57	50% of the Total Normal Cost

The employer may choose to "pick-up" these contributions for classic members (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRA members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSU system may elect reduced contribution rates, in which case the offset is $317 and the contribution rate is 6% if members are not covered by Social Security. If members are covered by Social Security, the offset is $513 and the contribution rate is 5%.

Refund of Employee Contributions

If the member's service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of his or her employee contributions, which are credited with 6% interest compounded annually.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 is required to provide this benefit if the members are not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2, and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level may only choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website.

Appendix C

Participant Data

- **Summary of Valuation Data**
- **Active Members**
- **Transferred and Terminated Members**
- **Retired Members and Beneficiaries**

Summary of Valuation Data

	June 30, 2020	June 30, 2021
1. **Active Members**		
a) Counts	428	383
b) Average Attained Age	48.14	48.99
c) Average Entry Age to Rate Plan	35.57	35.80
d) Average Years of Credited Service	12.25	12.74
e) Average Annual Covered Pay	$79,587	$79,058
f) Annual Covered Payroll	34,063,443	30,279,210
g) Projected Annual Payroll for Contribution Year	36,951,667	32,894,545
h) Present Value of Future Payroll	245,266,515	228,573,642
2. **Transferred Members**		
a) Counts	295	293
b) Average Attained Age	44.22	44.08
c) Average Years of Credited Service	2.18	2.39
d) Average Annual Covered Pay	$119,001	$122,901
3. **Terminated Members**		
a) Counts	258	266
b) Average Attained Age	46.63	46.57
c) Average Years of Credited Service	2.78	2.71
d) Average Annual Covered Pay	$57,815	$56,750
4. **Retired Members and Beneficiaries**		
a) Counts	976	1,005
b) Average Attained Age	71.4	71.44
c) Average Annual Benefits	$29,951	$30,906
5. **Active to Retired Ratio** [(1a) / (4a)]	0.44	0.38

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**
15-24	6	0	0	0	0	0	6
25-29	21	1	0	0	0	0	22
30-34	23	4	2	0	0	0	29
35-39	15	8	6	1	0	0	30
40-44	14	7	15	10	2	0	48
45-49	9	11	16	11	6	4	57
50-54	10	11	14	10	4	15	64
55-59	7	5	11	8	13	15	59
60-64	3	3	13	7	7	7	40
65 and Over	2	3	3	10	4	6	28
All Ages	**110**	**53**	**80**	**57**	**36**	**47**	**383**

Distribution of Average Annual Salaries by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Average Salary**
15-24	$54,873	$0	$0	$0	$0	$0	$54,873
25-29	55,817	76,633	0	0	0	0	56,763
30-34	53,829	57,333	81,355	0	0	0	56,211
35-39	65,776	76,973	79,808	90,480	0	0	72,392
40-44	55,949	86,331	80,398	102,425	82,200	0	78,797
45-49	64,668	75,167	88,472	75,862	122,860	96,326	83,883
50-54	116,626	72,018	82,057	104,900	94,321	78,572	89,252
55-59	101,796	71,063	72,372	84,792	79,684	88,184	83,067
60-64	35,537	88,647	82,925	93,925	73,535	99,321	82,951
65 and Over	99,822	99,353	80,132	76,386	107,296	78,913	85,879
Average	**$66,150**	**$76,687**	**$81,580**	**$89,437**	**$90,518**	**$86,285**	**$79,058**

Transferred and Terminated Members

Distribution of Transfers to Other CalPERS Plans by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	1	0	0	0	0	0	1	$104,501
25-29	21	0	0	0	0	0	21	106,695
30-34	36	1	0	0	0	0	37	116,429
35-39	42	2	2	0	0	0	46	126,958
40-44	45	9	5	0	0	0	59	125,751
45-49	39	2	2	0	0	0	43	140,971
50-54	26	7	4	2	0	0	39	128,774
55-59	20	2	2	1	0	0	25	119,712
60-64	11	4	2	0	0	0	17	102,467
65 and Over	4	0	1	0	0	0	5	55,770
All Ages	**245**	**27**	**18**	**3**	**0**	**0**	**293**	**$122,901**

Distribution of Terminated Participants with Funds on Deposit by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	1	0	0	0	0	0	1	$34,611
25-29	31	0	0	0	0	0	31	53,845
30-34	25	1	0	0	0	0	26	53,311
35-39	21	3	2	0	0	0	26	54,326
40-44	30	3	1	0	0	0	34	49,564
45-49	23	3	2	0	1	0	29	66,967
50-54	33	8	1	1	1	0	44	62,013
55-59	29	8	1	1	0	0	39	60,368
60-64	13	6	2	1	0	0	22	47,195
65 and Over	10	2	0	2	0	0	14	60,340
All Ages	**216**	**34**	**9**	**5**	**2**	**0**	**266**	**$56,750**

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	0	0	0	0	0
30-34	0	0	0	0	0	4	4
35-39	0	0	4	0	0	1	5
40-44	0	0	7	0	0	2	9
45-49	0	2	6	0	0	0	8
50-54	17	3	9	0	0	2	31
55-59	63	4	18	1	0	2	88
60-64	87	5	9	0	1	8	110
65-69	151	7	6	1	0	8	173
70-74	173	8	3	0	0	26	210
75-79	128	5	0	1	0	23	157
80-84	85	7	0	0	0	14	106
85 and Over	72	3	1	0	0	28	104
All Ages	**776**	**44**	**63**	**3**	**1**	**118**	**1,005**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	$0	$0	$0	$0	$0	$0	$0
30-34	0	0	0	0	0	9,192	9,192
35-39	0	0	815	0	0	3,226	1,297
40-44	0	0	216	0	0	8,436	2,043
45-49	0	6,479	310	0	0	0	1,852
50-54	22,943	16,627	1,757	0	0	11,228	15,425
55-59	38,578	20,020	1,872	22,961	0	4,573	29,276
60-64	35,108	10,963	3,655	0	1,210	11,954	29,445
65-69	38,912	21,012	5,640	65,169	0	17,881	36,213
70-74	40,405	29,787	3,494	0	0	25,044	37,571
75-79	33,789	21,474	0	68	0	20,234	31,197
80-84	31,040	14,790	0	0	0	15,305	27,888
85 and Over	25,039	21,720	416	0	0	29,060	25,789
All Ages	**$35,447**	**$19,527**	**$2,123**	**$29,399**	**$1,210**	**$20,946**	**$30,906**

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	174	2	18	1	0	41	236
5-9	137	3	18	1	0	23	182
10-14	153	3	7	0	0	18	181
15-19	160	9	9	1	0	20	199
20-24	83	13	5	0	0	8	109
25-29	42	5	5	0	1	4	57
30 and Over	27	9	1	0	0	4	41
All Years	**776**	**44**	**63**	**3**	**1**	**118**	**1,005**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	$39,366	$15,844	$1,384	$65,169	$0	$25,043	$33,891
5-9	30,314	12,895	3,044	22,961	0	24,506	26,556
10-14	35,942	29,867	5,017	0	0	13,710	32,434
15-19	44,517	31,192	1,320	68	0	20,693	39,343
20-24	28,063	19,041	810	0	0	18,712	25,050
25-29	27,263	11,234	529	0	1,210	3,720	21,403
30 and Over	15,107	12,753	359	0	0	14,013	14,124
All Years	**$35,447**	**$19,527**	**$2,123**	**$29,399**	**$1,210**	**$20,946**	**$30,906**

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on C-1 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

Appendix D

Glossary of Actuarial Terms

Glossary of Actuarial Terms

Accrued Liability *(Actuarial Accrued Liability)*
The portion of the Present Value of Benefits allocated to prior years. Based on CalPERS funding policies, the accrued liability is the target level of assets on any valuation date.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability, and retirement rates. Economic assumptions include discount rate, salary growth, and inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include an actuarial cost method, an amortization policy, and an asset valuation method.

Actuarial Valuation
The determination as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change in plan provisions.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Accrued Liability (UAL). The total UAL of a rate plan can be segregated by cause. The impact of such individual causes on the UAL are quantified at the time of their occurrence, resulting in new amortization bases. Each base is separately amortized and paid for over a specific period of time. Generally, in an actuarial valuation, the separate bases consist of changes in UAL due to contract amendments, actuarial assumption changes, method changes, and/or gains and losses.

Amortization Period
The number of years required to pay off an Amortization Base.

Classic Member (under PEPRA)
A member who joined a public retirement system prior to January 1, 2013 and who is not defined as a new member under PEPRA. (See definition of New Member below.)

Discount Rate
This is the rate used to discount the expected future benefit payments to the valuation date to determine the Projected Value of Benefits. The discount rate is based on the assumed long-term rate of return on plan assets, net of investment and administrative expenses. This rate is called the "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law.

Entry Age
The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Actuarial Cost Method
An actuarial cost method designed to fund a member's total plan benefit evenly over the course of his or her career. This method yields a total normal cost rate, expressed as a percentage of payroll, which is designed to remain level throughout the member's career.

Fresh Start
A Fresh Start is when multiple amortization bases are combined into a single base and amortized over a new Amortization Period.

Funded Ratio
Defined as the Market Value of Assets divided by the Accrued Liability. It is a measure of how well funded a rate plan is. A ratio greater than 100% means the rate plan has more assets than the target established by CalPERS

funding policies on the valuation date and the employer need only contribute the Normal Cost. A ratio less than 100% means assets are less than the funding target and contributions in addition to Normal Cost are required.

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions.

New Member (under PEPRA)

A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost

The portion of the Present Value of Benefits allocated to the upcoming fiscal year for active employees. The normal cost plus the required amortization of the UAL, if any, make up the required contributions.

Pension Actuary

A business professional proficient in mathematics and statistics who performs the calculations necessary to properly fund a pension plan and allow the plan sponsor to disclose its liabilities. A pension actuary must satisfy the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PEPRA

The California Public Employees' Pension Reform Act of 2013

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Unfunded Accrued Liability (UAL)

The Accrued Liability minus the Market Value of Assets. If the UAL for a rate plan is positive, the employer is required to make contributions in excess of the Normal Cost.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fibre.
Printed by: ImageMaster, LLC
www.imagemaster.com