

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Successor Agency, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021A Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2021A Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that interest on the Series 2021B Refunding Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2021B Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Refunding Bonds. See “TAX MATTERS.”*

**\$15,070,000**

**SUCCESSOR AGENCY TO THE RICHMOND  
COMMUNITY REDEVELOPMENT AGENCY  
REFUNDING BONDS,  
SERIES 2021A (TAX-EXEMPT)**

**\$2,665,000**

**SUCCESSOR AGENCY TO THE RICHMOND  
COMMUNITY REDEVELOPMENT AGENCY  
REFUNDING BONDS,  
SERIES 2021B (TAXABLE)**

**Dated: Date of Delivery****Due: September 1, as shown on inside cover page**

The Successor Agency to the Richmond Community Redevelopment Agency (the “Successor Agency”), acting as the successor agency of the Richmond Community Redevelopment Agency (the “Former Agency”) is issuing \$15,070,000 aggregate principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021A (Tax-Exempt) (the “Series 2021A Refunding Bonds”) and \$2,665,000 aggregate principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Refunding Bonds”) and together with the Series 2021A Refunding Bonds, the “Series 2021 Refunding Bonds”).

The Series 2021 Refunding Bonds will be issued pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”); the provisions of the Community Redevelopment Law, being Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”); and a Trust Agreement dated as of April 1, 2014, as supplemented and amended by the First Supplemental Trust Agreement dated as of February 1, 2021 (together, the “Trust Agreement”), each by and between the Successor Agency and MUFJ Union Bank, N.A., as trustee (the “Trustee”), and resolutions adopted by the Successor Agency on September 15, 2020 and December 15, 2020, respectively.

The proceeds of the Series 2021A Refunding Bonds, together with other available funds, will be used to: (i) prepay a portion of the obligations of the Successor Agency under a Loan Agreement (Housing), dated as of October 1, 2004 (the “2004 Loan Agreement”), by and between the Former Agency and the Richmond Joint Powers Financing Authority (the “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”); (ii) purchase a municipal bond insurance policy for the Series 2021A Refunding Bonds; (iii) fund a debt service reserve account established for the Series 2021A Refunding Bonds by the purchase of a municipal bond debt service reserve policy for deposit in such debt service reserve account; and (iv) pay certain costs associated with the issuance of the Series 2021A Refunding Bonds. The proceeds of the Series 2021B Refunding Bonds, together with other available funds, will be used to: (i) fund a termination payment associated with an interest rate swap entered into in connection with the 2010A Bonds (the “Termination Payment”); (ii) purchase a municipal bond insurance policy for the Series 2021B Refunding Bonds; (iii) fund a debt service reserve account established for the Series 2021B Refunding Bonds by the purchase of a municipal bond debt service reserve policy for deposit in such debt service reserve account; and (iv) pay certain costs associated with the issuance of the Series 2021B Refunding Bonds. See “PLAN OF REFUNDING.”

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.

**The Series 2021A Refunding Bonds are subject to optional redemption prior to their respective stated maturities. The Series 2021B Refunding Bonds are not subject to optional redemption prior to their respective stated maturities.**

The Series 2021 Refunding Bonds are limited obligations of the Successor Agency payable solely from and secured by a pledge of Successor Agency Refunding Revenues (as defined herein) and certain other funds as provided in the Trust Agreement.

The obligation of the Successor Agency to make debt service payments on the Series 2021 Refunding Bonds is secured by a pledge of certain property tax revenues derived from taxable property within the Successor Agency’s merged redevelopment project areas (the “Merged Project Areas”) subordinate to the pledge of property tax revenues securing \$20,373,478 outstanding aggregate principal amount of Senior Obligations (excluding the Prior Obligations to be refunded) and on a parity with \$10,530,000 outstanding aggregate principal amount of Series 2014A Refunding Bonds (each as defined herein). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 REFUNDING BONDS—Pledge of Successor Agency Refunding Revenues.”

The scheduled payment of principal and interest on the Series 2021A Refunding Bonds maturing on September 1, 2025 through September 1, 2036\*, inclusive, and on the Series 2021B Refunding Bonds maturing on September 1, 2023\* (collectively, the “Insured Series 2021 Refunding Bonds”) when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of each series of Insured Series 2021 Refunding Bonds by Build America Mutual Assurance Company. See “BOND INSURANCE.”



THE SERIES 2021 REFUNDING BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, OTHER THAN THE SUCCESSOR AGENCY, AND NONE OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2021 REFUNDING BONDS CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF ANY PUBLIC AGENCY (OTHER THAN THE LIMITED OBLIGATION OF THE SUCCESSOR AGENCY AS SET FORTH IN THE TRUST AGREEMENT). THE SERIES 2021 REFUNDING BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NEITHER THE MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS EXECUTING THE SERIES 2021 REFUNDING BONDS ARE LIABLE PERSONALLY ON THE SERIES 2021 REFUNDING BONDS BY REASON OF THEIR ISSUANCE. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 REFUNDING BONDS—Pledge of Successor Agency Refunding Revenues.”

This cover page contains certain information for general reference only. It is not a summary of the Series 2021 Refunding Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Series 2021 Refunding Bonds involves risks. See “CERTAIN RISKS TO BONDOWNERS” for a discussion of certain special risks factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2021 Refunding Bonds.

**MATURITY SCHEDULE**  
(See inside cover page)

*The Series 2021 Refunding Bonds are offered when, as and if issued, subject to the approval as to their legality of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain other legal matters will be passed on by the City Attorney of the City of Richmond, as counsel to the Successor Agency and to the City, by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel to the Successor Agency and by Jones Hall, A Professional Law Corporation, San Francisco, California, Underwriter’s Counsel. It is anticipated that the Series 2021 Refunding Bonds in book-entry only form will be available for delivery through the facilities of DTC in New York, New York on or about February 9, 2021.*

**Raymond James**

## MATURITY SCHEDULE

**\$15,070,000**

### SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY REFUNDING BONDS, SERIES 2021A (TAX EXEMPT)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. <sup>†</sup> (86460E)
2021	\$50,000	4.000%	0.370%	102.032	BK6
2022	730,000	4.000	0.410	105.580	BL4
2023	140,000	4.000	0.500	108.895	BM2
2024	1,185,000	4.000	0.550	112.149	BN0
2025‡	2,155,000	4.000	0.550	115.518	BP5
2026‡	2,045,000	4.000	0.670	118.147	BQ3
2027‡	6,075,000	4.000	0.830	120.201	BR1
2028‡	260,000	4.000	1.010	121.712	BS9
2029‡	270,000	4.000	1.130	123.355	BT7
2030‡	330,000	4.000	1.260	124.607	BU4
2031‡	340,000	4.000	1.360	124.745 <sup>C</sup>	BV2
2032‡	320,000	4.000	1.440	123.896 <sup>C</sup>	BW0
2033‡	330,000	4.000	1.500	123.265 <sup>C</sup>	BX8
2034‡	320,000	2.000	2.040	99.527	BY6
2035‡	260,000	2.000	2.060	99.247	BZ3
2036‡	260,000	2.000	2.080	98.940	CA7

**\$2,665,000**

### SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY REFUNDING BONDS, SERIES 2021B (TAXABLE)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. <sup>†</sup> (86460E)
2021	\$1,005,000	0.430%	0.430%	100.000	CB5
2023‡	1,660,000	0.600	0.600	100.000	CC3

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Successor Agency, the City, the Underwriter, or their agents or counsel assume any responsibility for the accuracy of such numbers.

<sup>‡</sup> Insured Series 2021 Refunding Bonds.

<sup>C</sup> Priced to the first optional redemption date of March 1, 2031, at par.

**SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY  
AND  
CITY OF RICHMOND**

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**SUCCESSOR AGENCY GOVERNING BOARD/CITY COUNCIL**

Tom Butt, *Board Member/Mayor*  
Nathaniel Bates, *Vice Chair/Vice Mayor*  
Claudia Jimenez, *Board Member/Councilmember*  
Demnlus Johnson, III, *Board Member/Councilmember*  
Eduardo Martinez, *Board Member/Councilmember*  
Gayle McLaughlin, *Board Member/Councilmember*  
Melvin Willis, *Board Member/Councilmember*

**SUCCESSOR AGENCY AND CITY ADMINISTRATION**

Laura Snideman, *Successor Agency Chief Executive Officer and City Manager*  
Belinda Brown, *Successor Agency Treasurer and City Finance Director*  
Teresa Stricker, *Successor Agency Attorney and City Attorney*

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**SPECIAL SERVICES**

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

Schiff Hardin LLP  
San Francisco, California  
*Disclosure Counsel*

Public Resources Advisory Group  
Oakland, California  
*Municipal Advisor*

The Majors Group  
Norristown, Pennsylvania  
*Swap Advisor*

Fraser & Associates  
Roseville, California  
*Fiscal Consultant*

MUFG Union Bank, N.A.  
San Francisco, California  
*Trustee and Prior Obligations Trustee*

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No dealer, broker, salesperson or other person has been authorized by the Successor Agency, the City, or the Underwriter to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Refunding Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Series 2021 Refunding Bonds.

The information set forth herein has been obtained from sources which are believed to be reliable, but such information is neither guaranteed as to accuracy or completeness, nor to be construed as a representation of such by Successor Agency, the City, or the Underwriter. The information and expressions of opinion stated herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the City since the date hereof.

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

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2021 Refunding Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2021 Refunding Bonds to certain dealers and others at yields higher than the initial public offering yields set forth on the inside cover page hereof and said initial public offering yields may be changed from time to time by the Underwriter.

The issuance and sale of the Series 2021 Refunding Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities and the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended. The Series 2021 Refunding Bonds have not been registered or qualified under the securities laws of any state.

This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on estimates or current expectations, whether or not expressly so stated. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “budget” “assumes” and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the Successor Agency and the City. These forward-looking statements speak only as of the date of this Official Statement. The Successor Agency and the City each disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency and the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Successor Agency and the City each maintain a website. Unless specifically indicated otherwise, the information presented on those websites is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2021 Refunding Bonds.

Build America Mutual Assurance Company (the “Bond Insurer”) makes no representation regarding the Insured Series 2021 Refunding Bonds or the advisability of investing in the Insured Series 2021 Refunding Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading “BOND INSURANCE,” APPENDIX H—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY” and APPENDIX I—“SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

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## OFFICIAL STATEMENT

**\$15,070,000**  
**SUCCESSOR AGENCY TO THE RICHMOND**  
**COMMUNITY REDEVELOPMENT AGENCY**  
**REFUNDING BONDS,**  
**SERIES 2021A (TAX-EXEMPT)**

**\$2,665,000**  
**SUCCESSOR AGENCY TO THE RICHMOND**  
**COMMUNITY REDEVELOPMENT AGENCY**  
**REFUNDING BONDS,**  
**SERIES 2021B (TAXABLE)**

### INTRODUCTION

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

#### **Effect of COVID-19 on City Operations and Finances**

On January 7, 2020, the Center for Disease Control and Prevention (the “CDC”) and the Department of Homeland Security Customs and Border Protection implemented enhanced screenings to respond to an outbreak of a respiratory disease caused by a novel coronavirus that has spread worldwide. This 2019 novel coronavirus (SARS COV-2) and the disease it causes (“COVID-19”) was declared by the World Health Organization (the “WHO”) to be a pandemic and a “public health emergency of international concern.” Since that declaration, the President of the United States, the United States Health and Human Services Secretary, the Governor of the State of California (the “State”), the Board of Supervisors of the County of Contra Costa (the “County”), and the Mayor of the City of Richmond (the “City”) have also declared COVID-19 to be a public health emergency.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Actions taken by the federal, State, and local governments and changes in economic behavior have had an immediate impact on operations and finances of the Successor Agency to the Richmond Community Redevelopment Agency (the “Successor Agency”) and the City, drastically increasing expenditures and reducing revenues. The extent of the negative impact of COVID-19 on the Successor Agency or the City, their economies, and their finances will depend on future events, including future events outside of the control of the Successor Agency or the City, and actions by the federal and State governments. Neither the Successor Agency nor the City can predict the extent or duration of this pandemic or the eventual impact it may have on the financial condition or operations of the Successor Agency or the City. See also “CERTAIN RISKS TO BONDOWNERS’–Potential Impacts of COVID-19 and Other Health-Related Risks.”

#### **General; Purpose**

This Official Statement, including the cover page, the inside cover page and through the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Successor Agency, acting as the successor agency of the Richmond Community Redevelopment Agency (the “Former Agency”) of its \$15,070,000 aggregate principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021A (Tax-Exempt) (the “Series 2021A Refunding Bonds”) and \$2,665,000 aggregate principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Refunding Bonds”) and together with the Series 2021A Refunding Bonds, the “Series 2021 Refunding Bonds”).

The Series 2021 Refunding Bonds are being issued in fully registered book-entry form in denominations of \$5,000 or any integral multiple of \$5,000, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The Series 2021 Refunding Bonds will be dated the date of delivery and will mature on September 1 of each year in the amounts as set forth on the inside cover. Interest on the Series 2021 Refunding Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2021. See “THE SERIES 2021 REFUNDING BONDS.” Payments of principal of and interest on the Series 2021 Refunding Bonds will be payable by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series 2021 Refunding Bonds. See APPENDIX G—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The proceeds of the Series 2021A Refunding Bonds, together with other available funds, will be used to: (i) prepay a portion of the obligations of the Successor Agency under a Loan Agreement (Housing), dated as of October 1, 2004 (the “2004 Loan Agreement”), by and between the Former Agency and the Richmond Joint Powers Financing Authority (the “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”); (ii) purchase a municipal bond insurance policy for the Series 2021A Refunding Bonds; (iii) fund a debt service reserve account established for the Series 2021A Refunding Bonds by the purchase of a municipal bond debt service reserve policy for deposit in such debt service reserve account; and (iv) pay certain costs associated with the issuance of the Series 2021A Refunding Bonds. See “PLAN OF REFUNDING,” “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS—Debt Service Reserve Accounts,” and “BOND INSURANCE.”

The proceeds of the Series 2021B Refunding Bonds, together with other available funds, will be used to: (i) fund a termination payment associated with an interest rate swap entered into in connection with the 2010A Bonds (the “Termination Payment”), (ii) purchase a municipal bond insurance policy for the Series 2021B Refunding Bonds; (iii) fund a debt service reserve account established for the Series 2021B Refunding Bonds by the purchase of a municipal bond debt service reserve policy for deposit in such debt service reserve account; and (iv) pay certain costs associated with the issuance of the Series 2021B Refunding Bonds. See “PLAN OF REFUNDING,” “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS—Debt Service Reserve Accounts,” and “BOND INSURANCE.”

### **Impact of Changes in Redevelopment Law**

Two bills enacted as part of the 2011 State Budget Act Assembly Bill No. ABx1 26 (“AB”26”) and Assembly Bill No ABx1 27 (“AB 27”) dissolved all redevelopment agencies, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the dissolved redevelopment agencies and to administer the wind down and dissolution of the dissolved redevelopment agencies. AB 27 would have allowed a redevelopment agency to continue to exist, notwithstanding the Dissolution Act, if the city or county that created the redevelopment agency made certain payments for the benefit of the local schools and other taxing entities according to their base property tax allocations. The constitutionality of AB 26 and AB 27 was challenged before the California Supreme Court in *California Redevelopment Association v. Matosantos et al.* (No. S194861) (“*Matosantos*”). The Court upheld the AB 26 requiring the dissolution of redevelopment agencies and the transfer of assets and obligations to successor agencies, invalidated AB 27, and held that the provisions of AB 26 may be severed from AB 27 and enforced independently.

As a consequence of the *Matosantos* decision all redevelopment agencies, in the State, including the Former Agency, were dissolved by operation of law on February 1, 2012. 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.” Such funds will be used for payments on indebtedness and other “enforceable obligations” (as defined in the Dissolution Act), and to pay certain administrative costs and any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies.

The primary provisions of AB 26 relating to the dissolution and wind-down of former redevelopment agency affairs are found in Part 1.8 (commencing with Section 34161 of the Health and Safety Code) and Part 1.85 (commencing with Section 34170 of the Health and Safety Code), as amended by Assembly Bill No. 1484 (“AB 1484”), and as further amended by Senate Bill No. 107 (“SB 107”) (as amended from time to time, the “Dissolution Act”). In addition, under the Dissolution Act tax increment is no longer deemed to flow to the successor agency and the requirement to deposit a portion of the tax increment into a low and moderate income housing fund is also no longer required. Rather, all funds are considered property taxes. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS”

Pursuant to the Dissolution Act, the City Council adopted Resolution No. 4-12 on January 24, 2012, electing and determining to become the “successor agency” to the Former Agency. Pursuant to AB 1484, the Successor Agency is a separate public entity from the City. See “THE SUCCESSOR AGENCY.” The Dissolution Act also required that an oversight board for each successor agency be established no later than May 1, 2012. As of July 1, 2018, the County formed a County-wide oversight board (the “Oversight Board”) to oversee the activities of all successor agencies within the County, including those of the Successor Agency. See “THE OVERSIGHT BOARD.”

### **Authority for Issuance**

The Series 2021 Refunding Bonds will be issued pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Government Code”); the provisions of the Community Redevelopment Law, being Division 24 (commencing with Section 33000) of the California Health and Safety Code (the “Redevelopment Law”), the Dissolution Act, a Trust Agreement dated as of April 1, 2014, as supplemented and amended by the First Supplemental Trust Agreement dated as of February 1, 2021 (together, the “Trust Agreement”), each by and between the Successor Agency and MUFJ Union Bank, N.A., as trustee (the “Trustee”), and resolutions adopted by the Successor Agency on September 15, 2020 and December 15, 2020, respectively.

***Approval by the Successor Agency.*** The Successor Agency governing board approved the issuance of the Series 2021 Refunding Bonds by Resolution No. 20-1 adopted on September 15, 2020 (the “Successor Agency Resolution”) and approved the form of the Preliminary Official Statement as it may be revised to include pricing information in the form of a final Official Statement by Resolution No. 20-3 adopted on December 15, 2020.

***Approval by the Oversight Board.*** Under the Dissolution Act, many actions of the Successor Agency, including issuance of the Series 2021 Refunding Bonds, are subject to approval by an “oversight board.” See “–Impact of Changes in Redevelopment Law.” On September 28, 2020, the Oversight Board adopted Resolution 2020/27 (the “Oversight Board Resolution”) approving the refunding of the Prior Obligations and funding the Termination Payment, authorizing the issuance of the Series 2021 Refunding Bonds, approving execution of the financing documents, and approving the Successor Agency Resolution.

***Approvals by the Department of Finance.*** Under the Dissolution Act, many actions of the Successor Agency are subject to review or approval by the State of California Department of Finance (the “Department of Finance”). See “–Impact of Changes in Redevelopment Law.” Written notice of the Oversight Board Resolution was provided to the Department of Finance on October 1, 2020. Pursuant to the Dissolution Act, the Department of Finance has 60 days to review actions taken by an oversight board. The Department of Finance approved the Oversight Board Resolution on December 3, 2020.

Health and Safety Code Section 34177.5(i) permits a successor agency to petition the Department of Finance to provide written confirmation that its determination of the enforceable obligations of the successor agency that provide for an irrevocable commitment of property tax revenue over time as approved in a “Recognized Obligation Payment Schedule” is final and conclusive, and reflects the approval by the Department of Finance of subsequent payments made pursuant to the enforceable obligations. If the confirmation is granted, then the review by the Department of Finance of such payments in future Recognized Obligation Payment Schedules is limited to confirming that they are required by the prior enforceable obligations.

In addition, pursuant to the Trust Agreement, the Successor Agency covenants to petition the Department of Finance to confirm that its determination that the Series 2021 Refunding Bonds constitute enforceable obligations is final and conclusive. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Petition to the Department of Finance for Final and Conclusive Determination.”

***Consent of Build America Mutual Assurance Company.*** The issuance of the Series 2021 Refunding Bonds is further subject to the consent of Build America Mutual Assurance Company in its capacity as bond insurer (the “Series 2014A Bond Insurer”) of the outstanding Series 2014A Refunding Bonds (as defined herein). The Series 2014A Bond Insurer is prepared to and has committed to deliver such consent at the closing of the Series 2021 Refunding Bonds if (i) all of the conditions required under the Municipal Bond Insurance Commitments, dated December 18, 2020, issued by the Bond Insurer (as defined herein) with respect to the Insured Series 2021 Refunding Bonds for the issuance of each municipal bond insurance policy to be issued thereunder have been satisfied, and (ii) each such municipal bond insurance policy has been issued.

### **Property Tax Revenue Financing Under the Dissolution Act**

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of “tax increment revenues.” This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation for the then fiscal year is not below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Series 2021 Refunding Bonds, to be secured by a pledge of monies deposited from time to time in a redevelopment property tax trust fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. Pursuant to the Trust Agreement, “Tax Revenues” consist of the amounts

deposited from time to time in the Redevelopment Property Tax Trust Fund (the “RPTTF”) under Section 34183(a) of the Dissolution Act.

The Dissolution Act requires a successor agency to continue to make payments and perform other obligations required under enforceable obligations of the dissolved redevelopment agency. The Dissolution Act defines an “enforceable obligation” to include bonds issued pursuant to Government Code Section 5850, including the required debt service, reserve set-asides and any other payments required under the document governing the issuance of the outstanding bonds of the former agency; loans of moneys borrowed by the former agency for a lawful purpose, including, but not limited to, moneys borrowed from the Low and Moderate Income Housing Fund, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms; payments required by the federal government, preexisting obligations to the State or obligations imposed by State law other than pass-through payments that are made by the county auditor-controller pursuant to the Dissolution Act, or legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, and unemployment payments; judgments or settlements entered by a competent court of law or binding arbitration decisions against the former agency, other than pass-through payments that are made by the county auditor-controller pursuant to the Dissolution Act; any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy; and contracts or agreements necessary for the continued administration or operation of the successor agency, including agreements to purchase or rent office space, equipment, supplies and pay related insurance expenses. The Dissolution Act generally excludes from the definition of enforceable obligations any loans or agreements solely between a redevelopment agency and the city or county that created the agency. It also excludes any agreements that are void as violating the debt limit or public policy. Payment and performance of enforceable obligations is subject to review by oversight boards, the State Controller and Department of Finance and certification by the county auditor-controller. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT.”

### **Security for the Refunding Bonds**

*General.* Pursuant to Health and Safety Code Section 34177.5(g), any bonds issued by the Successor Agency to refund the bonds or other obligations originally issued or incurred by the Former Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the RPTTF established pursuant to Health and Safety Code Section 34172(c).

The term “Refunding Bonds” is defined in the Trust Agreement as the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2014A (Tax-Exempt) (the “Series 2014A Refunding Bonds”) authorized by and at any time Outstanding pursuant to the Trust Agreement and any Refunding Bonds issued on a parity with the Series 2014A Refunding Bonds, including the Series 2021 Refunding Bonds (collectively, the “Additional Refunding Bonds”) pursuant to the Trust Agreement.

The Series 2021 Refunding Bonds, the Series 2014A Refunding Bonds, and any Additional Refunding Bonds are equally secured by and are payable from a first pledge of Successor Agency Refunding Revenues (each as defined herein), and all moneys deposited in the Special Fund (including the Interest Account, the Principal Account, the Sinking Fund Account and any Debt Service Reserve Account (to the degree any such Debt Series Reserve Account may secure Refunding Bonds) created therein), and the Redemption Fund. The Successor Agency Refunding Revenues are required to be deposited by the Successor Agency in the Special Fund to the extent required under the Trust Agreement, which fund is to be held by and maintained with the Trustee.

The term “Successor Agency Refunding Revenues” is defined in the Trust Agreement to mean for any period of time, moneys deposited from time to time in RPTTF established pursuant to subdivision (c)

of Section 34172 of the of the California Health and Safety Code, as provided in subdivision (a) of Section 34183 of the of the California Health and Safety Code, excluding (i) Senior Obligations (defined herein) payable during such period; and (ii) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 and 33607.7 of the California Health and Safety Code during such period. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT” and “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS.” See also, APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–THE TRUST AGREEMENT–Pledge of Successor Agency Refunding Revenues.”

THE SERIES 2021 REFUNDING BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, OTHER THAN THE SUCCESSOR AGENCY, AND NONE OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2021 REFUNDING BONDS CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF ANY PUBLIC AGENCY (OTHER THAN THE LIMITED OBLIGATION OF THE SUCCESSOR AGENCY AS SET FORTH IN THE TRUST AGREEMENT). THE SERIES 2021 REFUNDING BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND NEITHER THE MEMBERS OF THE SUCCESSOR AGENCY NOR ANY PERSONS EXECUTING THE SERIES 2021 REFUNDING BONDS ARE LIABLE PERSONALLY ON THE SERIES 2021 REFUNDING BONDS BY REASON OF THEIR ISSUANCE. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS–Pledge of Successor Agency Refunding Revenues.”

***Debt Service Reserve Accounts.*** Under the Trust Agreement, the Successor Agency will establish and fund a debt service reserve account (each a “Debt Service Reserve Account”) for each series of the Series 2021 Refunding Bonds, in the amount of the respective reserve account requirement for such series of the Series 2021 Refunding Bonds. The Successor Agency will satisfy this requirement by depositing in the Debt Service Reserve Account established for the Series 2021A Refunding Bonds (the “Series 2021A Debt Service Reserve Account”) a municipal bond debt service reserve policy issued by Build America Mutual Assurance Company (in its capacity as issuer of the debt service reserve policies for the Series 2021 Refunding Bonds and the municipal bond insurance policies described herein, the “Bond Insurer”) in the amount of the Series 2021A Reserve Account Requirement (as defined herein) for the Series 2021A Refunding Bonds, and by depositing in the Debt Service Reserve Account established for the Series 2021B Refunding Bonds (the “Series 2021B Debt Service Reserve Account”) a municipal bond debt service reserve policy issued by the Bond Insurer in the amount of the Series 2021B Reserve Account Requirement (as defined herein) for the Series 2021B Refunding Bonds. The municipal bond debt service policy on deposit in each Debt Service Reserve Account secures only the related series of Refunding Bonds and is not available as security for any other series of Refunding Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 REFUNDING BONDS–Debt Service Reserve Accounts” and APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–THE TRUST AGREEMENT–Special Fund–Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account.”

***Bond Insurance Policies.*** The scheduled payment of principal of and interest on the Series 2021A Refunding Bonds maturing on September 1, 2025 through September 1, 2036, inclusive, and on the Series 2021B Refunding Bonds maturing on September 1, 2023 (collectively, the “Insured Series 2021 Refunding Bonds”) when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of each series of the Insured Series 2021 Refunding Bonds by the Bond Insurer. See “BOND INSURANCE.”

## **Outstanding Indebtedness**

**Senior Obligations.** The payment of debt service on the Refunding Bonds, including the Series 2021 Refunding Bonds, the Series 2014A Refunding Bonds, and any Additional Refunding Bonds issued or executed under the Trust Agreement are subordinate to the payment of debt service on certain Senior Obligations, as defined in the Trust Agreement. Pursuant to the Trust Agreement, the Successor Agency covenants that, so long as the Refunding Bonds remain Outstanding and unpaid, it will not issue any bond, note, or other evidence of indebtedness payable from or secured by the Successor Agency Refunding Revenues on a basis which is: (i) in any manner prior or superior to the lien on, pledge of and security interest in the Successor Agency Refunding Revenues securing the Outstanding Refunding Bonds pursuant to the Trust Agreement; or (ii) except for Additional Refunding Bonds with respect to the Successor Agency Refunding Revenues, in any manner on a parity with the lien on, pledge of and security interest in the Successor Agency Refunding Revenues securing the Outstanding Refunding Bonds pursuant to the Trust Agreement. For a description of the Senior Obligations, see “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS–Pledge of Successor Agency Refunding Revenues–*Senior Obligations*.” See also, APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–DEFINITIONS–Pledge of Successor Agency Refunding Revenues.”

As of the date of this Official Statement, the aggregate outstanding principal amount of Senior Obligations is \$20,373,478 (excluding the Prior Obligations to be refunded).

**Parity Obligations.** The Successor Agency is also obligated to pay from Successor Agency Refunding Revenues debt service on \$10,530,000 outstanding principal amount of Series 2014A Refunding Bonds.

## **Fiscal Consultant Report**

Included as APPENDIX B to this Official Statement is a Fiscal Consultant Report dated January 2020 (the “Fiscal Consultant Report”) prepared by Fraser & Associates (the “Fiscal Consultant”) which, among other things, analyzes the property tax revenues (which prior to the enactment of the Dissolution Act were referred to as tax increment revenues) generated from taxable property within the Merged Project Areas and pledged to the repayment of the Series 2021 Refunding Bonds. The findings and projections in the Fiscal Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Fiscal Consultant Report will be achieved. Actual results may differ materially from the projections described therein and in this Official Statement. See “THE MERGED PROJECT AREAS” and APPENDIX B–“FISCAL CONSULTANT REPORT.”

## **Continuing Disclosure**

The Successor Agency has covenanted for the benefit of Bondholders and Beneficial Owners to provide certain financial information and operating data relating to the Successor Agency by not later than 270 days after the end of each Fiscal Year of the Successor Agency, commencing with report for the Fiscal Year ending June 30, 2021 (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, on behalf of the Successor Agency through the Electronic Municipal Market Access (“EMMA”) site maintained by the Municipal Securities Rulemaking Board (the “MSRB”). These covenants have been made in order to assist the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). The specific nature of the information to be contained in the Annual Report or the notices of specified events by the Successor Agency is summarized

in APPENDIX E—“FORM OF CONTINUING DISCLOSURE AGREEMENT.” Also see “CONTINUING DISCLOSURE.”

**Additional Information**

Brief descriptions of the Series 2021 Refunding Bonds, the security for the Refunding Bonds, the Successor Agency and the City are included in this Official Statement together with summaries of certain provisions of the Redevelopment Law, the Dissolution Act, the Trust Agreement and the Series 2021 Refunding Bonds. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Trust Agreement are qualified in their entirety by reference to such document, a copy of which is available for inspection at the office of Trustee, 350 California Street, 17th Floor, San Francisco, California 94104.

**PLAN OF REFUNDING**

**Prepayment of Prior Obligations**

**2004 Loan Agreement.** A portion of the proceeds from the sale of the Series 2021A Refunding Bonds, together with certain other available funds, including amounts to be received in the January 2, 2021 Recognized Obligation Payment Schedule (a “ROPS”) for loan repayments under the 2004 Loan Agreement and the payment of debt service on the Authority’s Housing Set Aside Tax Allocation Revenue Bonds, Series 2004B (Tax-Exempt) (the “2004B Bonds”), will be deposited with MUFG Union Bank, N.A., as successor in interest to Union Bank, N.A., as trustee for the 2004B Bonds and the 2010A Bonds, respectively (the “Prior Obligations Trustee”) to prepay a portion of the loan payments owed under the 2004 Loan Agreement, the payments of which secured the 2004B Bonds.

The 2004B Bonds to be refunded consist of the following:

**Table 1**  
**\$720,000**  
**Richmond Joint Powers Financing Authority**  
**Housing Set Aside Tax Allocation Revenue Bonds,**  
**Series 2004B (Tax-Exempt)**  
**Dated Date: October 28, 2004**  
**Redemption Date: February 9, 2021**  
**Redemption Price: 100%**

Maturity Date (September 1)	Amount	Interest Rate	CUSIP <sup>†</sup>
2026 <sup>‡</sup>	\$720,000	4.625%	76443NDS0

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<sup>‡</sup> Term Bond.

Upon such deposit with the Prior Obligations Trustee on February 9, 2021, the portion of the loan payments under the 2004 Loan Agreement securing the 2004B Bonds will be prepaid and the 2004B Bonds will no longer be deemed outstanding under the trust agreement pursuant to which such 2004B Bonds were issued.

**2010A Bonds.** A portion of the proceeds from the sale of the Series 2021A Refunding Bonds, together with certain other available funds, will be deposited with the Prior Obligations Trustee.

The 2010A Bonds to be refunded consist of the following:

**\$21,625,000**  
**Richmond Community Redevelopment Agency**  
**Subordinate Tax Allocation Refunding Bonds**  
**(Merged Project Areas) 2010 Series A**  
**Current Interest Bonds**  
**Dated Date: April 22, 2010**  
**Redemption Date: February 9, 2021**  
**Redemption Price: 100%**

Maturity Date (September 1)	<u>Amount</u>	Interest <u>Rate</u>	CUSIP <sup>†</sup>
2021	\$820,000	5.500%	764424 BT3
2022	880,000	5.625	764424 BU0
2023	2,765,000	5.750	764424 BV8
2024	1,210,000	5.750	764424 BW6
2025	1,305,000	5.750	764424 BZ9
2030 <sup>‡</sup>	9,610,000	6.000	764424 BX4
2036 <sup>‡</sup>	5,035,000	6.125	764424 BY2

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Successor Agency, the City, the Underwriter, or their agents or counsel assume any responsibility for the accuracy of such numbers.

<sup>‡</sup> Term Bonds.

Upon such deposit with the Prior Obligations Trustee on February 9, 2021, the 2010A Bonds will be redeemed and discharged and the 2010A Bonds will no longer be deemed outstanding under the indenture of trust pursuant to which such 2010A Bonds were issued.

**Termination of Subordinate Swap Agreement**

A portion of the proceeds from the sale of the Series 2021B Refunding Bonds, together with certain other available funds, will be applied by the Successor Agency to fund the Termination Payment.

In connection with the issuance of the Richmond Community Redevelopment Agency Subordinate Tax Allocation Bonds (Merged Project Areas) 2007 Series A (the “2007A Bonds”), the Former Agency entered into an interest rate swap agreement pursuant to an International Swaps and Derivatives Association, Inc. Master Agreement, together with the schedule and confirmation thereto (the “2007 Swap Agreement”) with the Royal Bank of Canada (the “Swap Provider”). In connection with the issuance of the 2010A Bonds, the Former Agency amended, restated, and otherwise modified the 2007 Swap Agreement and entered into a

new swap agreement (the “2010 Swap Agreement”) with the Swap Provider that requires the Swap Provider to make payments based on a variable interest rate equal to 68% of the one-month London Inter Bank Overnight Rate and receive payment from the Successor Agency based on a variable interest rate equal to 100% of the Securities Industry an Financial Markets (“SIFMA”) rate plus 0.83%.

The 2010 Swap Agreement is subject to early termination prior to its scheduled September 1, 2036 expiration date. The termination of the 2010 Swap Agreement is contingent upon payment of the Termination Payment in the amount of \$3,010,000 on or before February 10, 2021. The effective date of such termination for purposes of determining interest payment obligations under the 2010 Swap Agreement is January 27, 2021.

### ESTIMATED SOURCES AND USES OF FUNDS

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

	<b>Series 2021A Refunding Bonds</b>	<b>Series 2021B Refunding Bonds</b>	<b>Total</b>
<b>Sources of Funds</b>			
Principal Amount	\$15,070,000.00	\$2,665,000.00	\$17,735,000.00
Original Issue Premium	2,562,758.55	–	2,562,758.55
2004B Bonds Existing Accounts <sup>(1)</sup>	342,682.12	–	342,682.12
2010A Bonds Existing Accounts <sup>(2)</sup>	5,555,755.63	458,650.37	6,014,406.00
TOTAL ESTIMATED SOURCES	<u>\$23,531,196.30</u>	<u>\$3,123,650.37</u>	<u>\$26,654,846.67</u>
<b>Uses of Funds</b>			
Transfer to Prior Obligations Trustee <sup>(2)</sup>	\$22,922,794.48	\$3,010,000.00	\$25,932,794.48
Underwriter’s Discount	66,543.05	9,712.27	76,255.32
Series 2021 Costs of Issuance Fund <sup>(3)</sup>	541,858.77	103,938.10	645,796.87
TOTAL ESTIMATED USES	<u>\$23,531,196.30</u>	<u>\$3,123,650.37</u>	<u>\$26,654,846.67</u>

(1) Includes amounts received from the 2020-21 ROPS B Cycle (defined herein) to pay debt service on the 2004B Bonds. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule–ROPS Submission Process Under the Dissolution Act–Amounts Received.”

(2) See “PLAN OF REFUNDING.”

(3) Includes fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the initial fees of the Trustee, fees of the Fiscal Consultant, the Swap Advisor, premiums for the bond insurance and debt service reserve policies, rating agency, printing costs, and other miscellaneous expenses.

## DEBT SERVICE SCHEDULE

The gross debt service schedule for the Series 2021 Refunding Bonds, assuming no optional redemption of the Series 2021A Refunding Bonds prior to maturity, is set forth below:

<b>Bond Year</b>	<b>Series 2021A Refunding Bonds</b>			<b>Series 2021B Refunding Bonds</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Total</b>
9/1/2021	\$50,000	\$328,811.11	\$378,811.11	\$1,005,000	\$8,013.51	\$1,013,013.51	\$1,391,824.62
9/1/2022	730,000	584,000.00	1,314,000.00	–	9,960.00	9,960.00	1,323,960.00
9/1/2023	140,000	554,800.00	694,800.00	1,660,000	9,960.00	1,669,960.00	2,364,760.00
9/1/2024	1,185,000	549,200.00	1,734,200.00	–	–	–	1,734,200.00
9/1/2025	2,155,000	501,800.00	2,656,800.00	–	–	–	2,656,800.00
9/1/2026	2,045,000	415,600.00	2,460,600.00	–	–	–	2,460,600.00
9/1/2027	6,075,000	333,800.00	6,408,800.00	–	–	–	6,408,800.00
9/1/2028	260,000	90,800.00	350,800.00	–	–	–	350,800.00
9/1/2029	270,000	80,400.00	350,400.00	–	–	–	350,400.00
9/1/2030	330,000	69,600.00	399,600.00	–	–	–	399,600.00
9/1/2031	340,000	56,400.00	396,400.00	–	–	–	396,400.00
9/1/2032	320,000	42,800.00	362,800.00	–	–	–	362,800.00
9/1/2033	330,000	30,000.00	360,000.00	–	–	–	360,000.00
9/1/2034	320,000	16,800.00	336,800.00	–	–	–	336,800.00
9/1/2035	260,000	10,400.00	270,400.00	–	–	–	270,400.00
9/1/2036	260,000	5,200.00	265,200.00	–	–	–	265,200.00
<b>TOTAL</b>	<b>\$15,070,000</b>	<b>\$3,670,411.11</b>	<b>\$18,740,411.11</b>	<b>\$2,665,000</b>	<b>\$27,933.51</b>	<b>\$2,692,933.51</b>	<b>\$21,433,344.62</b>

See also “PROJECTED DEBT SERVICE COVERAGE” for a summary of projected debt service coverage on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

## THE SERIES 2021 REFUNDING BONDS

### General

The Series 2021 Refunding Bonds will be issued in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated the date of delivery thereof and will mature on September 1 of the years and in the amounts set forth on the inside cover page hereof. Interest on the Series 2021 Refunding Bonds is payable from their dated date, at the rates set forth on the inside cover page hereof, on March 1 and September 1 of each year (each and “Interest Payment Date”), commencing September 1, 2021.

The Series 2021 Refunding Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC,” together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Series 2021 Refunding Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Series 2021 Refunding Bonds. So long as the Series 2021 Refunding Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the Series 2021 Refunding Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants

for subsequent disbursement to the Beneficial Owners. See APPENDIX G—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Principal of the Series 2021 Refunding Bonds is payable at the corporate trust office of the Trustee in San Francisco or Los Angeles, California. Interest on the Series 2021 Refunding Bonds will be paid only to the registered owners as shown on the Trustee’s books as of the fifteenth calendar day of the month immediately preceding each interest payment date (the “Record Date”), provided that upon the written request of an owner of \$1,000,000 or more in aggregate principal amount of Series 2021 Refunding Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account within the United States.

## **Redemption Provisions**

### ***Series 2021A Refunding Bonds***

Optional Redemption of Series 2021A Refunding Bonds. The Series 2021A Refunding Bonds maturing on and after September 1, 2031, shall be subject to redemption, as a whole or in part in such maturities as are selected by the Successor Agency, prior to their respective maturity dates (or in the absence of such direction, pro rata by maturity and by lot within a maturity), at the option of the Successor Agency, on any date on and after March 1, 2031 at a redemption price equal to the principal amount of Series 2021A Refunding Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

No Mandatory Sinking Fund Redemption of Series 2021A Refunding Bonds. The Series 2021A Refunding Bonds are not subject to mandatory sinking fund redemption prior to their respective stated maturity dates.

### ***Series 2021B Refunding Bonds***

No Optional Redemption of Series 2021B Refunding Bonds. The Series 2021B Refunding Bonds are not subject to optional redemption prior to their respective stated maturity dates.

No Mandatory Sinking Fund Redemption of Series 2021B Refunding Bonds. The Series 2021B Refunding Bonds are not subject to mandatory sinking fund redemption prior to their respective stated maturity dates.

## **Redemption Procedures for the Series 2021A Refunding Bonds**

Selection of Series 2021A Refunding Bonds for Redemption. If less than all Outstanding Series 2021A Refunding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2021A Refunding Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Successor Agency in writing of the numbers of the Series 2021A Refunding Bonds so selected for redemption; provided, however, that if less than all the Outstanding Series 2021A Refunding Bonds which are Term Refunding Bonds (as defined in the Trust Agreement) of any maturity are called for redemption at any one time, upon the written direction from the Successor Agency, the Trustee shall specify a reduction in any mandatory sinking account installment payments required to be made with respect to such Series 2021A Refunding Bonds (in an amount equal to the amount of Outstanding Series 2021A Refunding Bonds which are Term Refunding Bonds to be redeemed) which, to the extent practicable, results in approximately equal Annual Debt Service (as defined in the Trust Agreement) on the Series 2021A Refunding Bonds Outstanding

following such redemption. For purposes of such selection, Series 2021A Refunding Bonds shall be deemed to be composed of \$5,000 multiples and any such multiple may be separately redeemed.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date to: (i) the respective Holders of the Series 2021A Refunding Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Depository Trust Company and (iii) EMMA. Notice of redemption to the Depository Trust Company and EMMA is required to be given by registered mail or overnight delivery or facsimile transmission. Each notice of redemption is required to state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2021A Refunding Bonds of such maturity, to be redeemed and, in the case of Series 2021A Refunding Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice is also required to state that on said date there will become due and payable on each of said Series 2021A Refunding Bonds the redemption price, if any, thereof and in the case of a Series 2021A Refunding Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2021A Refunding Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

Effect of Redemption. If notice of redemption has been duly given as required by the Trust Agreement and money for the payment of the redemption price of the Series 2021A Refunding Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, the Series 2021A Refunding Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such Series 2021A Refunding Bonds will cease to accrue, and the Holders of such Series 2021A Refunding Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Right to Rescind Optional Redemption. The Trustee (at the direction of the Successor Agency) has the right to rescind any optional redemption by written notice of rescission. Any notice of redemption will be automatically cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Series 2021A Refunding Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Trust Agreement. The Trustee is required to mail notice of rescission of such redemption in the same manner as the original notice of redemption was sent.

Purchase in Lieu of Redemption. In lieu of redemption of any Series 2021A Refunding Bond, amounts on deposit in the Principal Account of the applicable Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Request of the Successor Agency, for the purchase of such Series 2021A Refunding Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the applicable Interest Account) as the Successor Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; provided, however, that no Series 2021A Refunding Bonds are required to be purchased by the Trustee with a settlement date more than 75 days prior to the redemption date. The principal amount of any Series 2021A Refunding Bonds which are Term Refunding Bonds (as defined in the Trust Agreement) so purchased by the Trustee in any twelve-month period ending 60 days prior to September 1 in any year shall be credited towards and will reduce the principal amount of such Term Series 2021A Refunding Bonds required to be redeemed on such September 1.

## PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT

### General

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation for the then current fiscal year has not below the base year level, the taxing agencies received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations. In addition, each former redevelopment agency was required to deposit not less than 20% of the tax increment generated in a project area into a special fund to be used for qualified low and moderate-income housing programs.

***Successor Agency Refunding Revenues.*** The Dissolution Act authorizes refunding bonds, including the Series 2021 Refunding Bonds, to be secured by a pledge of monies deposited from time to time in a redevelopment property tax trust fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Trust Agreement, the Successor Agency Refunding Revenues consist of the amounts deposited from time to time in the RPTTF established pursuant to and as provided in the Dissolution Act, excluding (i) Senior Obligations payable during such period; and (ii) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 and 33607.7 of the Health and Safety Code during such period. ***Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described in the Redevelopment Law and the Dissolution Act.*** See “CERTAIN RISKS TO BONDOWNERS.”

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could *not* be used to repay indebtedness incurred for another project area. However, the Dissolution Act only requires each county auditor-controller to establish a single redevelopment property tax trust fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency be allocated to the redevelopment property tax trust fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area, the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the redevelopment property tax trust fund, to repay indebtedness of the former redevelopment agency or the successor agency, among other enforceable obligations. To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states,

“It is the intent . . . that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.”

The implications of these provisions of the Dissolution Act are not entirely clear when a former redevelopment agency has established more than one redevelopment project area. However, within the County, property tax revenues continue to be calculated by individual project area, or with respect to the Merged Project Areas, by Constituent Project Area.

***Statutory Pass-Through Payments.*** The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. Additionally, Section 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the “Statutory Tax-Sharing Payments”). For a description of the Statutory Tax-Sharing Payments payable to taxing entities within the Merged Project Areas, see “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments.” The Dissolution Act requires the county auditor-controller to distribute from the redevelopment property tax trust fund on each January 2 and June 1 the amounts required to be distributed and for statutory pass-through amounts to the taxing entities for each six-month period before amounts are distributed by the county auditor-controller from the redevelopment property tax trust fund to the Redevelopment Obligation Retirement Fund of the successor agency, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the former agency, as succeeded by the successor agency, (ii) the successor agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the successor agency from the redevelopment property tax trust fund allocation to the Redevelopment Obligation Retirement Fund of the Successor Agency, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the enforceable obligations, pass-through payments of the Successor Agency, and the administrative cost allowance of the Successor Agency for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the former agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the enforceable obligations, pass-through payments, and the administrative cost allowance of the successor agency. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the successor agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing debt may be deducted from the amounts to be distributed for Statutory Tax-Sharing Payments, in order to be paid to the successor agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax-Sharing Payments subordinate to the Refunding Bonds; however, the Successor Agency did not undertake such procedure, and therefore, the Statutory Tax-Sharing Payments are *not* subordinate to the Refunding Bonds. See “THE MERGED PROJECTS AREAS–General–*AB 1290 Payments*” and “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments.”

## Recognized Obligation Payment Schedule

***ROPS Submission Process Under the Dissolution Act.*** The Dissolution Act requires successor agencies to prepare and submit to the successor agency's oversight board and to the Department of Finance for approval a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each "enforceable obligation." As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the ROPS and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—THE TRUST AGREEMENT—Filing of ROPS and Receipt and Deposit of Successor Agency Refunding Revenues."

If a successor agency does not submit an oversight board-approved ROPS by such deadlines, a successor agency will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the Department of Finance. Additionally, the successor agency's administrative cost allowance is reduced by 25% if the successor agency fails to submit an oversight board-approved ROPS by specified deadlines.

To date, the Successor Agency has timely submitted all required ROPS to the Department of Finance.

Sources of Payment for the ROPS. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a ROPS are the following: (i) bond proceeds, (ii) reserve balances, (iii) administrative cost allowance, (iv) the redevelopment property tax trust fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (v) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date the first ROPS is valid thereunder, only those payments listed in the ROPS may be made by the successor agency from the funds specified in the ROPS.

Schedule for Submission of ROPS. Commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017, inclusive, and for each period from July 1 to June 30, inclusive, thereafter, successor agencies are required to submit a forward looking oversight board-approved ROPS to the Department of Finance and to the county auditor-controller no later than each February 1, commencing February 1, 2016. The Department of Finance is required to make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15, 2016 and each April 15 thereafter.

Pursuant to the Trust Agreement, the Successor Agency covenants to timely file all ROPS as required by the Redevelopment Law and comply with all requirements of the Redevelopment Law to insure the allocation and payment to the Successor Agency of the Successor Agency Refunding

Revenues. The ROPS for the six month fiscal period commencing January 1 of each year is required to include, in addition to the other amounts required to be included thereon pursuant to the Redevelopment Law, the sum of (i) difference, if any, between the amount of Debt Service payable on the Refunding Bonds on the next succeeding March 1 and September 1 and the amounts then on deposit in the Interest Account, Principal Account and Sinking Fund Account *plus* (ii) the amount, if any, required to be deposited in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account pursuant to the Trust Agreement. The ROPS for the six month fiscal period commencing July 1 of each year is required to include, in addition to the other amounts required to be included thereon pursuant to the Redevelopment Law, the sum of (i) the difference, if any, between the amount then on deposit in the Interest Account under the Trust Agreement and the amount of interest and principal payable on the Refunding Bonds on September 1 of such fiscal period *plus* (ii) the amount, if any, required to be deposited in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account pursuant to the Trust Agreement.

The 2021-22 ROPS for the six month fiscal period commencing July 1, 2021 shall include, in addition to the other amounts required to be included thereon pursuant to the Redevelopment Law, the sum of (i) the difference, if any, between the amount then on deposit in the Interest Account, Principal Account and Sinking Fund Account and the amount of interest and principal payable on the Series 2021 Refunding Bonds on September 1, 2021 plus (ii) the amount, if any, required to be deposited in the Series 2021A Debt Service Reserve Account and the Series 2021B Debt Service Reserve Account pursuant to the Trust Agreement.

Although the City, as the Successor Agency, is obligated to continue including on the ROPS all payments that are enforceable obligations under Dissolution Act (so as to avoid defaults), no assurances can be given regarding the actions of the Oversight Board to include scheduled payments on a ROPS. In addition, there may be a delay in scheduled payments because the actions of the Oversight Board are subject to review by the Department of Finance and/or State Controller as described later in this section.

For additional information regarding procedures under the Dissolution Act relating to late ROPS and implications thereof on the Refunding Bonds, see “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule.”

ROPS Determination by the Department of Finance. Within five business days of the determination by the Department of Finance of the enforceable obligations and the amounts and funding sources of the enforceable obligations, the successor agency may request additional review by the Department of Finance and an opportunity to meet and confer on disputed items, if any, except for those items which are the subject of litigation disputing a previous or related determination. The Department of Finance will notify the successor agency and the county auditor-controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the county auditor-controller may review a submitted ROPS and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the county auditor-controller must provide notice of any such objections to the successor agency, the oversight board, and the Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable. In connection with the allocation and distribution by the county auditor-controller of property tax revenues deposited in the redevelopment property tax trust fund, under the Dissolution Act, the county auditor-controller is required to prepare estimates of the amounts of property tax to be allocated and distributed and the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the Department of Finance no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the county auditor-controller, the successor agency determines and reports, no later than December 1 or May 1, as applicable (*i.e.*, by May 1, 2021

with respect to the ROPS for July 1, 2021 through December 31, 2021), that the total amount available to the successor agency from the redevelopment property tax trust fund allocation to the redevelopment obligation retirement fund of the successor agency, from other funds transferred from the former agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for successor agency enforceable obligations listed on the ROPS, and for the administrative cost allowance of the successor agency, the county auditor-controller must notify the State Controller and the Department of Finance no later than 10 days from the date of the successor agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "INTRODUCTION-Property Tax Revenue Financing Under the Dissolution Act."

Amounts Received. The county auditor-controller releases funds from the redevelopment property tax trust fund twice each year to pay for the obligations on the ROPS. Funds released each June cover costs that are paid during the period July through December (the "ROPS A Cycle"). Funds released each January reflect the first property taxes collected for the new Fiscal Year and cover costs the period from January through June (the "ROPS B Cycle").

The Successor Agency generally places 100% of the debt service due on its outstanding bonds on the ROPS B Cycle to ensure that the first tax increment received in a Fiscal Year is available for debt service. In some limited cases, the Successor Agency advance funds debt service on the ROPS A Cycle as required by specific bond documents. See APPENDIX B-"FISCAL CONSULTANT REPORT" for the cash flow and the timing for debt service payable by the Successor Agency.

Pursuant to this ROPS process, the Successor Agency has timely received all distributions for its enforceable obligations.

***No Redevelopment Agency Agreements.*** The Dissolution Act generally provides that agreements between a redevelopment agency and the city or county that established the agency are not "enforceable obligations." The Dissolution Act further provides, however, that certain agreements for "indebtedness obligations" will be deemed "enforceable obligations" if entered into before December 31, 2010, by a redevelopment agency and the city or county that established the agency. The Successor Agency does not have any enforceable obligations payable to the City.

***Confirmation of Refunding Bonds Debt Service Obligations by Department of Finance.*** The Dissolution Act provides that any bonds authorized thereunder to be issued by a successor agency will be considered indebtedness incurred by the dissolved former agency, with the same legal effect as if the bonds had been issued prior to effective date of the Dissolution Act, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, will be included in the ROPS of the former agency, and will not be subject to further review and approval by the Department of Finance or the State Controller.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, Section 34177.5(i) of the Dissolution Act provides that a successor agency may petition the Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the approval of the Department of Finance of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the Department of Finance, then Section 34177.5(i) of the Dissolution Act provides that the review by the Department of Finance of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

***Due Diligence Review.*** The Dissolution Act requires a due diligence review be conducted to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of the low and moderate income housing fund and of all other funds and accounts of each successor agency. Once a successor agency completes the due diligence review and any transfers to taxing entities, the Department of Finance will issue a finding of completion that expands the authority of each successor agency in carrying out the wind-down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved former agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency completed the due diligence process and the Department of Finance completed its review in December 2014.

After receiving a finding of completion, each successor agency is required to submit a long range property management plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the Department of Finance will review these plans as submitted on a rolling basis.

The Department of Finance approved the Successor Agency's long range property management plan on December 31, 2015.

### **Petition to the Department of Finance for Final and Conclusive Determination**

In addition to the other covenants contained in the Trust Agreement, the Successor Agency covenants with the Owners of the Series 2021 Refunding Bonds within 10 days of the delivery date of the Series 2021 Refunding Bonds to petition the Department of Finance pursuant to Section 34177.5(i) of the Health and Safety Code to confirm that its determination that the Series 2021 Refunding Bonds approved in the ROPS constitute enforceable obligations is final and conclusive, and that it has finally and conclusively approved of subsequent payments made pursuant to the Series 2021 Refunding Bonds, subject to annual approval of amounts for debt service pursuant to the ROPS. See also "INTRODUCTION—Authority for Issuance—Approvals by the Department of Finance." For other covenants of the Successor Agency, see APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—THE TRUST AGREEMENT—Petition for Final and Conclusive Determination."

## **SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS**

### **Pledge of Successor Agency Refunding Revenues**

Pursuant to Health and Safety Code Section 34177.5(g) and subject to the provisions of the Trust Agreement permitting application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, to secure the payment of all the Outstanding Refunding Bonds, including the Series 2014A Refunding Bonds and the Series 2021 Refunding Bonds, and the interest payments becoming due, and to secure the performance and observance of all of the covenants, agreements and conditions contained in the Outstanding Refunding Bonds, including the Series 2014A Refunding Bonds, the Series 2021 Refunding Bonds, and the Trust Agreement, the Successor Agency irrevocably grants a lien on and a security interest in, and pledges, the Successor Agency Refunding Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement, whether held by the Successor Agency or the Trustee, to the Trustee for the benefit of the Owners of the Outstanding

Refunding Bonds, but excluding all moneys in the Rebate Fund established pursuant to the Tax Certificate (including within such exclusion investment income retained in the Rebate Fund) and the Costs of Issuance Fund. The lien on and security interest in and pledge of the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement constitutes a first pledge of and charge and lien upon the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement, will immediately attach and be effective, binding, and enforceable against the Successor Agency, its successors, purchasers of any of the Successor Agency Refunding Bonds or such money in the Special Fund or in the funds or accounts so specified and provided for in the Trust Agreement, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Trust Agreement, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement and without the need for any physical delivery, recordation, filing or further act. See also See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–Pledge of Successor Agency Refunding Revenues.”

“Successor Agency Refunding Revenues” is defined in the Trust Agreement to mean, for any period of time, moneys deposited from time to time in the RPTTF established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code, as provided in subdivision (a) of Section 34183 of the California Health and Safety Code excluding (i) Senior Obligations (as defined below) payable during such period; and (ii) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 and 33607.7 of the California Health and Safety Code during such period.

If, and to the extent, that the provisions of Health & Safety Code Section 34172 or Section 34183(a)(2) are invalidated by a final judicial decision, then Successor Agency Refunding Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

“Senior Obligations” is defined in the Trust Agreement to mean the senior and subordinate bond and loan obligations outstanding after the issuance of the Refunding Bonds (but excluding the Refunding Bonds, including the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds), consisting of the following:

- Richmond Redevelopment Agency Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A (Non-Callable Capital Appreciation Bonds)
- Loan Agreement by and between the Former Agency and the Authority, dated as of August 1, 2003, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003B (Taxable);
- Loan Agreement (Non-Housing) by and between the Former Agency and the Authority, dated as of October 1, 2004, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable);
- Loan Agreement (Housing) by and between the Former Agency and the Authority, dated as of October 1, 2004, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2004A (Taxable); and

- Richmond Community Redevelopment Agency Housing Set Aside Subordinate Tax Allocation Bonds (Merged Project Areas) (Taxable) 2007 Series B;

**The Series 2021 Refunding Bonds do not constitute a charge against the general credit of the Successor Agency but constitute and evidence limited obligations of the Successor Agency payable as to principal, Redemption Price, if any, and interest solely from the Successor Agency Refunding Revenues and the other funds pledged therefor under the Trust Agreement. The Series 2021 Refunding Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of the Successor Agency or any of its income or receipts except the Successor Agency Refunding Revenues pledged therefor pursuant to the Trust Agreement which pledge is subject to the provisions of the Trust Agreement permitting the application of the Successor Agency Refunding Revenues for the purposes and on the terms and conditions set forth therein. The Series 2021 Refunding Bonds are not a debt of the City of Richmond, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable therefor, nor in any event shall the payment of the principal or Redemption Price of or interest on the Series 2021 Refunding Bonds constitute a debt, liability or obligation of any public agency (other than the limited obligation of the Successor Agency as provided in the Trust Agreement). The Series 2021 Refunding Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the members of the Successor Agency nor any persons executing the Series 2021 Refunding Bonds are liable personally on the Series 2021 Refunding Bonds by reason of their issuance. No member, officer or employee of the Successor Agency is individually or personally liable for the payment of the principal or Redemption Price of or interest on the Series 2021 Refunding Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2021 Refunding Bonds or in respect of any undertakings by the Successor Agency under the Trust Agreement; but nothing in the Trust Agreement will relieve any member, officer or employee of the Successor Agency from the performance of any official duty provided by law.**

#### **Successor Agency Refunding Revenues Under the Dissolution Act**

The Dissolution Act expressly limits the liabilities of a successor agency in performing duties under the Dissolution Act to the amount of property tax revenues received by such successor agency under the Dissolution Act (generally equal to the amount of former tax increment received by the former redevelopment agency) and the assets of the former redevelopment agency. The Dissolution Act does not provide for any new sources of revenue for any Former Agency bonds or other indebtedness.

The Dissolution Act requires the county auditor-controller to determine the amount of property taxes that would have been allocated to the former agency had the former agency not been dissolved using current assessed values on the last equalized roll on August 20, and to deposit that amount in the redevelopment property tax trust fund for the successor agency established and held by the county auditor-controller pursuant to the Dissolution Act. The redevelopment property tax trust fund is administered by the county auditor-controller for the benefit of the holders of enforceable obligations and the taxing entities that receive pass-through payments and property tax distributions. **Any bonds authorized under the Dissolution Act to be issued by a successor agency will be considered indebtedness incurred by the dissolved former agency, with the same legal effect as if the bonds had been issued prior to effective date of the Dissolution Act, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the ROPS of the successor agency.** See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT—Recognized Obligation Payment Schedule.”

The Dissolution Act further provides that bonds authorized thereunder to be issued by the successor agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in a redevelopment property tax trust fund, and that property tax revenues pledged to any bonds authorized to be issued by the successor agency under the Dissolution Act, including the Refunding Bonds, are taxes allocated to the successor agency pursuant to Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution.

Pursuant to Section 33670(b) of the Redevelopment Law, Article XVI, Section 16 of the Constitution of the State and as provided in the redevelopment plan, taxes levied upon taxable property in the project area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called “taxing agencies”) after the effective date of the ordinance approving the redevelopment plan, or the respective effective dates of ordinances approving amendments to the redevelopment plan that added territory to the project area, as applicable, are to be divided as follows:

(a) *To Taxing Agencies:* That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable project area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments to the applicable redevelopment plan that added territory to the applicable project area, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) *To the Former Agency/Successor Agency:* Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the applicable plan limit following the delivery date, when collected will be paid into a special fund of the former agency. Section 34172 of the Dissolution Act provides that, for purposes of Article XVI, Section 16 of the State Constitution, the redevelopment property tax trust fund shall be deemed to be a special fund of the successor agency to pay the debt service on indebtedness incurred by the former agency or the successor agency to finance or refinance the redevelopment projects of the former agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller, constitute the amounts required under the Dissolution Act to be deposited by the county auditor-controller into the redevelopment property tax trust fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

Taxes levied on the property within the Merged Project Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Merged Project Areas, to the extent they constitute Successor Agency Refunding Revenues, as described herein, will be deposited in the RPTTF for transfer by the County

Auditor-Controller to the Redevelopment Obligation Retirement Fund of the Successor Agency on January 2 and June 1 of each year to the extent required for payments listed in the ROPS of the Successor Agency in accordance with the requirements of the Dissolution Act. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule.” Monies deposited by the County Auditor-Controller into the Redevelopment Obligation Retirement Fund of which those funds comprising Successor Agency Refunding Revenues will be transferred by the Successor Agency to the Trustee for deposit in the Interest Account and Principal Account within the Special Fund established under the Trust Agreement and administered by the Trustee in accordance with the Trust Agreement.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Successor Agency Refunding Revenues available in any six-month period to pay the principal of and interest on the Refunding Bonds. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule” and “CERTAIN RISKS TO BONDOWNERS.”

***Pension Tax Override.*** Generally, California 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 with voter approval. The property taxes generated from such levy by a taxing agency is commonly referred to as an “override.”

Pursuant to the Section 34183(a)(1)(B) of the Dissolution Act, 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.

Since Fiscal Year 1982-83, \$0.140 of the overall tax rate (*i.e.* \$1.14 per \$100 of assessed value) 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, certain of which pension obligation bonds are secured by the Pension Override. **However, it is not clear whether such Pension Override is pledged as security for the Refunding Bonds under the Trust Agreement. Therefore for purposes of calculating Successor Agency Refunding Revenues in this Official Statement and in the Fiscal Consultant Report, Pension Override revenues have been excluded and investors should assume that no such Pension Overrides will be available.**

***Department of Finance and/or State Controller Review.*** The Dissolution Act provides that most of the actions and activities taken by redevelopment agencies pending dissolution, by their successor agencies and oversight boards post dissolution, and by county auditor-controllers are subject to review and approval by the Department of Finance and/or the State Controller. This includes but is not limited to actions taken with respect to the preparation and adoption of an Enforceable Obligation Payment Schedule (an “EOPS”) and a ROPS and the transfer of the dissolved redevelopment agency’s assets. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule–ROPS Submission Process Under the Dissolution Act.”

## Flow of Funds

***RPTTF Flow of Funds.*** The Dissolution Act establishes a specific flow of funds for the administration by county auditor-controller's of the RPTTF. Under Health and Safety Code Section 34183, after deducting certain administrative costs due to the county, the county auditor controller is required to allocate money in the RPTTF as follows:

(i) No later than each January 2 and June 1, subject to certain adjustment for subordination or pass-throughs as permitted under the Dissolution Act (as further described below), the county auditor-controller remits to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such taxing agency would have received under the provisions of the Redevelopment Law, as those sections read on January 1, 2011, or pursuant to any pass-through agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994 (see "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments"). The amount of such pass-through payments is computed as though the requirement to set aside funds for the Housing Fund was still in effect.

(ii) On each January 2 and June 1, the county auditor-controller disburses to the successor agency the amount approved by the Department of Finance (see "PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT–Recognized Obligation Payment Schedule") for payments listed on the successor agency's ROPS (for the six month fiscal period commencing on January 1 and July 1, as applicable), with debt service payments scheduled to be made for tax allocation bonds having the highest priority. The Dissolution Act provides that a successor agency may include in the ROPS a reserve for bonds when the next following RPTTF disbursement is expected to be insufficient to pay all of the bond obligations due in the corresponding ROPS Period.

(iii) On each January 2 and June 1, the county auditor-controller also disburses the administrative cost allowance (as defined in the Dissolution Act) to the successor agency.

(iv) On each January 2 and June 1, any moneys remaining in the RPTTF after the payments and transfers described in subparagraphs (i) to (iii), inclusive (the "RPTTF Residual"), are distributed to local agencies and school entities in accordance with the provisions of the Dissolution Act.

The Dissolution Act requires the county auditor-controller to provide to a successor agency estimates of the amount of property tax revenues to be allocated to the RPTTF in the upcoming six month ROPS Period no later than October 1 and April 1, respectively. If a successor agency determines that the amount to be allocated to the RPTTF and the other moneys available from funds previously transferred from the former redevelopment agency and through asset sale or other operations) are insufficient to fund the payments required by subparagraphs (i) to (iii) above, then a successor agency may make a report (a "RPTTF Shortfall Report") to the county auditor-controller, who will in turn notify the Department of Finance and the State Controller. Upon verification by the county auditor-controller and concurrence from the State Controller that there are insufficient funds to pay required debt service, the county auditor-controller will make adjustment to the upcoming disbursement from the RPTTF as follows:

(a) *First*, the amount of the deficiency will be deducted from the RPTTF Residual described in subparagraph (iv),

(b) *Second*, if the RPTTF Residual is exhausted, deductions will be made from amounts available for distribution as the administrative cost allowance of the successor agency described in subparagraph (iii),

(c) *Third*, if a taxing agency had subordinated its pass-through payments under a pass-through agreement or pursuant to the provisions of the Redevelopment Law or the Dissolution Act to debt service payments required for enforceable obligations, funds for servicing such bond debt will be deducted from such pass-through payments.

No pass-through payments relating to the Merged Project Areas have been subordinated to the Refunding Bonds. Based on the projections shown in Table 8A, the Successor Agency does not anticipate the necessity of any RPTTF Shortfall Report while the Refunding Bonds are outstanding.

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The following table illustrates the RPTTF flow of funds for calendar years 2021 and 2022.

**Table 2**  
**Richmond Community Redevelopment Agency Successor Agency**  
**ROPS Pro Forma**  
**Calendar Years 2021 and 2022**

<b><u>ROPS Designation</u></b> <b><u>Payment Period</u></b>	<b><u>ROPS B Cycle<sup>(1)</sup></u></b> <b><u>(January – June)</u></b> <b><u>2021</u></b>	<b><u>ROPS A Cycle<sup>(1)</sup></u></b> <b><u>(July – December)</u></b> <b><u>2021</u></b>	<b><u>ROPS B Cycle<sup>(1)</sup></u></b> <b><u>(January – June)</u></b> <b><u>2022</u></b>	<b><u>ROPS A Cycle<sup>(1)</sup></u></b> <b><u>(July – December)</u></b> <b><u>2022</u></b>
<b><u>Senior Obligations</u></b>				
1998 Series A (Capital Appreciation Bonds)	\$1,150,000	–	\$1,150,000	–
2003B	1,210,796	–	1,208,190	–
2004A (Housing) (1/3)	79,107	\$744,656	–	\$357,387
2004A (2/3 Non-Housing)	–	–	640,395	–
2004B (Housing) <sup>(2)</sup>	138,300	–	0	0
2007B (Housing)	–	1,085,000	–	1,145,000
<b>SUBTOTAL SENIOR OBLIGATIONS</b>	<u>\$2,578,203</u>	<u>\$1,829,656</u>	<u>\$2,998,585</u>	<u>\$1,502,387</u>
<b><u>Subordinate Obligations</u></b>				
Series 2014A Refunding Bonds	2,481,500	–	2,423,500	–
Series 2021 Refunding Bonds	–	1,391,825	1,323,960	–
<b>SUBTOTAL SUBORDINATE OBLIGATIONS</b>	<u>\$2,481,500</u>	<u>\$1,391,825</u>	<u>\$3,747,460</u>	<u>\$0</u>
<b>TOTAL ALL OBLIGATIONS</b>	<b>\$5,059,703</b>	<b>\$3,221,481</b>	<b>\$6,746,045</b>	<b>\$1,502,387</b>

(1) Pursuant to the Dissolution Act ROPS B Cycle payments are received on January 2 of each year and ROPS A Cycle payments are received each June 1.

(2) These Bonds are being refunded with a portion of the proceeds from the issuance of the Series 2021A Refunding Bonds. The 2010A Bonds are also being refunded with a portion of the proceeds from the issuance of the Series 2021A Refunding Bonds. Debt service payments for the 2010A Bonds were included in the 2021 ROPS A Cycle which is not shown on this Table. See “PLAN OF REFUNDING—Prepayment of Prior Obligations.”

Sources: Successor Agency for scheduled ROPS payments and Raymond James & Associates, Inc. for Series 2021 Refunding Bonds debt service.

***Flow of Successor Agency Refunding Revenues Under the Trust Agreement.*** The following describes the flow of Successor Agency Refunding Revenue after payments for debt service for the entire year, plus any required replenishment of the reserve funds for the Senior Obligations is set aside.

So long as the Refunding Bonds are Outstanding, the Trust Agreement establishes the Richmond Community Redevelopment Agency Refunding Bonds Special Fund (the “Special Fund”) and the Richmond Community Redevelopment Agency Refunding Bonds Redemption Fund (the “Redemption Fund”) to be held and maintained by the Trustee. The following is a summary of the flow of Successor Agency Refunding Revenues as described in the Trust Agreement.

***Special Fund.*** All moneys in the Special Fund are required to be set aside by the Trustee when and as received in the following respective special accounts within the Special Fund. All moneys in each of such accounts are required to be held in trust by the Trustee and will be applied, used and withdrawn only for the purposes described below:

*First:* The Trustee is required to set aside from the Special Fund and deposit in the Interest Account an amount of money which, together with any money contained therein equals the aggregate amount of the Debt Service constituting interest becoming due and payable on all Outstanding Refunding Bonds on the next succeeding Interest Payment Date.

All moneys in the Interest Account are required to be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Refunding Bonds as the same becomes due and payable.

*Second:* The Trustee shall set aside from the Special Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Refunding Bonds on the next succeeding Principal Payment Date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Refunding Bonds as they shall become due and payable.

*Third:* The Trustee shall set aside from the Special Fund and deposit in the Sinking Fund Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of sinking fund installments becoming due and payable with respect to all Outstanding Refunding Bonds which are Term Refunding Bonds (each as defined in the Trust Agreement) on the next succeeding principal payment date. All moneys in the Sinking Fund Account shall be used by the Trustee to redeem the Outstanding Refunding Bonds in accordance with the Trust Agreement.

*Fourth:* The Trustee shall set aside from the Special Fund and deposit in the Series 2021A Debt Service Reserve Account an amount of money (or other authorized deposit of security, as provided in the Trust Agreement) equal to the Series 2021A Reserve Account Requirement for the Series 2021A Refunding Bonds then Outstanding. The Series 2021A Debt Service Reserve Account is required to be replenished in the following priority: (i) principal and interest on any Reserve Financial Guaranty shall be paid from first available Successor Agency Refunding Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2021A Reserve Account Requirement to the required level, after taking into account the amounts available under any Reserve Financial Guaranty shall be deposited from next available Successor Agency Refunding Revenues. No deposit need be made in the Series 2021A Debt Service Reserve Account so long as there shall be on deposit therein an amount equal to the Series 2021A Reserve Account Requirement of the Series 2021A Refunding

Bonds then Outstanding. If on any date on which the principal or Redemption Price of, or interest on, the Series 2021A Refunding Bonds is due, the amount in the applicable account in the Special Fund available for each such payment is less than the amount of the principal and Redemption Price of and interest on the Series 2021A Refunding Bonds due on such date, the Trustee shall apply amounts from the Series 2021A Debt Service Reserve Account to the extent necessary to make good the deficiency.

The Trustee shall (ii) set aside from the Special Fund and deposit in the Series 2021B Debt Service Reserve Account an amount of money (or other authorized deposit of security, as provided in the Trust Agreement) equal to the Series 2021B Reserve Account Requirement for the Series 2021B Refunding Bonds then Outstanding. The Series 2021B Debt Service Reserve Account shall be replenished in the following priority: (i) principal and interest on any Reserve Financial Guaranty shall be paid from first available Successor Agency Refunding Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2021B Reserve Account Requirement to the required level, after taking into account the amounts available under any Reserve Financial Guaranty shall be deposited from next available Successor Agency Refunding Revenues. No deposit need be made in the Series 2021B Debt Service Reserve Account so long as there shall be on deposit therein an amount equal to the Series 2021B Reserve Account Requirement of the Series 2021B Refunding Bonds then Outstanding. If on any date on which the principal or Redemption Price of, or interest on, the Series 2021B Refunding Bonds is due, the amount in the applicable account in the Special Fund available for each such payment is less than the amount of the principal and Redemption Price of and interest on the Series 2021B Refunding Bonds due on such date, the Trustee shall apply amounts from the Series 2021B Debt Service Reserve Account to the extent necessary to make good the deficiency.

Except as provided in the Trust Agreement, if on the last Business Day of any month the amount on deposit in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable, shall exceed the Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement, such excess shall be applied to the reimbursement of each drawing on any Reserve Financial Guaranty deposited in or credited to such funds and to the payment of interest or other amounts due with respect to such Reserve Financial Guaranty and any remaining moneys shall be deposited in the Interest Account.

Whenever the amount in the Series 2021A Debt Service Reserve Account (excluding any Reserve Financial Guaranty) or the Series 2021B Debt Service Reserve Account (excluding any Reserve Financial Guaranty), together with the pro rata amount in the Special Fund, is sufficient to pay in full all of the respective Outstanding Series 2021A Refunding Bonds or the Outstanding Series 2021B Refunding Bonds, as applicable, in accordance with their terms (including principal or Redemption Price and interest thereon), the funds on deposit in the Series 2021A Debt Service Reserve Account, if any, or the Series 2021B Debt Service Reserve Account, if any, as applicable, shall be transferred to the Special Fund.

See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT—THE TRUST AGREEMENT—Special Fund—Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account."

*Fifth:* After making the deposits required above, in any Fiscal Year, the Trustee is required to transfer any amount remaining on deposit in the Special Fund to the Successor Agency to be used for any lawful purpose of the Successor Agency.

In the event that on any date upon which the Successor Agency is to make a payment from Successor Agency Refunding Revenues pursuant to paragraphs *First*, *Second*, and/or *Third* above and the amount of available Successor Agency Refunding Revenues is not sufficient to make such payment, then the Successor Agency will apply the available Successor Agency Refunding Revenues to the payments required by paragraphs *First*, *Second*, and/or *Third* ratably (based on the respective amounts to be paid), without any discrimination or preferences.

In the event that on any date upon which the Successor Agency is to make a payment or deposit from Successor Agency Refunding Revenues pursuant to paragraph *Fourth* above and the amount of available Successor Agency Refunding Revenues is not sufficient to make such payment or deposit, then the Successor Agency, after making the payments required by paragraphs *First*, *Second*, and/or *Third* above, will apply the available Successor Agency Refunding Revenues to the payments required by paragraph *Fourth* above ratably (based on the respective amounts to be paid, including amounts payable with respect to the Series 2014A Debt Service Reserve Account and any such Debt Service Reserve Account established under the Trust Agreement), without any discrimination or preferences.

**Redemption Fund.** From the moneys paid by the Successor Agency, the Trustee shall, on or before each date fixed for redemption, deposit in the Redemption Fund an amount equal to the Redemption Price of the Refunding Bonds to be redeemed. Said moneys shall be set aside in said Fund and shall be applied on or after the redemption date to the payment of the Redemption Price of the Refunding Bonds to be redeemed and, except as otherwise provided in this paragraph, shall be used only for that purpose. If, after all of the Refunding Bonds designated for redemption have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Redemption Fund, said moneys shall be transferred to the Interest Account; provided, however, that if said moneys are part of the proceeds of refunding bonds said moneys shall be applied as provided in the instrument authorizing the issuance of such refunding bonds.

### **Additional Refunding Bonds**

Subject to the following paragraph, the Successor Agency may issue one or more series of Additional Refunding Bonds, authenticated and delivered as permitted by the Redevelopment Law and subject to the limits set forth in Section 34177.5 of the Redevelopment Law. Each series of Additional Refunding Bonds shall be issued (i) on a parity basis for the refunding of bonds, debt or other obligations of the Successor Agency, or (ii) on a subordinate basis. Interest and principal on any series of Additional Refunding Bonds issued by the Successor Agency on a subordinate basis shall be payable on the same dates as the Refunding Bonds.

The Successor Agency may, at any time and from time to time, issue one or more series of Additional Refunding Bonds provided that the Successor Agency has provided to the Trustee a certificate prepared by the Successor Agency, or at the option of the Successor Agency by a Consultant, showing that the Tax Revenues (based on the assessed valuation of taxable property in the Merged Project Areas as shown on the most recent equalized assessment roll and the most recently established tax rates preceding the date of adoption by the Successor Agency of the issuing instrument providing for the issuance of such Additional Refunding Bonds) expected to be received during the current Fiscal Year and in each Fiscal Year thereafter in which such Additional Refunding Bonds are Outstanding will be in an amount equal to at least 135% of the total Debt Service on all outstanding Senior Obligations and Outstanding Refunding Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues.

## **Debt Service Reserve Accounts**

*General.* A Debt Service Reserve Account is established under the Trust Agreement as security for each series of Series 2021 Refunding Bonds (the “Series 2021A Debt Service Reserve Account” and the “Series 2021B Debt Service Reserve Account,” respectively) each in an amount equal to the “Series 2021A Reserve Account Requirement” for the Series 2021A Refunding Bonds and the “Series 2021B Reserve Account Requirement” for the Series 2021B Refunding Bonds.

The Series 2021A Reserve Account Requirement shall be the initial amount equal to \$1,464,094.62, and as of any subsequent date of calculation pursuant to the Trust Agreement, an amount equal to the least of (i) 10% of the principal amount of the Series 2021A Refunding Bonds (or 10% of the issue price if the Series 2021A Refunding Bonds are sold with more than 2% original issue discount or premium as determined under the Code), or (ii) the greatest amount of Debt Service with respect to the Series 2021A Refunding Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Series 2021A Refunding Bond is due, or (iii) 125% of the sum of the Debt Service with respect to the Series 2021A Refunding Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Debt Service with respect to the Series 2021A Refunding Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Successor Agency and specified in writing to the Trustee.

The Series 2021B Reserve Account Requirement shall be the initial amount equal to \$266,500, and as of any subsequent date of calculation pursuant to the Trust Agreement, an amount equal to the least of (i) 10% of the principal amount of the Series 2021B Refunding Bonds (or 10% of the issue price if the Series 2021B Refunding Bonds are sold with more than 2% original issue discount or premium as determined under the Code), or (ii) the greatest amount of Debt Service with respect to the Series 2021B Refunding Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Series 2021B Refunding Bond is due, or (iii) 125% of the sum of the Debt Service with respect to the Series 2021B Refunding Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Debt Service with respect to the Series 2021B Refunding Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Successor Agency and specified in writing to the Trustee.

The amounts on deposit in the Series 2021A Debt Service Reserve Account will be applied solely to the payment of debt service due on the Series 2021A Refunding Bonds and amounts on deposit in the Series 2021B Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Series 2021B Refunding Bonds, as provided in the Trust Agreement. Pursuant to the Trust Agreement, a separate account, in the amount set forth in the applicable Supplemental Trust Agreement may be established for any series of Additional Refunding Bonds.

On the date of delivery of the Series 2021 Refunding Bonds the Successor Agency will deposit in the Series 2021A Debt Service Reserve Account, a municipal bond debt reserve policy (the “Series 2021A Reserve Policy”) which is equal to the Series 2021A Reserve Account Requirement; and in the Series 2021B Debt Service Reserve Account, a municipal bond debt service reserve policy (the “Series 2021B Reserve Policy”) which is equal to the Series 2021B Reserve Account Requirement. If at any time obligations insured or issued by a Reserve Financial Guaranty provider (as defined in the Trust Agreement) with respect to the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds, as applicable, shall no longer maintain the required ratings as set forth in Trust Agreement, the Successor Agency shall have no obligation to provide or cause to be provided cash or a substitute Reserve Financial Guaranty meeting such requirements, to the extent necessary to satisfy the Series 2021A Reserve Account

Requirement or the Series 2021B Reserve Account Requirement, as applicable. Further, the Successor Agency is under no obligation to replace the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, or to deposit any cash in the Series 2021A Reserve Account or Series 2021B Reserve Account, as applicable, if at any time that the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds, as applicable, are Outstanding, amounts are not available under the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, other than in connection with a draw on the applicable debt service reserve policy for each series of Series 2021 Refunding Bonds. See “–*Debt Service Reserve Policies*” and APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–THE TRUST AGREEMENT–Special Fund–Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account.”

*Debt Service Reserve Policies.* The following information has been provided by Build America Mutual Assurance Company (the “Bond Insurer”) for use in this Official Statement. Reference is made to Appendix I for a specimen of the municipal bond debt service reserve insurance policy to be issued by the Bond Insurer upon issuance of each series of the Insured Series 2021 Refunding Bonds. None of the Successor Agency, the City, or the Underwriter make any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.

The Bond Insurer makes no representation regarding the Insured Series 2021 Refunding Bonds or the advisability or suitability of investing in the Insured Series 2021 Refunding Bonds. In addition, the Bond Insurer has not verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under this heading “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS–Debt Services Reserve Accounts–*Debt Service Reserve Policy*” and “BOND INSURANCE,” and contained in APPENDIX H–“SPECIMEN MUNICIPAL BOND INSURANCE POLICY” AND APPENDIX I–“SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE POLICY.”

## **BOND INSURANCE**

*The following information has been provided by Build America Mutual Assurance Company as the Bond Insurer for use in this Official Statement. Reference is made to APPENDIX H for a specimen of the municipal bond insurance policy to be issued by the Bond Insurer upon issuance of the Insured Series 2021 Refunding Bonds. None of the Successor Agency, the City, or the Underwriter make any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof.*

### **Bond Insurance Policies**

Concurrently with the issuance of the Insured Series 2021 Refunding Bonds, the Bond Insurer will issue a Municipal Bond Insurance Policy for each series of the Insured Series 2021 Refunding Bonds (each a “Policy”). Each Policy guarantees the scheduled payment of principal of and interest on the respective series of Insured Series 2021 Refunding Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

Neither Policy is covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

## **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold Insured Series 2021 Refunding Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of Insured Series 2021 Refunding Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of Insured Series 2021 Refunding Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of Insured Series 2021 Refunding Bonds, nor does it guarantee that the rating on Insured Series 2021 Refunding Bonds will not be revised or withdrawn.

**Capitalization of BAM.** BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$505.3 million, \$158.1 million and \$347.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding Insured Series 2021 Refunding Bonds or the advisability of investing in Insured Series 2021 Refunding Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted

herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE.”

### ***Additional Information Available from BAM***

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for Insured Series 2021 Refunding Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to Insured Series 2021 Refunding Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of Insured Series 2021 Refunding Bonds, whether at the initial offering or otherwise.

## **THE SUCCESSOR AGENCY**

### **General**

The Successor Agency was established by the City Council following the dissolution of the Former Agency pursuant to the Dissolution Act. See “INTRODUCTION–Impact of Changes in Redevelopment Law.”

On January 24, 2012, pursuant to Resolution No. 4-13 and Section 34173 of the Dissolution Act, the City Council elected to serve as successor agency to the Former Agency and also established rules and regulations for the operations of the Successor Agency to assume these successor functions pursuant to such resolution, adopted by the City Council as the governing body of the Successor Agency. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a

separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Successor Agency covenants in the Trust Agreement to, among other things, timely file all ROPS as required by the Redevelopment Law and comply with all requirements of the Redevelopment Law to insure the allocation and payment to the Successor Agency of the Successor Agency Refunding Revenues.

### **Financial Statements**

The Comprehensive Annual Financial Report (a “CAFR”) for the Year Ended June 30, 2020 of the City is attached as APPENDIX C. The CAFR is included in this Official Statement because it contains certain financial information relating to the Successor Agency. The audited financial statements of the City were prepared by Badawi & Associates (the “Auditor”). The Auditor has not been asked to consent to the inclusion of the City’s audited financial statements in this Official Statement and has not reviewed this Official Statement.

As described in “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS,” the Refunding Bonds are payable from and secured by a pledge of Successor Agency Refunding Revenues only and are not a debt or obligation payable by the City. The CAFR is attached as Appendix C only because it includes audited financial information related to the Successor Agency.

### **THE OVERSIGHT BOARD**

As of July 1, 2018, the County formed a County-wide Oversight Board to oversee the activities of all successor agencies within the County, including the Successor Agency.

The Oversight Board is comprised of seven members, one member each appointed by: (i) the Board of Supervisors, (ii) the City selection committee established pursuant to Section 50270 of the Government Code, (iii) the special independent district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Health and Safety Code Section 34188, (iv) the County Superintendent of Education to represent schools within the County, (v) the Chancellor of California Community Colleges District; to represent community college districts within the County, (vi) a member of the public appointed by the Board of Supervisors; and (vii) the recognized employee organization representing the largest number of successor agency employees in the County.

### **THE CITY**

The City, located 16 miles northeast of San Francisco on the western shore of Contra Costa County, occupies 33.7 square miles of land area on a peninsula that separates San Francisco Bay and San Pablo Bay. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. A redevelopment program in the downtown and waterfront areas and commercial expansion in the City’s Hilltop area, along the I-80 and I-580 freeway corridors and along the Richmond Parkway add to the municipal tax base. Economic and demographic information concerning the City is set forth in APPENDIX A—“CERTAIN DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND.”

## THE MERGED PROJECT AREAS

### General

The Former Agency amended and merged together nine of its project areas for financial and time limit purposes which together constitute the “Merged Project Areas.” The Merged Project Areas consist of nine formerly “independent” redevelopment project areas (each a “Constituent Project Area”) which were merged together on July 13, 1999 and include: Eastshore No. 1-A; Potrero No. 1-C; Galvin No. 3-A; Harbor Gate No. 6-A; Hensley No. 8-A; Downtown No. 10-A; Nevin Center No. 10-B; Harbour No. 11-A, and North Richmond No. 12-A.

As part of the merger process, in 1999, territory was added to the Eastshore No. 1-A Project Area, the Harbor Gate No. 6-A Project Area, the Hensley No. 8-A Project Area, the Downtown No. 10-A Project Area, the Nevin Center No. 10-B Project Area and the Harbour No. 11-A Project Area (collectively, the “1999 Amendment Areas”), and in 2005, additional territory was added to the Nevin Center No. 10-B Project Area (the “2005 Amendment Area”).

Table 3—“Summary of Constituent Project Areas” provides a summary of the primary land uses, size, and the original plan adoption date for each Constituent Project Area.

**Table 3**  
**Successor Agency to the Richmond Community Redevelopment**  
**Merged Project Areas**  
**Summary of Constituent Project Areas**

Constituent Project Area	Primary Land Use	Acres	Original Plan Adoption
Eastshore No. 1-A <sup>(2)</sup>	Residential	123.0	8/26/1957
Potrero No. 1-C <sup>(2)</sup>	Residential	150.0	4/4/1960
Galvin No. 3-A <sup>(2)</sup>	Industrial	95.0	2/28/1955
Harbor Gate No. 6-A (Original) <sup>(2)</sup>	Industrial	118.0	11/8/1954
Hensley No. 8-A (Original) <sup>(2)</sup>	Industrial	90.5	5/29/1960
Hensley No. 8-A (1980 Area) <sup>(2)</sup>	Industrial	23.5	3/31/1980
Downtown No. 10-A <sup>(2)</sup>	Commercial	107.0	5/23/1966
Nevin Center No. 10-B <sup>(2)</sup>	Residential	17.0	9/18/1972
Harbour No. 11-A <sup>(2)</sup>	Commercial	964.0	6/9/1975
North Richmond No. 12-A <sup>(2)</sup>	Commercial	19.0	9/18/1972
Harbor Gate No. 6-A (1995 Amendment Area)	Industrial	616.0	6/26/1995
Eastshore No. 1-A (1999 Amendment Area)	Commercial	14.0	7/13/1999
Harbor Gate No. 6-A (1999 Amendment Area)	Industrial	16.0	7/13/1999
Hensley No. 8-A (1999 Amendment Area)	Residential	887.0	7/13/1999
Downtown No. 10-A (1999 Amendment Area)	Commercial	174.0	7/13/1999
Nevin Center No. 10-B (1999 Amendment Area)	Commercial	10.0	7/13/1999
Harbour No. 11-A (1999 Amendment Area)	Commercial	131.0	7/13/1999
Nevin Center No. 10-B (2005 Amendment Area)	Resid/Indust	<u>1,783.0</u>	7/12/2005
TOTAL		5,338.0	

Source: Fraser & Associates.

***No Applicable Redevelopment Plan Limitations.*** In accordance with the Redevelopment Law, redevelopment plans were required to include certain limits on the financing of the redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time. The Dissolution Act, as amended by SB 107, as of September 22, 2015, clarifies that former tax increment limits set forth in redevelopment plans no longer apply for purposes of paying approved enforceable obligations. See also APPENDIX B–“FISCAL CONSULTANT REPORT.”

***Elimination of Housing Set-Aside.*** Prior to being amended by the Dissolution Act, the Redevelopment Law required each redevelopment agency to set aside not less than 20% of all tax increment generated in project areas (the “Housing Set-Aside”) to a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. The Dissolution Act eliminates the characterization of certain tax increment revenues as Housing Set-Aside.

***AB 1290 Payments.*** Among other amendments to the Redevelopment Law, Section 33607.7 of the State Health and Safety Code added by Assembly Bill 1290 (“AB 1290”), that among other things, (Statutes of 1993, Chapter 942) requires the redevelopment agency to begin making statutory payments to affected taxing entities that do not have existing pre-AB 1290 tax sharing agreements. These payments are to begin once any of the original redevelopment plan limitations would have taken effect. The first limit encountered or to be encountered in a project area is the debt establishment limit.

The AB 1290 payments are computed using the increase in revenue, if any, over the amount of revenue generated by a project area in the year that the debt establishment limit would have been reached. In effect, the year in which the debt establishment limit is met becomes a new “base year” for purposes of calculating payments. AB 1290 payments are paid from revenues resulting from the growth in the new tax base year.

See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments–*Underpayment of AB 1290 Pass-Through Obligations.*”

See also APPENDIX B–“FISCAL CONSULTANT REPORT.”

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## Land Uses

The predominant land use in the Merged Project Areas is residential, representing approximately 58.5% of the total by value and approximately 79.6% of the total parcels for Fiscal Year 2020-21. Table 4 presents the breakdown of land uses within the Merged Project Areas by number of parcels and taxable assessed value for Fiscal Year 2020-21 based on the lien date tax roll for Fiscal Year 2021-21.

**Table 4**  
**Successor Agency to the Richmond Community Redevelopment**  
**Merged Project Areas**  
**Land Uses**

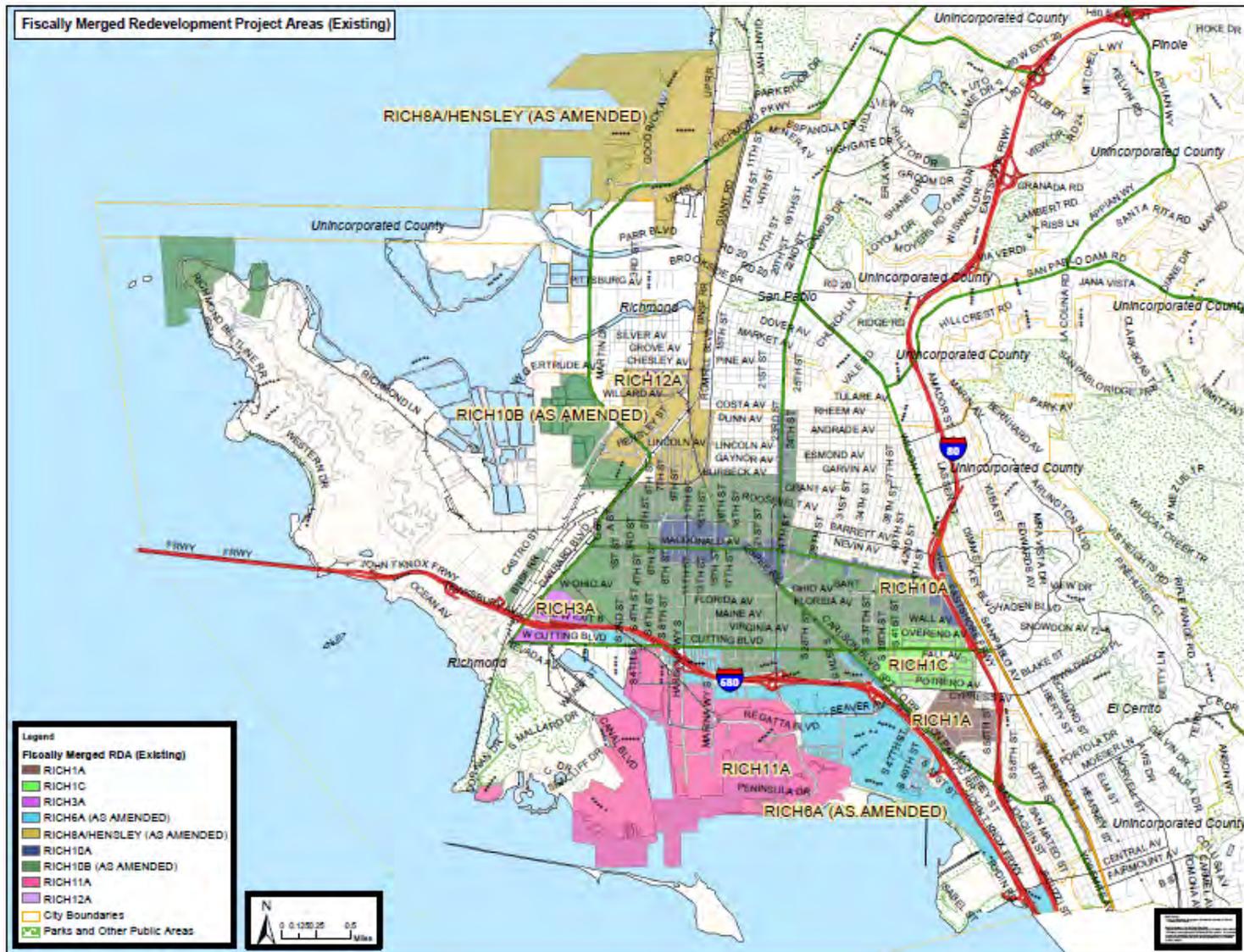
	<u>Number of Parcels</u>	<u>Fiscal Year 2020-21 Taxable Value</u>	
		<u>Amount</u>	<u>% of Total</u>
Secured†:			
Residential	10,223	\$2,759,788,852	58.49%
Commercial	536	322,013,541	6.82
Industrial	429	1,135,987,669	24.07
Vacant Land	675	100,185,330	2.12
Other	<u>434</u>	<u>106,560,986</u>	<u>2.26</u>
SUBTOTAL SECURED	12,851	4,424,536,378	93.77
Unsecured/State Assessed		<u>294,027,267</u>	<u>6.23</u>
TOTAL		\$4,718,563,645	100.00%

Source: Fraser & Associates.

## Constituent Project Areas

A description of development since 2017 and future development within the Merged Project Areas follows. Planned activities for the Constituent Project Areas include alleviating physical and economic blighting conditions, and constructing and/or rehabilitating public infrastructure and public facility improvements in order to stimulate development. For a description of projects to be completed within the Downtown No. 10-A and Harbour No. 11-A Constituent Project Areas, see “–Capital Improvement Plan.” Neither the Successor Agency nor the Underwriter provides any assurances that development will occur as described in this Official Statement, if at all. The projection of the Successor Agency Refunding Revenues in the Fiscal Consultant Report and this Official Statement do not take any such future development into account.

A map of the Constituent Project Areas appears below.



***Eastshore No. 1-A Project Area.*** The Eastshore No. 1-A Project Area is comprised of 137 acres, including 14 acres added to this project area as part of the 1999 Amendments. That acreage is characterized by single story retail stores fronting San Pablo Avenue. Successor Agency staff is currently unaware of any major development projects being considered or planned for this Constituent Project Area.

***Potrero No. 1-C Project Area.*** The Potrero No. 1-C Project Area is a 150-acre residential project redeveloped with housing and various public improvements, including the Richmond Swim Complex. The major roadway through the Potrero No. 1-C Project Area is Cutting Boulevard. Successor Agency staff is currently unaware of any major development projects being considered for this Constituent Project Area.

***Galvin No. 3-A Project Area.*** The Galvin No. 3-A Project Area is a 95-acre light industrial development containing distribution facilities, light assembly and research and development businesses. The Successor Agency does not receive tax increment from personal property in the Galvin No. 3-A Project Area as further described in ““LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures.” Construction of an approximately 800 square foot addition to a service station was approved by the City in October 2020.

***Harbor Gate No. 6-A Project Area.*** The Harbor Gate No. 6-A Project Area is comprised of 750 acres, including 16 acres added as part of the 1999 Amendments and 616 acres added by the 1995 amendment. A significant portion of this acreage is characterized by underdeveloped/underutilized property, inadequate infrastructure and obsolete parcelization. The Successor Agency does not receive tax increment from personal property in the Harbor Gate No. 6-A Project Area as further described in ““LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS –Property Tax Collection Procedures.”

Recently completed or approved projects include:

- A 95-unit detached single-family home and a 98-unit condominium subdivision being developed by Taylor Morrison at the south east corner of Marina Way South and Wright Avenue. Sales of these homes to the public commenced in fall 2018 and are expected to be completed in fall 2021.
- Approval of the construction of a 104-room Home2Suites on a vacant site on Meeker Avenue, west of a CVS Pharmacy, is expected to commence in spring 2021.
- Development of an approximately 80 acre brownfield site known as Campus Bay, for which the Department of Toxic Substance Control (the “DTSC”) approved a Remedial Action Plan for its redevelopment in October 2019.
- Negotiation of a Development Agreement for a project that could include up to 4,000 residential units and 50,000 square feet of retail uses, along with open space uses. Immediately adjacent to Campus Bay is the 100+ acre University of California Field Station, which has an approved Long Range Development Plan and Final Environmental Impact Report approved by the Regents of the University of California in May 2014. There is no timeline for construction at this time.

***Hensley No. 8-A Project Area.*** The Hensley No. 8-A Project Area is comprised of 1,001 acres, including 887 acres added to this project area as part of the 1999 Amendments. The added acreage is characterized by underutilized industrial parcels.

Recently completed or approved projects include:

- Approval of construction of two industrial warehouses, comprising a total of more than 365,000 square feet, in Pinole Business Park in December 2017. The larger of the two buildings, comprising more than 200,000 square feet, is nearing completion and expected to be occupied by a mattress manufacturer in the first quarter of 2021. The second site was sold to a new owner and development is pending.
- A speculative industrial building, comprising approximately 708,000 square feet, completed in December 2020, has been leased to Amazon and tenant improvements are underway.
- In August 2020, the City approved construction of an approximately 110,000 square foot industrial warehouse on the west side of Giant Road and south of Collins Avenue for cannabis cultivation use.
- In 2019, the City approved construction of an approximately 215,000 square foot cannabis cultivation facility at Goodrick Avenue, east of Richmond Parkway. United Parcel Service is constructing an approximately 350,000 square foot at their existing facility on Atlas Road, east of Richmond Parkway. A use permit was approved in 2019 and grading is expected to begin in January 2021.
- Lastly, in November 2020, the City approved construction of an approximately 250,000 square foot mini-storage facility on an approximately 10.44 acre parcel located at 1014 Chesley Avenue, including a 98,000 square foot, air-conditioned mini-storage building and 10 one-story, non-air-conditioned buildings.

***Downtown No. 10-A Project Area.*** The Downtown No. 10-A Project Area is comprised of 281 acres, including 174 acres added to this project area as part of the 1999 Amendments. The new acreage is characterized primarily by older, single and two story commercial/retail buildings fronting Macdonald Avenue. The Successor Agency executed a Disposition and Development Agreement for construction of a 23-unit and approximately 56,000 square foot commercial mixed-use building at the 12th Street and Macdonald Avenue site in August 2018. Construction is expected to commence in 2022.

All entitlements are in place for construction of a 190-unit mixed-income project planned for the Miraflores site, the location of two former nurseries that were founded by Japanese immigrants, circa 1906. This project, located at 45<sup>th</sup> Street and Wall Avenue, was purchased by the Former Agency and will include affordable and market rate housing. In September 2020, the Successor Agency completed a State grant funded project to daylight and rehabilitate Baxter Creek for the Miraflores Sustainable Greenbelt, and in Fiscal Year 2020-21, the Successor Agency expects to rehabilitate the family homes of the two former owners for community uses. Interpretative panels will also be added to the Miraflores Sustainable Greenbelt to convey the stories of the former owners of the nurseries that occupied the site prior to redevelopment.

***Nevin Center No. 10-B Project Area.*** The Nevin Center No. 10-B Project Area is comprised of 1,810 acres, including 10 acres added as part of the 1999 Amendment and 1,783 acres added as part of the 2005 Amendments. The acreage added by the 1999 and 2005 Amendments is characterized by vacant lots, abandoned buildings, underutilized facilities and residential areas suffering from blighting conditions. Currently, this Project Area has a two-block development, Terraces at Nevin, a 271-units affordable housing development under construction.

Recently completed or approved projects include:

- Construction of a 37,500 square foot, multi-story medical office building, occupied by Lifelong Medical, at Bissell Avenue and Harbour Way that was completed in June 2020.
- Approval of major rehabilitation of Hacienda Apartments, a vacant, 150-unit affordable housing development, including construction of a small addition to the east side of the building to relocate the main entrance from Roosevelt Avenue to Barrett Avenue is expected in winter 2020.
- Amendment to an existing Disposition and Development Agreement for the Metrowalk Phase II site to increase the overall units from 90 units to 150 units.

**Harbour No. 11-A Project Area.** Historically, the 1,103-acre Harbour No. 11-A Project Area consisted of Port of Richmond related commercial activities and industrial activities. Presently, it includes residential and commercial uses, marina, parks and research and development facilities and the Port.

The Harbour No. 11-A Project Area consists of Marina Bay, a water oriented community comprised of over 2,200 single family homes, townhouses and apartments, and commercial, industrial research and development and marine development, including a pleasure boat marina. The balance of the Harbour No. 11-A Project Area consists of office, commercial and light industrial space.

Recently completed or approved projects include:

- Construction of a 60-unit luxury condominium development by Shea Homes is expected to be completed in winter 2020.
- Approval of construction of a 316-unit residential subdivision at the site formerly known as Terminal One, located at 1500 Dornan Drive, comprised of 295 condominiums in five separate buildings ranging from three to five stories, and 21 single-family homes).
- Approval of construction of an approximately 182,000 square foot warehouse logistics center and an approximately 32,000 square foot industrial building at Harbour Way South, south of Wright Avenue was completed in spring 2020 and tenant improvements are underway.
- Completion of construction of the Richmond Ferry Terminal at the terminus of Harbour Way South by the Water Emergency Transportation Agency (WETA). Ferry service to and from San Francisco commenced in January 2019.

**North Richmond No. 12-A Project Area.** The North Richmond No. 12-A Project Area is comprised of 19 acres. This project area is located in the northern portion of the City. The Successor Agency is working with Community Housing Development Corporation to construct the Legacy Project, a 43-unit affordable townhome development along Fred Jackson Way. Development of Legacy Court includes remediation of a former gas station site, which remediation is expected to commence in spring 2021.

### **Capital Improvement Plan**

The Successor Agency adopts a capital improvement plan (a “CIP”) annually. The Successor Agency adopted the CIP for calendar year 2021 on December 15, 2020. The projects included in the 2021 CIP are summarized below:

**Capital Improvement Program Projects  
(Calendar Year 2021)**

<u>Project Description</u>	<u>Constituent Project Area</u>	<u>Estimated Remaining Project Costs</u>	<u>Source of Funds</u>	<u>Estimated Fiscal Year of Completion</u>
Metro Walk Housing	Downtown No. 10-A	\$5,000,000	RPTTF	2022-23
Miraflores Remediation <sup>(1)</sup>	Downtown No. 10-A	103,406	Other Funds	2021-22
Miraflores Historical Preservation <sup>(2)</sup>	Downtown No. 10-A	3,498,000	Developer Proceeds	2021-22
Terminal One Remediation	Harbour No. 11-A	735,000	Insurance Proceeds	2021-22

(1) This project consists of the cleanup of a 14-acre former nursery site owned by the Successor Agency on which 80 units of affordable senior housing, 190 units of market rate and affordable condominium units, and open space land uses are being developed. See “–Constituent Project Areas–*Downtown No. 10A Project Area.*”

(2) This project consists of the preservation of two historic nurseries founded by Japanese immigrant circa 1906 as part of the Miraflores Sustainable Greenbelt and will become part of the Rosie the Riveter/WWII Home Front National Park. See “–Constituent Project Areas–*Downtown No. 10A Project Area.*”

Source: Successor Agency.

Neither the Successor Agency nor the Underwriter provides any assurances that development will occur as described in this Official Statement, if at all. The projection of the Successor Agency Refunding Revenues in the Fiscal Consultant Report and this Official Statement do not take any such future development into account.

**Tax Levies, Collections and Delinquencies**

The County does not track secured tax charges and delinquencies by Constituent Project Area.

The Merged Project Areas are located within a county that has adopted the Teeter Plan. For additional information regarding the Teeter Plan, see “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures–*County Tax Loss Reserve Fund (Teeter Plan).*”

**Taxable Values and Property Tax Revenues**

As discussed under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures,” the assessed valuation of property is established by the County Assessor and reported at 100% of the full cash value as of each January 1. Therefore, the Fiscal Year 2020-21 valuations used in this Official Statement and by the Report of the Fiscal Consultant were calculated prior to the onset of the COVID-19 pandemic and therefore do not reflect the effect of the pandemic, if any, on assessed valuation.

For Fiscal Year 2020-21, secured values for the Merged Project Areas increased by \$291.0 million (approximately 7.0%) compared to the secured values for Fiscal Year 2019-20. Since Fiscal Year 2013-14, secured values have increased by approximately \$1.9 billion (approximately 78.0%).

Unsecured values in the Merged Project Areas for Fiscal Year 2020-21 increased by approximately \$9.5 million (approximately 3.4%) compared to the unsecured values for Fiscal Year 2019-20.

For the Merged Project Areas, set forth below in Table 5A, Table 5B, Table 6 and Table 8A and Table 8B, respectively, are historical taxable values and property tax revenues from Fiscal Years 2008-09 through 2020-21, the 10 major property tax assesseses and a projection of property tax revenue from Fiscal Years 2020-21 through 2036-37. Property tax revenues may be reduced in the future as a result of a number of factors. See “CERTAIN RISKS TO BONDOWNERS.”

**Table 5A**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Historical Taxable Values and Property Tax Revenues<sup>(1)</sup>**

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value <sup>(1)</sup>
2008-09	\$3,463,588,277	\$238,992,760	\$2,155,512	\$3,704,736,549	N/A	\$2,445,552,703
2009-10 <sup>(2)</sup>	2,661,443,180	259,527,200	2,150,815	2,923,121,195	(21.10)%	1,663,937,349
2010-11	2,546,839,451	238,073,825	3,233,132	2,788,146,408	(4.62)	1,528,962,562
2011-12	2,461,527,821	293,586,635	3,276,785	2,758,391,241	(1.07)	1,499,207,395
2012-13	2,417,883,713	304,053,011	1,754,001	2,723,690,725	(1.26)	1,464,506,879
2013-14	2,485,509,543	282,511,676	1,750,562	2,769,771,782	1.69	1,510,587,935
2014-15	2,778,468,064	268,551,866	983,925	3,048,003,855	10.05	1,788,820,009
2015-16	3,037,435,613	264,881,956	977,442	3,303,295,011	8.38	2,044,111,165
2016-17	3,252,451,720	242,230,836	956,859	3,495,639,415	5.82	2,236,455,569
2017-18	3,547,096,459	265,116,844	949,052	3,813,162,355	9.08	2,553,978,509
2018-19	3,884,897,289	250,157,083	1,920,744	4,136,995,116	8.49	2,877,811,270
2019-20	4,133,495,693	282,567,774	1,920,744	4,417,984,211	6.79	3,158,800,365
2020-21	4,424,536,378	292,106,523	1,920,744	4,718,563,645	6.80	3,459,379,799
Total Percentage Change					27.37%	
Average Percentage Change					2.04%	

(1) Taxable Value above base year value of \$1,259,183,846. All values are net of exemptions.

(2) The assessed value of Constituent Project Area Nevin Center No.10-B (2005 Amendment Area) was below base from Fiscal Year 2009-10 through 2013-14 and was not included in tax increment calculations.

Source: Contra Costa County Auditor-Controller Office.

**Table 5B**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Historical Tax Increment Receipts<sup>(1)</sup>**

Fiscal Year	Levy per County <sup>(2)</sup>	Tax Increment Receipts Less Supplements	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2015-16	\$20,635,478	\$21,163,308	102.56%	\$1,146,682	\$22,309,990	108.11%
2016-17	25,667,301	24,229,989	94.40	2,065,960	26,295,949	102.45
2017-18	29,324,823	29,473,980	100.51	745,188	30,219,168	103.05
2018-19	33,197,978	33,194,587	99.99	2,130,060	35,324,647	106.41
2019-20	36,209,863	36,398,320	100.52	1,785,099	38,183,419	105.45
Average Percentage of Levy			99.60%			105.03%

(1) Total deposits to RPTTF prior to pass through and administrative fee deductions.

(2) Initial levy reported by Contra Costa County.

Source: Contra Costa County Auditor-Controller Office and Fraser & Associates.

**Table 6**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Comparison of Fiscal Year 2016-17 through 2020-21**  
**Assessed Values by Constituent Project Area<sup>(1)</sup>**

<u>Constituent Project Area</u>	<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2017-18</u>		<u>Fiscal Year 2018-19</u>		<u>Fiscal Year 2019-20</u>		<u>Fiscal Year 2020-21</u>	
	<u>Total Value</u>	<u>Change</u> %								
Eastshore No. 1-A	\$48,453,573	6.8	\$52,461,915	8.3%	\$57,519,536	9.6%	\$62,404,524	8.5%	\$65,171,290	4.4%
Eastshore No. 1-A (1999 Amendment Area)	32,794,196	3.7	34,611,711	5.5	37,619,248	8.7	37,562,850	(0.2)	38,329,358	2.0
Potrero No. 1-C	114,558,757	7.1	122,458,739	6.0	131,680,224	7.5	144,017,379	9.4	154,805,977	7.5
Galvin No. 3-A	116,065,731	11.5	117,532,421	1.3	126,679,643	7.8	130,831,363	3.3	133,903,837	2.3
Harbor Gate No. 6-A (Original) <sup>(2)</sup>	61,693,633	6.2	62,057,540	0.6	63,201,943	1.8	62,188,039	(1.6)	62,193,903	0.0
Harbor Gate No. 6-A (1995 Amendment Area)	150,261,527	(4.8)	162,621,425	8.2	176,119,158	8.3	201,341,606	14.3	253,166,370	25.7
Harbor Gate No. 6-A (1999 Amendment Area)	14,167,934	2.5	14,553,250	2.7	14,918,091	2.5	15,297,796	2.6	15,686,691	2.5
Hensley No. 8-A (Original)	59,679,359	3.7	75,344,837	26.2	78,304,253	3.9	84,514,550	7.9	108,947,375	28.9
Hensley No. 8-A (1980 Area)	5,396,287	(7.5)	5,410,004	0.3	6,317,421	16.8	7,616,305	20.5	7,758,821	1.9
Hensley No. 8-A (1999 Amendment Area)	201,353,672	13.0	222,228,617	10.4	250,288,575	12.6	262,976,269	5.1	262,638,786	(0.1)
Downtown No. 10-A	103,114,214	2.2	111,712,383	8.3	131,552,274	17.8	121,742,150	(7.5)	141,988,355	16.6
Downtown No. 10-A (1999 Amendment Area)	171,186,705	2.0	180,005,645	5.2	194,703,603	8.2	198,886,910	2.2	211,562,836	6.4
Nevin Center No. 10-B	8,884,923	10.5	10,497,325	18.1	11,722,515	11.7	12,274,394	4.7	13,260,259	8.0
Nevin Center No. 10-B (1999 Amendment Area)	4,663,263	72.3	2,961,172	(36.5)	3,240,887	9.4	3,352,734	3.5	4,474,876	33.5
Nevin Center No. 10-B (2005 Amendment Area)	1,062,832,529	7.8	1,164,308,840	9.5	1,279,708,337	9.9	1,396,439,401	9.1	1,482,408,158	6.2
Nevin Center No. 10-B (2005 Amendment Area)	-	-	-	-	-	-	-	-	-	-
Harbour No. 11-A	1,305,819,485	6.3	1,437,444,818	10.1	1,535,532,933	6.8	1,628,109,938	6.0	1,693,603,122	4.0
Harbour No. 11-A (1999 Amendment Area)	27,502,549	(32.0)	26,083,488	(5.2)	25,132,486	(3.6)	34,251,194	36.3	52,824,533	54.2
North Richmond No. 12-A	<u>10,111,998</u>	14.1	<u>10,868,225</u>	5.7	<u>12,733,989</u>	17.2	<u>14,176,814</u>	11.3	<u>15,839,098</u>	11.7
<b>TOTAL</b>	<b>\$3,498,540,335</b>	<b>51.0</b>	<b>\$3,813,162,355</b>	<b>9.0%</b>	<b>\$4,136,975,116</b>	<b>8.5%</b>	<b>\$4,417,946,232</b>	<b>6.8%</b>	<b>\$4,718,563,645</b>	<b>6.8%</b>

(1) For a summary description of development within each Constituent Project Area, see "THE MERGED PROJECT AREAS--Constituent Project Areas."

(2) Pursuant to an agreement, includes secured land and improvements only.

Source: Fraser & Associates.

Table 7 sets forth assessed taxable property values and tax increment revenues for Fiscal Year 2020-21 disaggregated by Constituent Project Area. See also “CERTAIN RISKS TO BONDOWNERS–Concentration of Tax Base.”

**Table 7**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Ten Major Property Tax Assesseees**

<u>Assessee</u>	<u>Constituent Project Area</u>	<u>No. of Parcels</u>	<u>Land Use</u>	<u>Fiscal Year 2020-21</u>		
				<u>Taxable Value<sup>(1)(2)</sup></u>	<u>% of Total Taxable Value</u>	<u>% of Incremental Value<sup>(2)</sup></u>
Kaiser Foundation Hospitals <sup>(3)(4)</sup>	Downtown No. 10-A and Harbour No. 11-A	5	Hospital, Medical Offices, Laboratories	\$88,300,159	1.87%	2.55%
Pacific Atlantic Terminals	Harbour No. 11-A,	2	Industrial – Export/Import	54,639,031	1.16	1.58
Phillips 66 Company <sup>(3)</sup>	Harbour No. 11-A	2	Industrial-Export	51,162,083	1.08	1.48
IPT Richmond DC I LPL	Galvin No. 3-A, Hensley No. 8A, Harbour No. 11-A	4	Industrial – Export/Import	50,309,089	1.07	1.45
Dicon Fiberoptics Inc.	Harbour No. 11-A	2	Industrial – Technology Manufacturing	47,365,556	1.00	1.37
KM Phoenix Holdings LLC <sup>(3)</sup>	Harbour No. 11-A	1	Petroleum Products and Chemicals	45,984,790	0.97	1.33
Ford Point LLC	Harbour No. 11-A	1	Manufacturing/Technology	43,716,078	0.93	1.26
Atchison Village Mutual Homes <sup>(3)</sup>	Harbour No. 10-B	1	Residential Real Estate	34,687,759	0.74	1.00
Duke Realty 2041 Factory St.	Harbor Gate No. 8-A	2	Meal Delivery Kit Business	32,456,400	0.69	0.94
California Fats and Oils Inc.	Harbour No. 11-A	<u>1</u>	Industrial-Manufacturing	<u>30,019,570</u>	<u>0.64</u>	<u>0.87</u>
SUBTOTAL		21		478,639,515	10.14	13.84
All Others	Various	<u>12,830</u>		<u>4,239,924,130</u>	<u>89.86</u>	<u>86.16</u>
TOTAL		12,851		\$4,718,563,645	100.00%	100.00%

(1) Based on ownership of locally-assessed secured and unsecured property.

(2) Based on Fiscal Year 2020-21 Merged Project Areas taxable value of \$4,718,563,645 and incremental value of \$3,459,379,799.

(3) This owner has an outstanding assessment appeal.

(4) This appeal is only for one of the parcels they own.

Source: Contra Costa County Assessor Records and Fraser & Associates.

Table 8A sets forth projections of Successor Agency Refunding Revenues for the Merged Project Areas assuming no new development, 0% growth in assessed value, a tax rate equal to 1.00%, and other assumptions described in the Report of the Fiscal Consultant. For projected debt service coverage on the Series 2021 Refunding Bonds, see Table 10A and Table 10B.

**Table 8A**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Projection of Successor Agency Refunding Revenues**  
**0% Growth**  
**(000s Omitted)**

<u>Fiscal Year</u>	<u>Real Property<sup>(1)</sup></u>	<u>Other Property<sup>(2)</sup></u>	<u>Total Value</u>	<u>Incremental Value Over Base</u>	<u>Tax Increment<sup>(3)</sup></u>	<u>Unitary Revenue<sup>(4)</sup></u>	<u>Total Tax Increment Revenue</u>	<u>Property Tax Admin Fee<sup>(5)</sup></u>	<u>AB 1290 Tax Sharing Payments<sup>(6)</sup></u>	<u>Net Tax Revenues</u>	<u>Senior Obligations<sup>(7)</sup></u>	<u>Successor Agency Refunding Revenues</u>
2020-21	\$4,523,380	\$195,184	\$4,718,564	\$3,459,380	\$34,594	\$170	\$34,764	\$270	\$7,707	\$26,787	\$7,157	\$19,630
2021-22	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,437	22,272
2022-23	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,576	22,133
2023-24	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	3,395	23,315
2024-25	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	3,987	22,723
2025-26	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,043	22,667
2026-27	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	6,647	20,063
2027-28	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	2,020	24,690
2028-29	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	830	25,880
2029-30	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	830	25,880
2030-31	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2031-32	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2032-33	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2033-34	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2034-35	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2035-36	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2036-37	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875

- (1) The value for Fiscal Year 2021-22 has been reduced for the estimated impact of open appeals.
- (2) Commencing with Fiscal Year 2021-22, the value is held constant. Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (3) Based on the application of Merged Project Areas tax rate equal to 1% of the total incremental taxable value.”
- (4) Based on County estimate for Fiscal Year 2019-20.
- (5) Property tax administration fees are based on 0.78% of tax increment, which is the percentage that such fees represented from the 2020 ROPS B Cycle (January through June 2020) payment.
- (6) Represents tax sharing payments pursuant to AB 1290. See “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Statutory Tax-Sharing Payments.”
- (7) Represents annual debt service on the Senior Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS–Pledge of Successor Agency Refunding Revenues–Senior Obligations.”

Source: Fraser & Associates.

Table 8B sets forth projections of Successor Agency Refunding Revenues for the Merged Project Areas assuming no new development, 1% growth in Fiscal Year 2021-22 (which is below the 1.036% inflation factor for Fiscal Year 2021-22 determined by the State Board of Equalization and released on December 31, 2020) and 2% growth commencing in Fiscal Year 2022-23, a tax rate equal to 1.00%, and other assumptions described in the Report of the Fiscal Consultant. For projected debt service coverage on the Series 2021 Refunding Bonds, see Table 10A and Table 10B.

**Table 8B**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Projection of Successor Agency Refunding Revenues**  
**2% Growth commencing in Fiscal Year 2022-23**  
**(000s Omitted)**

<u>Fiscal Year</u>	<u>Real Property<sup>(1)</sup></u>	<u>Other Property<sup>(2)</sup></u>	<u>Total Value</u>	<u>Incremental Value Over Base</u>	<u>Tax Increment<sup>(3)</sup></u>	<u>Unitary Revenue<sup>(4)</sup></u>	<u>Total Tax Increment Revenue</u>	<u>Property Tax Admin Fee<sup>(5)</sup></u>	<u>AB 1290 Tax Sharing Payments<sup>(6)</sup></u>	<u>Net Tax Revenues</u>	<u>Senior Obligations<sup>(7)</sup></u>	<u>Successor Agency Refunding Revenues</u>
2020-21	\$4,523,380	\$195,184	\$4,718,564	\$3,459,380	\$34,594	\$170	\$34,764	\$270	\$7,707	\$26,787	\$7,157	\$19,630
2021-22	4,556,207	195,184	4,751,390	3,492,207	34,922	170	35,092	272	7,827	26,993	4,437	22,556
2022-23	4,647,331	195,184	4,842,515	3,583,331	35,833	170	36,003	280	8,151	27,573	4,576	22,997
2023-24	4,740,278	195,184	4,935,461	3,676,278	36,763	170	36,933	287	8,481	28,165	3,395	24,770
2024-25	4,835,083	195,184	5,030,267	3,771,083	37,711	170	37,881	294	8,819	28,768	3,987	24,781
2025-26	4,931,785	195,184	5,126,968	3,867,785	38,678	170	38,848	302	9,164	29,382	4,043	25,339
2026-27	5,030,421	195,184	5,225,604	3,966,420	39,664	170	39,834	309	9,516	30,009	6,647	23,362
2027-28	5,131,029	195,184	5,326,212	4,067,029	40,670	170	40,840	317	9,882	30,641	2,020	28,621
2028-29	5,233,650	195,184	5,428,833	4,169,649	41,696	170	41,866	325	10,255	31,287	830	30,457
2029-30	5,338,323	195,184	5,533,506	4,274,322	42,743	170	42,913	333	10,635	31,945	830	31,115
2030-31	5,445,089	195,184	5,640,273	4,381,089	43,811	170	43,981	341	11,033	32,607	835	31,772
2031-32	5,553,991	195,184	5,749,174	4,489,991	44,900	170	45,070	350	11,456	33,264	835	32,429
2032-33	5,665,071	195,184	5,860,254	4,601,070	46,011	170	46,181	358	11,873	33,950	835	33,115
2033-34	5,778,372	195,184	5,973,556	4,714,372	47,144	170	47,314	367	12,314	34,633	835	33,798
2034-35	5,893,939	195,184	6,089,123	4,829,939	48,299	170	48,469	376	12,812	35,282	835	34,447
2035-36	6,011,818	195,184	6,207,002	4,947,818	49,478	170	49,648	385	13,317	35,946	835	35,111
2036-37	6,132,055	195,184	6,327,238	5,068,054	50,681	170	50,851	395	13,835	36,621	835	35,786

- (1) Prior year Real Property value is increased by 1% in Fiscal Year 2021-22 and then by 2% in each Fiscal Year thereafter. The value for Fiscal Year 2021-22 has been reduced for the estimated impact of open appeals.
- (2) Value is held constant. Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (3) Based on the application of Merged Project Areas tax rate equal to 1% of the total incremental taxable value.
- (4) Based on County estimate for Fiscal Year 2019-20.
- (5) Property tax administration fees are based on 0.78% of tax increment, which is the percentage that such fees represented from the 2020 ROPS B Cycle (January through June 2020) payment.
- (6) Represents tax sharing payments pursuant to AB 1290. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Statutory Tax-Sharing Payments."
- (7) Represents annual debt service on the Senior Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS—Pledge of Successor Agency Refunding Revenues—Senior Obligations."

Source: Fraser & Associates.

## Appeals and Other Reductions to Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. Assessment appeals may have a significant impact on the taxable value of property and therefore the tax increment revenue allocable to a project area.

In the County, a property owner desiring to reduce the assessed value of such property in any one year must submit an application to the Contra Costa County Assessment Appeals Board (the “Appeals Board”). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the County Assessor’s Office (the “Assessor”), the Assessor may (i) reduce the assessment through a roll correction, (ii) offer the property owner the opportunity to stipulate to a reduced assessment or (iii) confirm the assessment. In the County, any appeals where the difference between the current assessed value and the applicant’s opinion of value is less than \$1 million is handled administratively without a hearing before the Appeals Board. For appeals in this category, the Assessor’s office staff may confirm or reduce the assessment with a roll correction. The applicant is notified of the results of the Assessor’s action and requested to withdraw the appeal. The roll correction can either be a base year reduction where the value will not be reassessed until the property is sold or a reduction in value which can be reversed once the conditions creating the reduction (*e.g.* recession, property condition) have been remedied. If the applicant does not agree with the decision of the Assessor’s office staff, the applicant can pursue the appeal before the Appeals Board for a hearing and decision. The Appeals Board is generally required to determine the outcome of appeals within two years of the date the appeal is filed. The Appeals Board can confirm or reduce the assessment with a roll correction in the manner described above or agree to review the appeal within the two year time period.

For Fiscal Year 2015-16 through Fiscal Year 2019-20, there are 17 open appeals, as shown in Table 9. In aggregate, the owners have requested reductions in value equal to \$76.9 million. The Fiscal Consultant has estimated the potential impact of the open appeals based on an average percent reduction in value equal to 7%. Based on that success ratio, the Fiscal Consultant concluded that the resulting reduction in future taxable values would be approximately \$12.3 million and a tax increment revenue impact (net of administrative fees and AB 1290 payments) of \$78,000. The Fiscal Consultant has reduced taxable value for the impact of open appeals in Fiscal Year 2021-22 in the calculations presented in the projections of property tax revenues in Table 8A and Table 8B.

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Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted by the Fiscal Consultant. The review resulted in 17 open appeals in the Merged Project Areas, as shown in Table 9 below.

**Table 9**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Open Appeals Analysis<sup>(1)</sup>**

Applicant	Number of Parcels		Tax Roll Value	Applicant Value Opinion	Potential Reduction	Resolved Based on History <sup>(2)</sup>	Estimated Reduction
	Owned	Appealed					
Philips 66 Company <sup>(3)</sup>	2	1	\$47,205,294	\$44,608,608	\$2,596,686	\$44,608,608	\$2,596,686
KM Phoenix Holdings <sup>(3)</sup>	1	1	45,984,790	22,400,900	23,583,890	42,765,855	3,218,935
Atchison Village <sup>(3)</sup>	1	1	34,687,759	16,500,000	18,187,759	32,259,616	2,428,143
Bimbo Bakeries	1	1	16,874,191	11,000,000	5,874,191	15,692,998	1,181,193
Kaiser Foundation Hospitals <sup>(3)</sup>	5	1	7,094,858	3,477,872	3,616,986	6,598,218	496,640
Sims Group USA	4	1	11,273,367	5,636,684	5,636,683	10,484,231	789,136
Hanson Marine Operations	1	1	8,593,204	0	8,593,204	7,991,680	601,524
All other appeals <sup>(4)</sup>	10	10	13,884,826	5,067,694	8,817,132	12,912,888	971,938
<b>TOTAL</b>	<b>25</b>	<b>17</b>	<b>\$185,598,289</b>	<b>\$108,691,758</b>	<b>\$76,906,531</b>	<b>\$173,314,093</b>	<b>\$12,284,196</b>

(1) As of November 2020.

(2) Based on average value reduction from resolved appeals.

(3) This applicant is one of the 10 major property tax assesses in the Merged Project Areas. See Table 7—"Ten Major Property Tax Assesses."

(4) Representing the combined value of 10 open appeals.

Source: Fraser & Associates.

**Proposition 8 Appeals.** Between Fiscal Year 2008-09 and Fiscal Year 2013-14, the County processed temporary assessed value reductions for certain residential properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties without prompting from individual taxpayers, resulting in Proposition 8 reductions in the Merged Project Areas for a total of 5,005 residential parcels with an aggregate reduction equal to approximately \$718.4 million. The properties that were subject to these “automatic” reductions were single family homes, condominiums, and multi-family residential, which generally transferred ownership during the five-year period prior to Fiscal Year 2008-09.

Reversals of the Proposition 8 reductions began in Fiscal Year 2011-12 and added more than \$600 million in value. As of Fiscal Year 2020-21, there were 308 residential parcels remaining in the Proposition 8 pool representing a potential recapture of \$20 million in value. For purposes of the Tax Revenues projections, no further increases or decreases pursuant to Proposition 8 have been assumed.

Since Fiscal Year 2013-14, secured assessed values have increased by approximately \$1.9 billion, primarily due to changes in ownership and reversals of residential Proposition 8 reductions as shown below:

**Reasons for Value Changes  
Fiscal Years 2013-14 through 2020-21**

Reason	Amount
Proposition 8 Residential Reductions	\$472,551,868
Changes of Ownership	786,201,367
Exemptions	<u>412,676,897</u>
SUBTOTAL	1,671,430,132
Other <sup>†</sup>	<u>268,596,703</u>
TOTAL VALUE CHANGES	\$1,940,026,835

Source: Fraser & Associates.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, the Fiscal Consultant has not reduced tax increment revenues for the impact of refunds.

For additional information regarding assessment appeals, see APPENDIX B–“FISCAL CONSULTANT REPORT–Section F-Assessment Appeals/Proposition 8 Reductions.”

**PROJECTED DEBT SERVICE COVERAGE**

The following tables present the projected debt service coverage on the Senior Obligations, and Series 2014A Refunding Bonds and Series 2021 Refunding Bonds. Table 10A and Table 10B present the Tax Revenues and payments on Senior Debt Service, the obligations under the 2004 Loan Agreement, the Series 2021 Refunding Bonds, the Series 2014A Refunding Bonds, and the debt service coverage ratio using 0% and 2% (commencing in Fiscal Year 2022-23) assumptions in assessed value growth and other various assumptions discussed in the Report of the Fiscal Consultant. See APPENDIX B–“FISCAL CONSULTANT REPORT.” There can be no assurance that actual Tax Revenues will be equal to the amounts projected.

**Table 10A**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Projected Debt Service Coverage**  
**(Assuming 0% Growth)**  
**(000s Omitted)**

<b>Fiscal Year</b>	<b>Total Tax Revenues</b>	<b>Total Senior Obligations<sup>†</sup></b>	<b>Successor Agency Refunding Revenues</b>	<b>Series 2014A Refunding Bonds</b>	<b>Series 2021 Refunding Bonds</b>	<b>Total Parity Obligations</b>	<b>Coverage from Successor Agency Refunding Revenues</b>	<b>All In Debt Service Coverage</b>
2020-21	\$26,787	\$7,157	\$19,630	\$2,439	—	\$2,439	8.1x	2.8x
2021-22	26,710	4,437	22,272	2,433	\$1,689	4,121	5.4x	3.1x
2022-23	26,710	4,576	22,133	2,374	1,309	3,683	6.0x	3.2x
2023-24	26,710	3,395	23,315	2,366	2,357	4,723	4.9x	3.3x
2024-25	26,710	3,987	22,723	2,349	1,711	4,060	5.6x	3.3x
2025-26	26,710	4,043	22,667	2,345	2,614	4,958	4.6x	3.0x
2026-27	26,710	6,647	20,063	0	2,420	2,420	8.3x	2.9x
2027-28	26,710	2,020	24,690	0	6,287	6,287	3.9x	3.2x
2028-29	26,710	830	25,880	0	346	346	74.9x	22.7x
2029-30	26,710	830	25,880	0	345	345	75.0x	22.7x
2030-31	26,710	835	25,875	0	393	393	65.8x	21.8x
2031-32	26,710	835	25,875	0	390	390	66.4x	21.8x
2032-33	26,710	835	25,875	0	356	356	72.6x	22.4x
2033-34	26,710	835	25,875	0	353	353	73.2x	22.5x
2034-35	26,710	835	25,875	0	334	334	77.6x	22.9x
2035-36	26,710	835	25,875	0	268	268	96.6x	24.2x
2036-37	26,710	835	25,875	0	263	263	98.5x	24.3x

<sup>†</sup> Consists of the 1998 Series A Tax Allocation Revenue Bonds (Capital Appreciation Bonds), the 2003 Series B Tax Allocation Revenue Bonds, the 2004 Series A Tax Allocation Revenue Bonds, and the 2007 Series B Tax Allocation Revenue Bonds. The total for Fiscal Year 2020-21 includes the unrefunded September 1, 2020 payments on the 2004 Series B Tax Allocation Revenue Bonds, Series 2010 A Tax Allocation Refunding Bonds, and 2010 Swap Agreement.

Sources: Fraser & Associates (Tax Revenues) and Raymond James & Associates, Inc. (Series 2021 Refunding Bonds debt service, coverage from Successor Agency Refunding Revenues, and all-in debt service coverage).

**Table 10B**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**Merged Project Areas**  
**Projected Debt Service Coverage**  
**(Assuming 2% Growth)**  
**(000s Omitted)**

<b>Fiscal Year</b>	<b>Total Tax Revenues</b>	<b>Total Senior Obligations<sup>†</sup></b>	<b>Successor Agency Refunding Revenues</b>	<b>Series 2014A Refunding Bonds</b>	<b>Series 2021 Refunding Bonds</b>	<b>Total Parity Obligations</b>	<b>Coverage from Successor Agency Refunding Revenues</b>	<b>All In Debt Service Coverage</b>
2020-21	\$26,787	\$7,157	\$19,630	\$2,439	—	\$2,439	8.1x	2.8x
2021-22	26,993	4,437	22,556	2,433	\$1,689	4,121	5.5x	3.2x
2022-23	27,573	4,576	22,997	2,374	1,309	3,683	6.2x	3.3x
2023-24	28,165	3,395	24,770	2,366	2,357	4,723	5.2x	3.5x
2024-25	28,768	3,987	24,781	2,349	1,711	4,060	6.1x	3.6x
2025-26	29,382	4,043	25,339	2,345	2,614	4,958	5.1x	3.3x
2026-27	30,009	6,647	23,362	0	2,420	2,420	9.7x	3.3x
2027-28	30,641	2,020	28,621	0	6,287	6,287	4.6x	3.7x
2028-29	31,287	830	30,457	0	346	346	88.1x	26.6x
2029-30	31,945	830	31,115	0	345	345	90.2x	27.2x
2030-31	32,607	835	31,772	0	393	393	80.8x	26.6x
2031-32	33,264	835	32,429	0	390	390	83.2x	27.2x
2032-33	33,950	835	33,115	0	356	356	92.9x	28.5x
2033-34	34,633	835	33,798	0	353	353	95.6x	29.1x
2034-35	35,282	835	34,447	0	334	334	103.3x	30.2x
2035-36	35,946	835	35,111	0	268	268	131.1x	32.6x
2036-37	36,621	835	35,786	0	263	263	136.3x	33.4x

<sup>†</sup> Consists of the 1998 Series A Tax Allocation Revenue Bonds (Capital Appreciation Bonds), the 2003 Series B Tax Allocation Revenue Bonds, the 2004 Series A Tax Allocation Revenue Bonds, and the 2007 Series B Tax Allocation Revenue Bonds. The total for Fiscal Year 2020-21 includes the unrefunded September 1, 2020 payments on the 2004 Series B Tax Allocation Revenue Bonds, Series 2010 A Tax Allocation Refunding Bonds, and 2010 Swap Agreement.

Sources: Fraser & Associates (Tax Revenues) and Raymond James & Associates, Inc. (Series 2021 Refunding Bonds debt service, coverage from Successor Agency Refunding Revenues, and all-in debt service coverage).

## CERTAIN RISKS TO BONDOWNERS

*This section provides a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in evaluating an investment in the Series 2021 Refunding Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the Series 2021 Refunding Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the Series 2021 Refunding Bonds are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Series 2021 Refunding Bonds. There can be no assurance that other risk factors not discussed herein will not become material in the future.*

### **Potential Impacts of COVID-19 and Other Health-Related Risks**

In recent years, public health authorities have warned of threats posed by outbreaks of various diseases. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including to the City. There have been confirmed cases of COVID-19 in the City and confirmed cases of COVID-19 are increasing throughout the County and the State. Health officials are expecting the number of confirmed cases locally and nationally to continue to grow.

Impacts to the City associated with the COVID-19 outbreak include, but are not limited to, efforts to quarantine individuals in order to reduce the spread of the virus. The WHO declared the COVID-19 outbreak to be a pandemic, and the United States, the State, the County, and the City have each declared a “state of emergency” or equivalent to coordinate and formalize emergency actions and across federal, State, and local governmental agencies, and to proactively prepare for a wider spread of the virus.

These “shelter in place” orders, severely restrict the movements of residents and generally mandate that residents remain in their homes. These orders prohibit non-essential workers from working outside their homes and have disrupted daily life in all jurisdictions. The result has been temporary closures and/or reductions in the operations of, among others, schools, universities, bars, dine-in restaurants, bars, retail stores, schools, gyms, movie theatres, certain government buildings, and religious institutions, and generally outlawing large gatherings. Restrictions on movement may be expanded as the crisis continues. To comply with the “stay at home” orders, the City implemented a telecommuting plan to reduce the number of City employees in office workplaces. The COVID-19 pandemic and the resulting restrictions have also resulted in restrictions of certain non-US citizens and permanent residents from entering the country, volatility in the global and national stock markets, with significant losses, closures of businesses, worker layoffs, and a surge in unemployment claims.

On August 28, 2020 the Governor announced “The California Blueprint for a Safer Economy” (the “Blueprint”), a tool for reducing COVID-19 in the State with revised criteria for loosening and tightening restrictions on activities. Every county in the State is assigned to a tier based on its test positivity and adjusted case rate for tier assignment. There are four tiers, designated by color: purple (widespread), red (substantial), orange (moderate), and yellow (minimal) to designate community disease transmission with each tier having a different level of associated restrictions. Based upon size, counties can travel between tiers based upon performance in two case measures, among other things:

“Adjusted Case Rate,” the average daily number of COVID-19 cases over seven days, excluding persons out of State or with unknown county of residence and persons incarcerated, divided by the number of people living in the county multiplied by a case rate adjustment factor (as set forth in the Blueprint); and

“Testing Positivity Rate,” the total number of positive polymerase chain reaction (“PCR”) tests for COVID-19 over a seven-day period (based on specimen collected date) divided by the total number of PCR tests conducted, excluding persons out of State or with unknown county of residence and persons incarcerated, multiplied by 100.

Additionally, the California Health Equity Metric (the “Metric”) took effect on October 6, 2020. The Metric is designed to help guide counties in their continuing efforts to reduce COVID-19 cases in all communities and requires more intensive efforts to prevent and mitigate the spread of COVID-19 among Californians who have been disproportionately impacted by the pandemic. In order to advance to the next less restrictive tier, each county will need to meet an equity metric or demonstrate targeted investments to eliminate disparities in levels of COVID-19 transmission, depending on the size of a specific county

On November 16, 2020, in light of the recent, unprecedented surge in rate of increase of COVID-19 cases, the Governor issued a “Limited Stay At Home Order” effective in counties in the widespread (purple) tier and made the following changes to the tier framework, described above, effective until further notice:

- Tier assignments may occur any day of the week and may occur more than once a week when the California Department of Public Health (“CDPH”) determines that the most recent reliable data indicate that immediate action is needed to address COVID-19 transmission in a county;
- Counties may be moved back more than one tier if CDPH determines that the data support the more intensive intervention. Key considerations will include the rate of increase in new cases and/or test positivity, more recent data as noted below, public health capacity, and other epidemiological factors;
- The most recent reliable data will be used to complete the assessment; and
- In light of the extreme circumstances requiring immediate action, counties will be required to implement any sector changes the day following the tier announcement.

As of the date of this Official Statement, the County is in the widespread (purple) tier.

As the continued escalation in the rate of increase in new cases threatened to overwhelm the State’s hospital system, further aggressive action was deemed necessary to respond to the quickly evolving situation and, effective December 5, 2020, a “Regional Stay At Home Order” was issued by the State. The designated “Regions” under this order are: Greater Sacramento, Northern California, San Joaquin Valley, Southern California, and Bay Area (the Region in which the County and City is located). This Regional Stay At Home Order becomes effective the day after a Region is determined to have less than 15% intensive care unit (“ICU”) availability and remains in effect for at least three weeks or until the ICU capacity projections for the following month are at or above 15%. Following expiration of the order, the Region will return to operations under the Blueprint. On December 22, 2020, a Supplemental Order to the Limited Stay At Home Order (the “Supplemental Order”) was issued. The Supplemental Order applies to widespread (purple) tier counties (such as the County) and instructs Californians to stay at home as much as possible and to stop mixing between households that can lead to COVID-19 spread, requires non-essential retail business to cease between 10:00 pm (PST) and 5:00 am (PST), and will expire only after the Regional Stay at Home Order is terminated in all Regions of the State. The Regional Stay At Home Order ended on January 25, 2021 and counties returned to their appropriate tier under the Blueprint for a Safer Economy.

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. While the City experienced declines in sales tax, transient occupancy tax and property transfer 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 within the Merged Project Areas. Potential impacts to the Merged Project Areas associated with COVID-19 transmission include, but are not limited to, and reductions in demand for commercial and residential development, stagnant growth in assessed values, deferrals in the payment of property tax installments, and the inability of property owners to make property tax payments. The degree to which any such impacts to the operations of the City and Successor Agency Refunding Revenues 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.

### **Recognized Obligation Payment Schedules**

The Dissolution Act provides that only those payments listed in a ROPS may be made by the Successor Agency from the funds specified in such ROPS. If the Successor Agency were to fail to timely complete a ROPS for any annual period, the availability of Successor Agency Refunding Revenues to the Successor Agency to pay debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds could be adversely affected for such period. See “PROPERTY TAX REVENUE FINANCING UNDER THE DISSOLUTION ACT—Recognized Obligation Payment Schedules” and “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS—Pledge of Successor Agency Refunding Revenues.”

### **Estimates of Property Tax Revenues**

In estimating that the total property tax revenues to be received by the Successor Agency will be sufficient to pay debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds, the Successor Agency and the Fiscal Consultant relied on actual historical tax increment and made certain assumptions with regard to future assessed valuations in the Merged Project Areas, future tax rates and the percentage of taxes collected and the outcome of assessment appeals. See “THE MERGED PROJECT AREAS—Taxable Values and Property Tax Revenues,” Table 7—“Ten Major Property Tax Assesseees” and APPENDIX B—“FISCAL CONSULTANT REPORT.” The Successor Agency and the Fiscal Consultant believe these assumptions are reasonable, but there is no assurance that these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the total amount of property tax revenues available to pay debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds will be reduced. Such reduced property tax revenues may be insufficient to provide for the payment of debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS.”

### **Concentration of Tax Base**

Approximately 10% of the assessed value and 14% of the incremental value in the Merged Project Areas is attributable to 10 assesseees, the majority of which are located in the Harbour No. 11-A Project Area and approximately 37% of the total tax revenues within the Merged Project Areas are generated from this Constituent Project Area. Any significant reduction in the assessed valuation of such assesseees, including as a result of the occurrence of a localized catastrophic event within this Constituent Project Area could result in a

reduction in assessed value and have a significant detrimental impact on the amount of the Successor Agency Refunding Revenues allocable to the Merged Project Areas available to secure the Refunding Bonds. See Table 7–“Ten Major Property Tax Assesseees” and “PROJECTED DEBT SERVICE COVERAGE.” See also “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures–County Tax Losses Reserve Fund (Teeter Plan).”

### **Appeals to Assessed Values**

There are two basic types of assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the County assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to California law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one year must submit an application to the Contra Costa County Assessment Appeals Board (the “Appeals Board”). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of the application by the Contra Costa County Assessor’s Office (the “County Assessor”), the County Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the County Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted. For Fiscal Years 2008-09 through 2013-14, Proposition 8 reductions within the Merged Project Areas resulted in a temporary reduction equal to \$718.4 million in secured for value for residential parcels. As the economy has improved, the County Assessor began reversing the prior Proposition 8 reductions. See “THE MERGED PROJECT AREAS–Appeals and Other Reductions to Assessed Values–*Proposition 8 Appeals*” and “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures.”

An appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the Merged Project Areas and the refund of taxes which may arise out of successful appeals by these owners will affect the amount of Successor Agency Refunding Revenues available to pay debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds. See also “THE MERGED PROJECT AREA–Appeals and Other Reductions to Assessed Values.”

## **Reduction in Taxable Value**

Successor Agency Refunding Revenues are determined by the amount of incremental taxable value in the Merged Project Areas and the current rate or rates at which property in each Constituent Project Area is taxed. The reduction of taxable values of property in the Merged Project Areas caused by economic factors beyond the control of the Successor Agency, such as relocation out of the Merged Project Areas by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Successor Agency Refunding Revenues that provide for the repayment of and secure the Senior Obligations, the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds. Such reduction of Successor Agency Refunding Revenues could have an adverse effect on the ability of the Successor Agency to make timely payments of principal of and interest on the **Series 2021** Refunding Bonds and the Series 2014A Refunding Bonds.

As described in greater detail under “LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS—Article XIII A of the California Constitution,” Article XIII A provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2021 Refunding Bonds could reduce Successor Agency Refunding Revenues securing the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Successor Agency Refunding Revenues, described herein under the heading “CERTAIN RISKS TO BONDOWNERS,” the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Successor Agency Refunding Revenues. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Successor Agency Refunding Revenues and adversely affect the source of repayment and security of the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

## **Bankruptcy and Foreclosure**

The enforceability of the rights and remedies of the owners of the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

In addition, although bankruptcy proceedings would not cause *ad valorem* property taxes to become extinguished, bankruptcy of a property owner in the Merged Project Areas could result in a delay in prosecuting superior court foreclosure proceedings of delinquent property and, in the absence of the Teeter Plan, could result in a delay in the receipt by the Successor Agency of tax revenues. Such a delay, in the absence of the Teeter Plan, would increase the possibility of a delay or default in payment of the principal of and interest on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

### **Risks Associated with Bond Insurance**

In the event of default of the payment of principal or interest with respect to the Insured Series 2021 Refunding Bonds when all or some becomes due, any owner of such Insured Series 2021 Refunding Bonds shall have a claim under the applicable Policy for such payments. See “BOND INSURANCE” and APPENDIX H–“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.” However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The applicable Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of a series of Insured Series 2021 Refunding Bonds by the Successor Agency which is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Successor Agency unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the consent of the Bond Insurer may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the applicable Policy, the applicable Insured Series 2021 Refunding Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to a series of Insured Series 2021 Refunding Bonds, no assurance is given that such event will not adversely affect the market price of such series of the Insured Series 2021 Refunding Bonds or the marketability (liquidity) for such series of Insured Series 2021 Refunding Bonds.

The long-term insured rating on the Insured Series 2021 Refunding Bonds is dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The financial strength and claims paying ability of the Bond Insurer are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured Series 2021 Refunding Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured Series 2021 Refunding Bonds or the marketability (liquidity) for the Insured Series 2021 Refunding Bonds. See “RATINGS.”

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength

or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Insured Series 2021 Refunding Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” for further information provided by the Bond Insurer and APPENDIX H–“SPECIMEN MUNICIPAL BOND INSURANCE POLICY” for the applicable Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

### **Investment Risk**

All funds held under the Trust Agreement are required to be invested in Permitted Investments or held in cash as provided therein. See APPENDIX D–“SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT–DEFINITIONS.” The Special Fund, into which all Successor Agency Refunding Revenues are initially deposited, may be invested by the Successor Agency in Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement in the Special Fund could have a material adverse effect on the security for the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

### **General Economic Risks**

The ability of the Successor Agency to make payments on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds will be dependent upon the economic strength of the Merged Project Areas. If there is a decline in the general economy of the area, the owners of property within the Merged Project Areas may be less able or less willing to make timely payments of property taxes causing a delay or cessation in receipt of tax revenues by the Successor Agency. In addition, the insolvency or bankruptcy of one or more large owners of property within the Merged Project Areas could delay or impair the receipt of Successor Agency Refunding Revenues.

### **Natural Disasters**

There are several geological faults in the greater San Francisco Bay Area that have the potential to cause serious earthquakes which could result in damage to buildings, roads, bridges, and property within the Merged Project Areas and the City. The City is located in the Hayward Fault Zone. Past experiences, including the 1989 Loma Prieta earthquake on the San Andreas fault, with a magnitude of 7.1 on the Richter scale and with the epicenter located in Santa Cruz, approximately 65 miles south of the City, have resulted in minimal damage to the infrastructure and property within the City. It is possible that new geological faults could be discovered in the area and a significant earthquake along these or other faults is possible during the period that the Series 2021 Refunding Bonds will be outstanding which may cause a delay or suspension of receipt of tax increment revenues by the Successor Agency.

Significant portions of the Harbour No. 11-A Project Area (including the 1999 Amendment Area), (representing approximately 21% of the total acreage and approximately 37% of the assessed value of the Merged Project Areas based on the Fiscal Year 2020-21 assessed value) are situated on landfill. During an earthquake, landfill areas are subject to liquefaction, which is the temporary change of a saturated soil or fill to a liquid with the loss of support strength for structures. Commercial properties, residential properties and infrastructure in this project area could sustain damage in a major seismic event from ground motion and liquefaction of underlying soils. This could result in a substantial reduction or suspension of receipt of tax increment revenues by the Successor Agency from these areas.

## **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 by the State 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 reduce greenhouse gases (GHG) levels. The State Attorney General’s Office, in accordance with SB 375, requires that local governments examine local policies and large-scale planning efforts to determine how to reduce greenhouse gas emissions.

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.

The City completed an initial Citywide GHGs emissions inventory to establish a baseline for greenhouse gas emissions, identifying existing sources of energy use and providing a foundation in February 2010 which will enable the City to develop relevant energy and climate change policies and programs to reduce GHG emissions.

On April 25, 2012, the City Council adopted a new General Plan (“General Plan 2030”) to provide a comprehensive framework for developing a healthy City and healthy neighborhoods and guide sustainable growth and development within the City. While General Plans are required by the State to contain seven elements, General Plan 2030 contains 15 elements addressing land use, economic development, housing, transportation, climate change, public safety, arts and culture, and open space conservation strategies. Additionally, the City is one of the first cities in the country to include a comprehensive element dedicated to community health and wellness.

General Plan 2030 seeks to accommodate open space and increased access to public parks as well as growth in mixed-use, high-density infill development around the City’s intermodal transit center and along its key commercial transit corridors and also articulates a vision for revitalizing the City’s Southern Gateway area anchored by the Richmond Field Station site, which is the Lawrence Berkeley National Laboratory’s preferred site for their second campus.

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 byside 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 most critical City assets where risk of damage or disruption from sea level rise is significant include the City Wastewater Treatment Plant, residential neighborhoods, the Chevron Refinery and other industrial areas including the Port of Richmond, highways, rail lines, fire 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.

Local impacts of climate change are not definitive, but the City could experience 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. The San Francisco Bay Conservation and Development Commission identified several portions of the shoreline in the City which may be affected by sea level rise.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. The Successor Agency is unable to predict the impact such laws and regulations, if adopted, will have on development within the Merged Project Areas. The effects, however, could be material.

### **Cybersecurity**

The Successor Agency and City rely on a large and complex technology environment to conduct their operations. The Successor Agency, the City, and their departments face multiple cyber threats including, but not limited to, hacking, viruses, ransomware, malware 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 Successor Agency and the City. The City launched a new Cybersecurity Training Initiative in fall 2020. This training initiative is overseen by the City's Information Technology Department and is designed to assist employees and staff in identifying potentially harmful email communications and responding appropriately when incidents occur. The initial training is required to be completed by all City employees and staff no later than February 2021. On-going training is being designed and will be coordinated by the Information Technology Department. 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 Successor Agency and the City and damage the digital networks and systems. The resulting costs and/or impacts on operations of the Successor Agency and the City could be material.

### **Brownfield**

Development in certain of Constituent Project Areas is complicated by the presence or perceived presence of contaminants. These areas of contamination or suspected contamination are often referred to as "brownfields." The Successor Agency has initiated a toxic remediation program, the goal of which is to convert brownfields into viable sites for development. For example, the Marina Bay development is a successful conversion of a brownfield area into vibrant commercial and residential development. However there can be no guarantee that similar efforts in other project areas will be successful. If hazardous substances cannot be removed or sufficiently remediated in a cost effective manner, the development proposed for a particular project area may never be realized and the Successor Agency may not receive any tax increment revenues from such Project Area(s).

## **Hazardous Substances**

Environmental conditions that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Merged Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Merged Project Areas be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition and/or other amounts.

## **Levy and Collection of Taxes**

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax revenues, and accordingly, could have an adverse impact on the ability of the Successor Agency to pay debt service on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds. In addition, the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Successor Agency's ability to make debt service payments.

Likewise, delinquencies in the payment of property taxes by the owners of land in a Constituent Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the ability of the Successor Agency to make timely payments on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds. Any reduction in Successor Agency Refunding Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the ability of the Successor Agency to pay the principal of and interest on the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

## **Reductions in Inflationary Rate**

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. For Fiscal Year 2020-21 (except for reductions due to appeals and Proposition 8 reductions), the Fiscal Consultant assumed constant property values and used a 2% inflation factor to increase real property values in the Merged Project Areas commencing in Fiscal Year 2022-23. A 2% factor is the maximum inflation factor that county assessors can use to increase real property values, however in any given Fiscal Year the inflation factor may be lower than 2%. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS."

## **Changes in the Law**

In addition to the other limitations on tax revenues described herein under "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS" the California electorate or Legislature could adopt a constitutional or legislative change that decreases property taxes or the amount thereof allocable to the Successor Agency with the effect of reducing tax revenues payable to the Successor Agency. There is no assurance that the California electorate or Legislature will not at some future time approve additional

limitations that could reduce such tax revenues and adversely affect the security for the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

## LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS

### Article XIII A of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as Proposition 13) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by 2/3 of the votes cast by the voters voting on such indebtedness for initiatives placed on the ballot by governments and by a simple majority of the votes cast by the voters voting on such indebtedness for initiatives placed on the ballot by voters, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIII A. Proposition 58 amends Article XIII A to provide that the terms “purchased” and “change of ownership,” for purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children.

Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, and to transfer the old residence’s assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

**Challenges to Article XIII A.** On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIII A; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIII A in *Nordlinger v. Hahn*.

The Successor Agency cannot predict whether there will be any future challenges to California’s present system of property tax assessment and cannot evaluate the ultimate effect on the Successor

Agency's receipt of Successor Agency Refunding Revenues should a future decision hold unconstitutional the method of assessing property.

**Implementing Legislation.** Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1.00 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The Successor Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

**Litigation Relating to Property Assessments.** Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2% for properties that have not changed hands, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

### **Article XIII B of the California Constitution**

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990 respectively, substantially modify Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual Fiscal Year 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIII B generally include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of such agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of the proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678. The constitutionality of Section 33678 has been upheld in two California appellate court decisions, *Brown v. Community Redevelopment Agency of the City of Santa Ana* and *Bell Community Redevelopment Agency v. Woosley*. The plaintiff in *Brown v. Community Redevelopment Agency of the City of Santa Ana* petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding.

### **Articles XIII C and XIII D of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218. Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local entities of government to levy and collect both existing and future taxes, assessments, fees and charges. Article XIII C to the State Constitution provides that any tax assessment or charge may be repealed by the State's initiative process. However, since the Refunding Bonds are not payable from or secured by any such sources of revenue, Proposition 218 does not affect the issuance or sale of, or the security for, the Refunding Bonds.

### **Proposition 87**

On November 8, 1988 the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the California Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on bonded indebtedness approved by the voters of the taxing entity after January 1, 1989 will be allocated to the taxing entity and not to the redevelopment agency. Because this provision is not retroactive, the Successor Agency does not believe the provisions of Proposition 87 can have a material adverse effect on the ability of the Successor Agency to pay debt service on the Refunding Bonds.

### **Proposition 19**

On November 3, 2020, the voters of the State passed Proposition 19—"Changes Certain Property Tax Rules. Legislative Constitutional Amendment" ("Proposition 8"), an amendment to Article XIII A of the California Constitution that, among other things, changes the rules for tax assessment transfers. This Proposition permits eligible homeowners (*i.e.* persons over 55 years old, persons with severe disabilities, and victims of natural disasters and hazardous waste contamination) to transfer their tax assessments to a different home of greater market value anywhere in the State, allowing such homeowners to move to a more expensive homes without paying higher property taxes. Proposition 19 also eliminated the parent-to-child and grandparent-to-grandchild exemption of the first \$1 million from reassessment where the child or grandchild does not use the inherited property as their principal residence. The Successor Agency has not yet completed

any projections of the effects of Proposition 19 on revenues, however the Successor Agency does not believe such effects will have any material negative implications.

### **Property Tax Collection Procedures**

**Valuation.** 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 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.

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

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 value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. See also “THE MERGED PROJECT AREAS–Taxable Values and Tax Increment Revenues.”

**Classifications.** In California, property that is subject to *ad valorem* taxation is classified as “secured” or “unsecured.” Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax that becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer.

**Collections.** The County collects the *ad valorem* property taxes. Taxes arising from the basic 1% 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 are allocated to the relevant taxing agency. Taxes relating to voter-approved pension costs are allocated to the taxing agency.

The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that are delinquent.

***Delinquencies.*** Except for property assessed by the State, the valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Current tax payment practices by the County provide for payment to the Successor Agency of tax revenues on a semiannual basis. Tax increment is allocated to the Successor Agency based on 100% of the calculated tax levy.

***Penalty.*** A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll and not paid by the due date. In addition, property on the secured roll on which taxes are delinquent are declared in default with respect to such property on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a \$15 cost. Because the County allocates property taxes to the Successor Agency based on 100% of the tax levy, the County retains all such penalties and interest. See “–*County Tax Losses Reserve Fund (Teeter Plan).*”

***County Tax Losses Reserve Fund (Teeter Plan).*** The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code and has created a tax loss reserve fund (the “Tax Losses Reserve Fund”). Under the Teeter Plan, each participating local agency levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The 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 Contra Costa County Auditor Controller (the “County Auditor”) reports that, to date, the Tax Losses Reserve Fund has proved adequate to meet all tax and special assessment delinquencies, with the effect that, each year, the City has received the full amount of taxes levied and assessment installments posted to the tax bill. There can be no guarantee, however, that the County Tax Losses Reserve Fund will continue to be sufficient to meet such delinquencies in the future. The County has the power to unilaterally discontinue the Teeter Plan on a countywide basis with respect to one or more categories, including general taxes, special taxes or special assessment installments. The Teeter Plan may also be discontinued by petition of 2/3 of the participant taxing agencies.

***Effect of COVID-19 on Property Tax Collections.*** In response to COVID-19, on May 6, 2020, the Governor signed Executive Order N-61-20 suspending provisions of the Revenue and Taxation Code requiring for residential real property occupied by the taxpayer, and real property owned and operated by a taxpayer qualifying as a small business under the regulations of the Small Business Administration that impose penalties, costs or interest for failure to pay secured and unsecured property taxes or supplemental taxes by the due date. To be eligible for this relief, the property taxes owed must not have been delinquent prior to March 4, 2020, the taxpayer must timely file a claim for relief, and must demonstrate that it has

suffered economic hardship due to COVID-19 that makes them unable to render payment. See “CERTAIN RISKS TO BONDOWNERS–Potential Impacts of COVID-19 and Other Health-Related Risks.”

The Successor Agency is unable to predict the extent that this order will have on the willingness of taxpayers to make timely payment of their property taxes.

**Property Tax Administrative Charges.** In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990), codified in Section 97.5 of the California Revenue and Taxation Code, which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Subsequent legislation clarified that the provisions of SB 2557 include redevelopment agencies as a local government agency which must pay such administrative costs. Since the enactment of SB 2557, the Successor Agency has had its tax increment reduced by the County for its *pro rata* share of property tax administrative costs. The estimated SB 2557 charges to the Successor Agency attributable to the Merged Project Areas for Fiscal Year 2020-21 is \$307,455, which is slightly less than 1% of Fiscal Year 2020-21 tax increment revenues.

The Fiscal Consultant has assumed that the SB 2557 charges are payable on a basis senior to the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds for purposes of calculating the Successor Agency Refunding Revenues.

## **Unitary Property**

AB 2890 (Chapter 1457, Statutes of 1986) provides that, commencing with the 1988-89 Fiscal Year, assessed value derived from State assessed unitary property county wide is to be allocated as follows: (1) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a *pro rata* basis; and (2) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a *pro rata* share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State assessed property is changed from March 1 to January 1.

AB 454 (Chapter 921, Statutes of 1987) further modifies Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State assessed unitary property, except for railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State assessed property and distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited. The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenues generated from the property assessed by the State Board of Equalization and administrative procedures have been determined by the County Auditor to implement the legislation.

AB 454 provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the 1% tax rate, (a) each jurisdiction, including project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and (b) if countywide revenues generated from Unitary Property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula and (2) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes

received by each jurisdiction from unitary property taxes. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

The Fiscal Consultant has estimated that the Successor Agency is qualified to receive approximately \$199,972 of allocable tax revenues in Fiscal Year 2020-21 from unitary property tax revenues. To the extent unitary values decrease county-wide, the Successor Agency's allocable tax revenues resulting from unitary assessments can be expected to decrease.

### **Supplemental Educational Revenue Augmentation Fund Payments**

In connection with the Fiscal Year 2009-10 State budget, Assembly Bill X426 (Chapter 21, Statutes 29) was adopted directing that a portion of the incremental property taxes received by redevelopment agencies, be paid to the county supplemental educational revenue augmentation fund (the "SERAF") in Fiscal Years 2009-10 and 2010-11. The Former Agency did not have the resources to make these payments and instead entered into a structured payment plan agreement with the Department of Finance that allows the payments to the County to be made over a 10 year period. The loan bears interest at a rate of 2%. Payments of interest have been made annually. Payments of principal and interest are due annually each May 10, commencing May 10, 2014. The Successor Agency included \$3.8 million in its 2021 ROPS B Cycle received on January 2, 2021 and \$6.2 million of accumulated other cash on hand to repay the SERAF Obligation in full in May 2021.

### **Statutory Tax-Sharing Payments**

*Calculation.* The Redevelopment Plans for the Merged Project Areas was amended after January 1, 1994 and therefore is subject to the statutory tax-sharing payments mandated by the Redevelopment Law, as amended by AB 1290, requiring that a portion of the property tax revenues be shared with affected taxing entities within the Merged Project Areas. The payments are calculated somewhat differently for the parts of the Merged Project Areas that were adopted prior to AB 1290 ("Pre-AB 1290") and the areas that were added after AB 1290 (the Harbor Gate No. 6-A (1995 Amendment Area), the 1999 Amendment Areas and the 2005 Amendment Areas).

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

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax-Sharing Payments subordinate to the Refunding Bonds; however, the Successor Agency did not undertake such procedure. **Therefore, the Statutory Tax-Sharing Payments are not subordinate to the Refunding Bonds.** See also, "THE MERGED PROJECTS AREAS-General-AB 1290 Payments."

The Successor Agency has not entered into any agreements with taxing entities to subordinate the statutory tax-sharing payments. As a result, all statutory tax-sharing payments are payable on a basis senior to the Series 2021 Refunding Bonds and the Series 2014A Refunding Bonds.

Table 11 below shows, for each Pre-AB 1290 Project Area, the dates when AB 1290 pass through payments began, and the AB 1290 AV Base Year, which represents the date after which the Successor Agency owed pass through payments on any tax increment increases.

**Table 11**  
**Richmond Community Redevelopment Agency Successor Agency**  
**Merged Project Areas**  
**AB 1290 AV Base Year**

<u>Constituent Project Area</u>	<u>AB 1290 AV Base</u>	<u>Fiscal Year Pass Thru Began</u>
Eastshore No. 1-A	1990-91	1999-00
Potrero No. 1-C	1999-00	2000-01
Galvin No. 3-A	1991-92	1999-00
Harbor Gate No. 6-A (Original)	1990-91	1995-96
Hensley No. 8-A (Original)	1993-94	1999-00
Hensley No. 8-A (1980 Area)	1993-94	1999-00
Downtown No. 10-A	2003-04	2004-05
Nevin Center No. 10-B	2002-03	2003-04
North Richmond No. 12-A	2002-03	2003-04
Harbour No. 11-A	2003-04	2004-05

Source: Successor Agency.

For the Harbor Gate No. 6-A (1995 Amendment Area) and the 1999 and 2005 Amendment Areas, pass-through payments are due based on the total tax increment generated in those areas. The pass-through payments for all Constituent Project Areas are based on a three tier formula, and payments are made after the deposit by the Successor Agency to its Housing Set-Aside. Although the Successor Agency is no longer required to make a Housing Set-Aside deposit, the Dissolution Act specifically states that, the AB 1290 payments are to be made as if the housing deposits were still being made. The calculation methodology is summarized below.

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

***Underpayment of AB 1290 Pass-Through Obligations.*** The Fiscal Consultant noted inconsistencies in the calculation by the County of the AB 1290 pass-through payments by failing to trigger the required Tier 2 payments for the Constituent Project Areas. For a summary of the AB 1290 base year values and the Fiscal Years in which the Tier 2 payments were to begin, see APPENDIX B–“FISCAL CONSULTANT REPORT.”

The Fiscal Consultant estimates that the County’s method understated the tax sharing payments by approximately \$2.3 million for Fiscal Year 2019-20. Since Fiscal Year 2016-17, the Successor Agency has generated residual revenue that exceeded the Tier 2 payments, so the taxing entities received the payments in the form of residual rather than as pass-through payments, resulting in no impact to the Successor Agency. However, the understatement of the tax sharing payments has overstated the pledged revenues. The Successor Agency informed the County Assessor-Controller of this issue. In January 2021, the County Assessor-Controller informed the Successor Agency that it had completed its review with respect to the 1999 Amendment Areas and included the Tier 2 payments in the January 1, 2021 RPPTF distribution attributable to the 1999 Amendment Areas. The 1999 Amendment Areas represent approximately 15% of the total Tier 2 payments within the Merged Project Areas. For purposes of the tax-sharing payment amounts shown in this Official Statement, the Tier 2 payments have been included.

### **Future Initiatives**

Article XIII A, Article XIII B and certain other propositions affecting property tax levies were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted, further affecting the Successor Agency Refunding Revenues or the ability of the Successor Agency to expend revenues.

## **LEGAL MATTERS**

The validity of the Series 2021 Refunding Bonds and certain other legal matters are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in APPENDIX F to this Official Statement, and the final opinions will be made available to the owners of the Series 2021 Refunding Bonds at the time of delivery. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Successor Agency by the City Attorney as counsel to the Successor Agency. Certain other legal matters will be passed on for the Successor Agency and for the City by Schiff Hardin LLP, San Francisco, California, Disclosure Counsel, and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California.

The fees of Bond Counsel, Disclosure Counsel, and Underwriter’s Counsel are contingent upon the issuance of the Series 2021 Refunding Bonds.

## **TAX MATTERS**

### **Series 2021A Refunding Bonds**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021A Refunding Bonds is excluded from gross

income for federal income tax purposes under Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2021A Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F—"FORM OF OPINION OF BOND COUNSEL."

To the extent the issue price of any maturity of the Series 2021A Refunding Bonds is less than the amount to be paid at maturity of such Series 2021A Refunding Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021A Refunding Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2021A Refunding Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2021A Refunding Bonds is the first price at which a substantial amount of such maturity of the Series 2021A Refunding Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2021A Refunding Bonds accrues daily over the term to maturity of such Series 2021A Refunding Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2021A Refunding Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2021A Refunding Bonds. Beneficial Owners of the Series 2021A Refunding Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2021A Refunding Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2021A Refunding Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2021A Refunding Bonds is sold to the public.

Series 2021A Refunding Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2021A Refunding Bonds. The Successor Agency has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2021A Refunding Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2021A Refunding Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2021A Refunding Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2021A Refunding Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021A Refunding Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2021A Refunding Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2021A Refunding Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2021A Refunding Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2021A Refunding Bonds. Prospective purchasers of the Series 2021A Refunding Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2021A Refunding Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Successor Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Code.

Unless separately engaged, Bond Counsel is not obligated to defend the Successor Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2021A Refunding Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Successor Agency and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Series 2021A Refunding Bonds is difficult, obtaining an independent review of IRS positions with which the Successor Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2021A Refunding Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Series 2021A Refunding Bonds, and may cause the Successor Agency or the Beneficial Owners to incur significant expense.

### **Series 2021B Refunding Bonds**

In the opinion of Bond Counsel, interest on the Series 2021B Refunding Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2021B Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021B Refunding Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F—"FORM OF OPINION OF BOND COUNSEL."

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Series 2021B Refunding Bonds that acquire their Series 2021B Refunding Bonds in the initial offering. The discussion below is based upon laws, regulations,

rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2021B Refunding Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2021B Refunding Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series 2021B Refunding Bonds pursuant to this offering for the issue price that is applicable to such Series 2021B Refunding Bonds (i.e., the price at which a substantial amount of the Series 2021B Refunding Bonds are sold to the public) and who will hold their Series 2021B Refunding Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Series 2021B Refunding Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Series 2021B Refunding Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Series 2021B Refunding Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2021B Refunding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2021B Refunding Bonds (including their status as U.S. Holders). Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2021B Refunding Bonds in light of their particular circumstances.

**Interest.** Interest on the Series 2021B Refunding Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2021B Refunding Bonds is less than the amount to be paid at maturity of such Series 2021B Refunding Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021B Refunding Bonds) by more than a de minimis amount, the difference may constitute original issue discount (“OID”). U.S. Holders of Series 2021B Refunding Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2021B Refunding Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2021B Refunding Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2021B Refunding Bond.

***Sale or Other Taxable Disposition of the Series 2021B Refunding Bonds.*** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Successor Agency) or other disposition of a Series 2021B Refunding Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2021B Refunding Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2021B Refunding Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2021B Refunding Bond (generally, the purchase price paid by the U.S. Holder for the Series 2021B Refunding Bond, decreased by any amortized premium and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2021B Refunding Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2021B Refunding Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2021B Refunding Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

***Defeasance of the Series 2021B Refunding Bonds.*** If the Successor Agency defeases any Series 2021B Refunding Bond, the Series 2021B Refunding Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In the event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2021B Refunding Bond.

***Information Reporting and Backup Withholding.*** Payments on the Series 2021B Refunding Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2021B Refunding Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2021B Refunding Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2021B Refunding Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

***Foreign Account Tax Compliance Act ("FATCA").*** Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent

it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series 2021B Refunding Bonds and sales proceeds of Series 2021B Refunding Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthu” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthu payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2021B Refunding Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2021B Refunding Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

### **NO MATERIAL LITIGATION**

No action suit, or proceeding is pending or threatened against the Successor Agency concerning the issuance or validity of the Series 2021 Refunding Bonds, or restraining or enjoining the execution or delivery of the Trust Agreement or the Series 2021 Refunding Bonds and there is no litigation pending or threatened against the Successor Agency questioning the political existence of the Successor Agency or of the City contesting the levy and collection of the Successor Agency Refunding Revenues or contesting the ability of the Successor Agency to issue and repay the Series 2021 Refunding Bonds.

### **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services, LLC (“S&P”) has assigned an unsecured rating of “A-” to the Series 2021 Refunding Bonds. S&P has also assigned a rating of “AA” to the Insured Series 2021 Refunding Bonds with the understanding that upon delivery of the Insured Series 2021 Refunding Bonds, the Bond Insurance Policies will be delivered by the Bond Insurer. See “BOND INSURANCE” and APPENDIX H—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Certain information was supplied by the Successor Agency to S&P to be considered in evaluating the Series 2021 Refunding Bonds. The rating issued reflects only the views of S&P and is not a recommendation to buy, sell or hold the Series 2021 Refunding Bonds. Any explanation of the significance of such ratings may be obtained from S&P, 55 Water Street, New York, New York 10041. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if in its judgment, circumstances so warrant. Other than as provided in the Continuing Disclosure Agreement, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any ratings obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Series 2021 Refunding Bonds.

## **UNDERWRITING**

### **Series 2021A Refunding Bonds**

The Series 2021A Refunding Bonds were purchased through negotiation by Raymond James & Associates, Inc. (the “Underwriter”) at a price equal to \$17,566,215.50 (which represents the principal amount of the Series 2021A Refunding Bonds plus an original issue premium in the amount of \$2,562,758.55 and less an underwriter’s discount in the amount of \$66,543.05). The purchase agreement relating to the Series 2021A Refunding Bonds provides that the Underwriter will purchase all of the Series 2021A Refunding Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

### **Series 2021B Refunding Bonds**

The Series 2021B Refunding Bonds were purchased through negotiation by the Underwriter at a price equal to \$2,655,287.73 (which represents the principal amount of the Series 2021B Refunding Bonds less an underwriter’s discount in the amount of \$9,712.27). The purchase agreement relating to the Series 2021B Refunding Bonds provides that the Underwriter will purchase all of the Series 2021B Refunding Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may change the initial public offering prices set forth on the inside cover page. The Underwriter may offer and sell the Series 2021 Refunding Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

## **CONTINUING DISCLOSURE**

The Successor Agency has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Series 2021 Refunding Bonds by not later than 270 days following the end of the Fiscal Year of the Successor Agency (which currently would be June 30) commencing with the report for Fiscal Year 2020-21 (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 Successor Agency bond issues, as well as for the bond issues of the City 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, including the Successor Agency. In addition, the City designated its Treasury Division as the department responsible for monitoring and making the required filings.

### **REPORT OF THE FISCAL CONSULTANT**

Fraser & Associates, as the Fiscal Consultant,) prepared the Fiscal Consultant Report which, among other things, analyzes the tax increment revenues generated from taxable property within the Merged Project Areas and pledged to the repayment of the Series 2021 Refunding Bonds. The findings and projections in the Fiscal Consultant Report are subject to a number of assumptions that should be reviewed and considered by prospective investors. No assurances can be given that the projections and expectations discussed in the Fiscal Consultant Report will be achieved. Actual results may differ materially from the projections described therein. See “THE MERGED PROJECT AREAS—Constituent Project Areas” and APPENDIX B—“FISCAL CONSULTANT REPORT.”

### **MUNICIPAL ADVISOR**

The City has retained Public Resources Advisory Group, Oakland, California, as Municipal Advisor (the “Municipal Advisor”) for the sale of the Series 2021 Refunding Bonds. The Municipal Advisor is an independent public financial advisor and is not engaged in the business of underwriting, trading or distributing municipal or other financial securities. The Municipal Advisor takes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation paid to the Municipal Advisor is contingent on the sale and delivery of the Series 2021 Refunding Bonds.

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**MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the Successor Agency or the City and the purchasers of the Series 2021 Refunding Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the City since the date hereof.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of such documents and reports are available for inspection at the office of the Finance Director, City of Richmond, 2600 Barrett Avenue, Richmond, California 94804.

The execution and delivery of the Official Statement by the Successor Agency has been duly authorized by the governing board of the Successor Agency.

SUCCESSOR AGENCY TO THE RICHMOND  
COMMUNITY REDEVELOPMENT AGENCY

By: /s/ Laura Snideman  
Chief Executive Officer

**APPENDIX A**

**CERTAIN DEMOGRAPHIC AND ECONOMIC INFORMATION  
REGARDING THE CITY OF RICHMOND**

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## APPENDIX A

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

*The following information concerning the City of Richmond (the “City”) is included for informational purposes only. The demographic and economic information provided below has been collected from sources that the City has determined to be reliable, but does not guarantee as to the accuracy or completeness. Because it is difficult to obtain complete and timely regional economic and demographic information, the economic condition of the City may not be fully apparent in all of the publicly available regional economic statistics provided herein. Certain information relating to employment, income, and taxable transactions to be released for 2020 may be materially different from historical data presented in this Appendix A. See “CERTAIN RISKS TO BONDOWNERS–Potential Impact of COVID-19 and Other Health-Related Risks” in the forepart of this Official Statement.*

*The Series 2021 Refunding Bonds are limited obligations of the Successor Agency payable solely from and secured by a pledge of the Successor Agency Refunding Revenues and certain other funds as provided in the Trust Agreement. The Series 2021 Refunding Bonds are not a debt of the City, the State, or any of its political subdivisions, other than the Successor Agency.*

#### DEMOGRAPHIC AND ECONOMIC INFORMATION

##### General

The City is located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the “County”), and 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.

##### Population

City residents account for approximately 10% of the population of the County. Both the City and the County have experienced consistent growth since 1990. 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 2016 through 2020.

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

<b>Year</b>	<b>City of Richmond</b>	<b>Contra Costa County</b>	<b>State of California</b>
2010 <sup>†</sup>	103,701	1,04	37,253,956
2016	109,449	1,128,405	39,131,307
2017	110,104	1,138,861	39,398,702
2018	110,585	1,145,141	39,586,646
2019	110,793	1,150,621	39,695,376
2020	111,217	1,153,561	39,782,870

<sup>†</sup> April 1, 2010 Benchmark.

Source: State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties and State, 2011-2020, with 2010 Census Benchmark*. Sacramento, California, May 2020.

## **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.

**Impact of 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, which payments 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.

Chevron is expected to continue to be a major property owner, taxpayer, and employer in the City and, as a result, a significant source of revenues to the City as well as a substantial part of the City's economy generally. Other disputes involving Chevron may arise from time to time in the future.

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 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, \$35 million will be used to fund "Richmond Promise," a scholarship program for high school graduates, \$15 million will be spent on other community-based programs, and \$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 halted construction of the Chevron Modernization Project since 2009. That 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.

***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, within a short distance of San Francisco, Oakland, other East Bay cities and Marin County, and a relatively easy commute to the State's capitol, Sacramento;
- Proximity to the University of California at Berkeley ("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.
- Transcept Pharmaceuticals, a specialty pharmaceutical company focused on development and commercialization of proprietary products that address therapeutic needs in the field of neuroscience, is located in an approximately 12,757 square foot facility in the Point Richmond area of the City.

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, PAX Water Technologies, Inc., and SunPower Systems.

- Alion Energy, Inc., a developer and manufacturer of solar tracker mounting and robotic cleaning systems, has been operating in the City since 2009.
- 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.
- PAX Water Technologies, Inc., a developer of market energy-efficient mixing systems for potable water storage tanks, has been operating in the City since 2010.
- 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 the Richmond South Shoreline Specific Plan for an approximately 220-acre area located in the City of Richmond south of Interstate Highway 580 and will focus on ways the City can take advantage of the planned Berkeley Global Campus, Richmond Bay, future ferry service, and other area assets to create a sustainable shoreline district providing jobs, housing, transportation options, and opportunities for entertainment and recreation. 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 is currently reviewing an application 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 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 up a large tract of industrially zoned area in the northwest area of the City. Development in Fiscal Year 2019-20 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.*”
- HelloFresh Inc. – a 107,784 square foot freezer storage warehouse with 1,256 employees.
- Ex Steel Scape site – a 700,000 square foot distribution center.
- A 200,000 square foot warehouse.
- Pinole Point Distribution Center – a 600,000 square foot warehouse and distribution center that includes: a Whole Foods Distribution Center – a 47,000 square foot distribution center with 95 employees, Williams Sonoma – an approximately 247,908 square foot distribution center with up to 80 employees, and Amazon – a 242,000 square foot warehouse with up to 100 employees.
- Restoration Hardware – a 200,000 square foot distribution center.
- An approximately 708,000 square foot speculative industrial building, expected to be occupied by Amazon.

Planned development includes PowerPlant Park, approximately 160,000 square feet of rentable canopy space for cannabis cultivation to be constructed on an approximately 18-acre site on the Richmond North Shoreline. Grading is expected to commence in January 2021, and upon completion, it is expected that approximately 500 people will be employed.

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 October 2020, 434 residences are under construction, 1,023 units are entitled, and 45 units are under review. 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 completed in Fiscal Year 2019-20, on-going, and entitled projects together with projects under review:

Residential

- 12th Street and Macdonald Avenue mixed-use project – an eight-story, 256 market rate/affordable residential unit development, with approximately 56,000 square feet of commercial space.
- Artisan Cove (Phase 3), 51 Live/Work Units and 13 Work Spaces.
- 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. (in negotiations)
- The Cascades – 46 units of market rate townhomes and condominiums.
- Garrity Way Apartments – a 98 market rate unit condominium development.
- Hacienda Apartments - major rehabilitation of a 150-unit unit building, including construction of a new entry. (approved)
- Harbour View Senior Apartments – 80-unit affordable apartment development (construction complete)
- Hilltop Apartments – a 180 unit market rate/affordable apartment complex.

- Miraflores – an 80 unit affordable senior housing development.
- Miraflores Residential Condominium Project – 190 market rate and affordable condominium units.
- Parcel FM – a mixed-use project, with approximately 400 market rate and affordable residential units and 10,000 square feet of commercial uses. (under review)
- The Point – a 27 unit market rate townhome development.
- Quarry Residential Project – 193 attached residential units.
- Metrowalk Phase II, 400-500 rental units, 25%-30% of which will be affordable to moderate income households. (under review)
- Shea Homes Waterline Project – a 60-unit luxury condominium development
- 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. Close of escrow is expected in summer 2021 (approved)
- Terraces at Nevin Apartment Complex – a 271-unit affordable apartment development, with 268 affordable units (under construction).
- Westridge Apartments Modernization and Expansion –rehabilitation of 401 affordable units and construction of 62 affordable units.
- 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 (under construction).

### Commercial

- 912 Harbour Way South Industrial Project – a 182,000 square foot warehouse/distribution space.
- 3190 Klose Way – a 7,000 SF speculative retail building.
- Hilltop Charter School.
- Home2Suites Hotel – a four-story, 104-room hotel (approved).
- Life Long Medical Facility – a 33,742 square foot medical office.
- Lumber Barron – a 32,000 square foot light industrial warehouse.
- 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, has been approved. (construction pending)
- Parkway Commerce Center – an approximately 110,000 square foot speculation warehouse .(approved)
- Point Pinole Business Park, Phase III – a 162,000 square foot speculation warehouse building.

## Employment

Table A-2 provides a listing of principal employers located in the City, as of Fiscal Year 2019-20.

**Table A-2  
Principal Employers in the City  
Fiscal Year 2019-20**

<b>Employer Name</b>	<b>Product/Service</b>	<b>Estimated Number of Employees</b>
Chevron Refinery	Oil Refinery/Research Facility	3,506
Amazon.com Services	Warehouse	1,807
West Contra Costa Unified School District	Education	1,658
Social Security Administration	Governmental Services	1,259
The Permanents Medical Group	Healthcare Services	1,051
U.S. Postal Service	Governmental Services	1,047
Contra Costa County	Governmental Services	844
City of Richmond	Governmental Services	757
Kaiser Foundation Hospitals	Healthcare Services	578
Blue Apron, Inc.	Meal Delivery Service	513

*Source: City of Richmond.*

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The following Table A-3 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2015 through 2019. State Employment Development Department data for November 2020 (preliminary) indicates that the unemployment rate (not seasonally adjusted) for the City was 9.4%, for the County was 6.8%, for the State was 7.9%, and for the United States was 6.4%.

**Table A-3**  
**Civilian Labor Force, Employment and Unemployment**  
**Annual Average for Calendar Years 2015 through 2019<sup>(1)</sup>**  
**(Not Seasonally Adjusted)**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Civilian Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
<b>2019<sup>(1)</sup></b>				
City	53,000	51,100	1,900	3.5%
County	561,800	544,500	17,300	3.1
State	19,408,300	18,623,900	784,4 00	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
<b>2018<sup>(2)</sup></b>				
City	52,900	51,000	2,000	3.7
County	560,900	542,800	18,100	3.2
State	19,281,000	18,460,400	820,700	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<b>2017<sup>(2)</sup></b>				
City	52,800	50,500	2,300	4.3
County	558,600	537,200	21,400	3.8
State	19,312,000	18,393,100	918,900	4.8
United States	162,320,000	153,337,000	6,982,000	4.4
<b>2016<sup>(2)</sup></b>				
City	52,700	50,100	2,600	5.0
County	553,1 00	528,400	24,700	4.5
State	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<b>2015<sup>(2)</sup></b>				
City	52,400	49,400	3,000	5.8
County	544,600	517,200	27,400	5.0
State	18,896,500	17,724,800	1,171,700	6.2
United States	157,130,000	148,834,000	146,411,000	5.3

(1) Preliminary.

(2) Revised.

Sources: State of California Employment Development (2019 Benchmark) 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, 2021, the minimum wage in the City is \$15.21 per hour.

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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 2015 through 2019.

**Table A-4**  
**City of Richmond, Contra Costa County, State of California and United States**  
**Total Personal Income**  
**Calendar Years 2015 through 2019<sup>†</sup>**

<b>Year and Area</b>	<b>Total Personal Income (millions of dollars)</b>	<b>Per Capita Personal Income (dollars)</b>
<b>2019<sup>†</sup></b>		
City	\$3,240	\$29,132
County	98,423	85,324
State	2,632,280	66,619
United States	18,542,262	56,490
<b>2018</b>		
City	3,027	27,413
County	93,701	81,442
State	2,514,503	63,720
United States	17,839,255	54,606
<b>2017</b>		
City	2,920	26,317
County	88,448	77,211
State	2,388,130	60,549
United States	16,937,582	51,885
<b>2016</b>		
City	2,797	25,024
County	82,677	72,698
State	2,2273,558	58,048
United States	16,151,881	50,015
<b>2015</b>		
City	2,744	24,856
County	77,847	69,234
State	2,172,930	55,833
United States	15,717,400	49,019

<sup>†</sup> Most current annual data available.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System (Last updated November 17, 2019, new statistics for 2019, and revised statistics for 2010-2018) and HDL Coren & Cone for City data.

## 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<sup>(1)</sup>**  
**Calendar Years 2015 through 2019**  
**(\$ in 000's)**

<b>Residential</b>								
<b>Year</b>	<b>Single Family</b>		<b>Multifamily</b>		<b>Value of Alterations and Additions</b>	<b>Total Residential Valuation</b>	<b>Nonresidential Valuation</b>	<b>Total<sup>(2)</sup></b>
	<b>Units</b>	<b>Valuation</b>	<b>Units</b>	<b>Valuation</b>				
2015	18	\$3,407	63	\$13,523	\$16,769	\$30,292	\$48,288	\$78,580
2016	25	7,305	0	0	15,282	22,587	66,298	88,885
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	73	14,069	0	0	14,406	28,475	34,179	62,654

(1) Data may not total due to independent rounding.

(2) Total represents the sum of residential and nonresidential building permit valuations.

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 (*i.e.* through 2024).

The Port contains seven City-owned marine terminals leased 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.

**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 world-wide 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)
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 June 19, 2012, the City Council voted to join MCE, 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 continues to be 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, located in the downtown area and several convalescent hospitals. 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, during the 2019-20 academic year comprised 39 elementary schools (23 of which are located in the City), seven middle and junior high schools, and nine senior high schools (four of which are located in the City), three continuation and alternative high schools, 10 charter elementary, middle, senior

high and college preparatory schools), and three adult schools. 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.

**APPENDIX B**  
**FISCAL CONSULTANT REPORT**

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**Redevelopment and Financial Consulting**

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**FISCAL CONSULTANT REPORT**

*Successor Agency to the  
Richmond Community Redevelopment Agency*

Merged Project Area

January 2021

## **Section A - Introduction**

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The Richmond Community Redevelopment Agency Successor Agency (Agency) is considering the issuance of Tax Allocation Refunding Bonds (Bonds). The Bonds will be secured through a Trust Agreement as supplemented that pledges a portion of the tax increment revenues generated from the Merged Project Area (Project Area) to repayment of the Bonds.

The purpose of this Fiscal Consultant Report (Report) is to provide in depth information about the tax increment revenues to be used to support repayment of the Bonds. The Report includes the following sections that address various aspects of the revenue stream:

- A. **Introduction:** This section provides an overview of the Report and its purpose.
- B. **Redevelopment Dissolution Act:** Includes a discussion of the Redevelopment Dissolution Act bills that are contained in AB 26, AB 1484, SB 107 and other amendments to the original law (Dissolution Act).
- C. **General Information:** Provides information on the Project Area, including a general description of the Redevelopment Plans for the nine constituent Project Areas that comprise the Project Area. A brief description of the systems and procedures used by Contra Costa County (County) for the allocation of tax increment is also included in this section.
- D. **Taxable Values and Historical Revenues:** Information in this section includes a description of the categories of taxable values, the historical trends in values and revenues and the Top Ten Assesseees in the Project Area.
- E. **Assessment Appeals / Proposition 8 Adjustments:** The findings from a review of the records of the County Assessment Appeals Board are included in this section, along with an analysis of residential Proposition 8 reductions and reversals.
- F. **Estimate of Current and Future Revenues:** This part of the report includes the tax increment projections for the Project Area.
- G. **Adjustments and Liens on Revenue:** This section provides information on and the estimated impact of adjustments and liens on the revenue stream.

The value and revenue estimates contained in this Report are based upon information and data which we believe to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of the County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to our attention during this review to indicate changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore we do not represent them as results that will actually be achieved. However, they have been conscientiously prepared on the basis of our experience in the field of financial analysis for redevelopment agencies.

The spread of the COVID-19 coronavirus pandemic is impacting governments, businesses and people in a manner that is having negative effects on global, national and local economies. In addition, stock markets in the United States and globally initially

saw significant declines and volatility attributed to coronavirus concerns, although the markets have stabilized. Future property taxes to the Agency could be impacted by the pandemic. The impact could occur because future property tax installments could be deferred, or some taxpayers may be unable to make their property tax payments. Such impacts could be offset so long as the County operates under the Teeter Plan, which shields the Agency from delinquencies. There is the possibility that the County could end the Teeter Plan in the future although County staff has indicated that they are not aware of any plans by the County Board of Supervisors to do that as of the date of this report. For 2019-20 the County reports it has received 99 percent of the property tax levy, which equates to a 1 percent delinquency rate. The Agency has also received over 100 percent of the original levy (when supplemental property taxes are included) for the 2019-20 fiscal year. The value of property on the 2021-22 and future tax rolls could be reduced. At this time, there is no way to provide an estimate of the impact that the pandemic could have on future property taxes.

## **Section B – Redevelopment Dissolution Act**

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In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state of California (State) to dissolve redevelopment agencies pursuant to AB 26, which had been passed by the legislature and signed by the governor in June 2011. Based on modified time lines approved by the Court, all redevelopment agencies in the State, including the Richmond Community Redevelopment Agency (Former Agency), were dissolved effective February 1, 2012. The City of Richmond has assumed the role of Successor Agency and is charged with winding down the affairs of the Former Agency and to make payments due on enforceable obligations, as defined in the Dissolution Act.

Under the Dissolution Act, tax increment is no longer deemed to flow to the Successor Agency. Rather, all funds are considered property taxes. The requirement to deposit a portion of the tax increment into a low and moderate income housing fund is also no longer required. The Dissolution Act allows the Agency to issue refunding bonds so long as the refunding results in debt service savings. The Agency is authorized to pledge the property tax revenues that were formerly tax increment revenues to secure repayment of the refunded bonds.

The County Auditor-Controller is required to determine the amount of property taxes that would have been allocated to each redevelopment agency had the Former Agency not been dissolved. All former tax increment monies go into a Redevelopment Property Tax Trust Fund (Trust Fund or RPTTF) which is controlled by the County Auditor-Controller. References in this report to tax increment means property taxes that are deposited to the RPTTF.

The money in the Trust Fund is used as follows:

1. Allocate to the County property tax administrative fees and other costs needed to implement the Dissolution Act.

2. Pay all pass-through payments to the taxing entities. The Project Area has an obligation to make payments required pursuant to Sections 33607.5 and 33607.7 of the Community Redevelopment Law (CRL).
3. Pay obligations required per the Recognized Obligation Payment Schedule (ROPS), including debt service on certain Senior Obligations (as defined in the Trust Agreement) and on the Bonds.
4. Pay the administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the former redevelopment agency.
5. Distribute the balance (referred to as the residual) to the taxing entities pursuant to Section 34183 and 34188 of the Dissolution Act.

The allocations from the Trust Fund take place in two six month installments in January and June of each year. The Successor Agency prepares a forward looking annual ROPS to cover the subsequent fiscal year period. Once approved by the Contra Costa County Oversight Board and the state Department of Finance (DOF), the County Auditor-Controller releases the Trust Fund revenues to pay for the obligations on the ROPS. By way of illustration, funds released in June 2020 generally reflect property taxes that were collected during the period from January through May 2020. The approved ROPS for the A cycle will cover costs that are paid during the period from July through December 2020. Funds released in January 2021 reflect the first tax increment for the new fiscal year and cover ROPS obligations during the B cycle (January to June 2021). The fiscal year basis for the ROPS varies from the property tax year, which is on a calendar year basis. The chart below shows this.

	Time Period	RPTTF Distribution
<b>ROPS 20-21 Cycle</b>		
ROPS A Cycle	July - December - 20	June 2020- Final 19-20
ROPS B Cycle	January - June - 21	January 2021- First 20-21
<b>Property Tax 20-21 Cycle</b>		
ROPS B Cycle	January - June - 21	January 2021- First 20-21
ROPS A Cycle	July - December - 21	June 2021- Final 20-21

Any excess Trust Fund revenue not needed to meet the various obligations shown in items one through four above would be reallocated to the taxing entities. The Agency generally places 100 percent of the debt service due on its outstanding bonds on the B ROPS cycle to ensure that the first tax increment received in a fiscal year is available for debt service. In some limited cases, the Agency advance funds debt service on the ROPS A cycle as required by specific bond documents. Appendix A includes a ROPS cash flow that shows the timing for Agency debt service.

**Section C - General Information**

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*The Project Area*

The Project Area consists of nine formerly “independent” redevelopment project areas (Constituent Project Areas). The Constituent Project Areas were merged together for financing purposes on July 13, 1999 and include:

- No. 1-A Eastshore
- No. 1-C Potrero
- No. 3-A Galvin
- No. 6-A Harbor Gate
- No. 8-A Hensley
- No. 10-A Downtown
- No. 10-B Nevin Center
- No. 11-A Harbour
- No. 12-A North Richmond

As part of the merger process, territory was also added to Constituent Project Areas 1-A, 6-A, 8-A, 10-A, 10-B, and 11-A (1999 Amendment Areas). In July, 2005, additional territory was added to Constituent Project Area 10-B (2005 Amendment Area). In the past, other amendments were made to the Redevelopment Plan that changed various limitations on the time period to incur and repay debt with tax increment and on the period when a redevelopment plan can be effective. SB 107 has clarified that time limits for the repayment of debt and tax increment limits are no longer applicable for purposes of paying certain obligations such as the Bonds.

Shown below are land uses by taxable value as of fiscal year 2020-21 for the Project Area.

<b>LAND USE CATEGORY SUMMARY 2020-21</b>			
	<b>Parcels</b>	<b>Taxable Value</b>	<b>Percent of Total</b>
Residential	10,223	\$2,759,788,852	58.49%
Commercial	536	322,013,541	6.82%
Industrial	429	1,135,987,669	24.07%
Vacant Land	675	100,185,330	2.12%
Other	434	106,560,986	2.26%
<b>Total Secured</b>	<b>12,851</b>	<b>4,424,536,378</b>	<b>93.77%</b>
Unsecured / State Assessed		294,027,267	6.23%
<b>Grand Total</b>		<b>4,718,563,645</b>	<b>100.00%</b>

*Property Tax Allocation Procedures*

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. Incorrectly allocated revenues can result in a redevelopment project area receiving erroneous amounts of revenue. In addition, the method a county uses to allocate delinquent taxes, roll corrections and property tax refunds will impact the amount of tax increment received. For these reasons, the County's procedures for the allocation of property taxes and tax increment were evaluated.

The County calculates tax increment to the Agency by applying the 1 percent tax rate, plus the City of Richmond's pension override tax rate, to the current year secured and unsecured incremental taxable value. The County also allocates unitary revenue to redevelopment projects. The allocation of unitary revenue is based on revenues received in 1987-88, adjusted by the actual growth or decline in unitary revenues on a countywide basis.

Tax increment is allocated based on 100 percent of the County calculated levy. The method is often referred to as the Teeter Plan. Under the Teeter Plan, taxing entities and redevelopment projects are shielded from the impact of delinquent property taxes. The County also does not adjust tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments.

Section F of this Report includes a discussion of the impact of the County's allocation practices on the Project Area's tax increment revenues.

**Section E – Taxable Values and Historical Revenues**

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*Taxable Values*

Property is valued as of January 1 of each year. Property which is subject to taxation is valued at 100 percent of its full cash value. Locally assessed property is appraised by the county assessor's office. The State Board of Equalization (SBE) values state assessed property.

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in fiscal year 1975-76 or if newly constructed or sold after this date, then on the full cash value of the property at that time. Property

values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Personal property is appraised annually at the full cash value of the property. Absent new acquisitions, the full cash value of personal property tends to decline over time as a result of depreciation. Fixtures, while categorized as real property and subject to the restrictions of Proposition 13, are also subject to declining values through depreciation.

State-assessed property is also not subject to the provisions of Proposition 13. Such property is valued by the SBE based on the full cash value of the property. State-assessed property is categorized as secured property and is either unitary or non-unitary property. Since 1987-88, unitary property has been reported on a countywide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in the Revenue & Taxation Code. Beginning in fiscal year 2007-08, unitary railroad values are reported on a countywide basis and allocated based on a formula contained in state law. State-assessed non-unitary values are reported at the local tax rate area level.

*Project Area Value Trends*

Table 1 shows the historical taxable values for the Project Area since 2008-09. Taxable values have increased from \$3.7 billion in 2008-09 to \$4.7 billion in 2020-21. The total percentage change in values was 27 percent and the average annual change in values was 2 percent.

Secured taxable values declined between 2008-09 and 2013-14 by approximately \$978 million from \$3.5 billion to \$2.5 billion. The major reason for the decline was due to across the board residential Proposition 8 reductions processed by the County Assessor, which reduced value in the Project Area. (See Section F- Assessment Appeals / Proposition 8 Reductions for a complete discussion). Changes of ownership and the filing of certain exemptions also reduced value. The chart on the following page summarizes the major reasons for the decline in value during this period.

<b>Major Reasons for Value Changes - 2008-09 to 2013-14</b>	
Total Secured Value Reduction	(\$978,078,734)
Reasons:	
Proposition 8 Residential Reductions	(718,391,000)
Changes of Ownership	(89,806,490)
Exemptions	(68,526,401)
<b>Total- Major Changes</b>	<b>(876,723,891)</b>

Since 2013-14, secured values have increased by \$1.9 billion. Most of the increase was driven by the reversal of residential Proposition 8 reductions or by the sale of property, as shown in the table below. The annual inflation adjustment also contributed to the growth.

<b>Major Reasons for Value Changes - 2013-14 to 2020-21</b>	
Total Secured Value Increase	\$1,940,026,835
Reasons:	
Proposition 8 Residential Reversals	472,551,868
Changes of Ownership	786,201,367
CPI Adjustment	412,676,897
<b>Total Major Changes</b>	<b>1,671,430,132</b>

*Top Ten Assesseees*

The Top Ten Assesseees in the Project Area are summarized on Table 2. Taxable value for the Top Ten Assesseees as of 2020-21 represented 10.14 percent of the overall value of the entire Project Area and 13.84 percent of the incremental value of the Project Area. Four of the top ten have open assessment appeals.

*Historical Tax Increment Revenues*

Table 3 shows the historical receipt of tax increment revenues in the Project Area. The initial County levy is compared to the actual receipt of tax increment (exclusive of supplemental revenues) to determine collection trends. On average, the Agency has received approximately 99.6 percent of the levy over the past five years for the Project Area.

Supplemental property tax receipts are also shown on Table 4. Supplemental taxes are a function of new construction or changes of ownership since the last property tax lien

date. When supplemental revenues are included, the Project Area has received, on average, 105.03 percent of the levy.

Table 4 shows the history of tax increment net of property tax administration fees and tax sharing payments.

**Section F – Assessment Appeals / Proposition 8 Reductions**

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Taxpayers may appeal their property tax assessments. The value of locally assessed property is appealed to the local county assessor, while the value of state assessed property is appealed to the SBE. Both real and personal property assessments can be appealed. Personal property appeals are filed based on disputes over the full cash value of the property.

Under California law, there are two types of appeals for the value of real property. A base year appeal involves the Proposition 13 value of property. If an assessee is successful with a base year appeal, the value of the property is permanently reduced. In the future, the value can only be increased by an inflation factor of up to 2 percent annually. Appeals can also be filed pursuant to Section 51 (b) of the Revenue and Taxation Code. Under this section of the code, also referred to as Proposition 8 appeals, the value of property can be reduced due to damage, destruction, removal of property or other factors that cause a decline in value. When the circumstance that caused the decline is reversed the value of the property can be increased up to the factored base year value of the property. Values can be reduced under Proposition 8 either based on a formal appeal or they can be set by the county assessor.

Due to the impact that assessment appeals can have on the taxable values and tax increment revenues of a project area, a review of recently resolved and open appeals was conducted. The table below summarizes the history of resolved appeals in the Project Area since 2015-16. The impact from resolved appeals are already included in the 2020-21 reported assessed value for the Project Area, and the information has been included to show the methodology used to estimate the impact from open appeals.

<b>Prior Resolved Appeals History 2015-16 to 2019-20</b>	
Total Number of Filed Appeals	71
Number of Appeals Open	17
Number of Appeals With Reductions	9
% of Appeals Resulting in Reductions	13%
AV Reductions From Resolved Appeals	(\$650,695)
Total Tax Roll Value	\$3,527,725
Average Percent Reduction	-7%
Overall Success Factor Ratio	-1%

As shown in the table, a total of 71 appeals have been filed and 17 remain open. Of the appeals that were resolved, nine resulted in value reductions that averaged a seven percent decrease. For the open appeals the owners have requested reductions in value of \$76.9 million. We have estimated the potential impact of the open appeals based on the average percent reduction of seven percent. This would result in a reduction to future taxable values of \$12.3 million and a tax increment revenue impact (net of administrative fees and AB 1290 payments) of \$78,000. For purposes of the tax increment projections discussed in Section G we have reduced taxable values in 2021-22 by \$12.3 million for the impact of open appeals.

<b>Open Appeals Analysis</b>					
Applicant	Tax Roll	Applicant	Potential	Resolved	Estimated
	Value	Value		Based on	
	Value	Opinion	Reduction	History (1)	Reduction
Philips 66 Company (2)	\$47,205,294	\$44,608,608	\$2,596,686	\$44,608,608	\$2,596,686
KM Phoenix Holdings (2)	45,984,790	22,400,900	23,583,890	42,765,855	3,218,935
Atchison Village (2)	34,687,759	16,500,000	18,187,759	32,259,616	2,428,143
Bimbo Bakeries	16,874,191	11,000,000	5,874,191	15,692,998	1,181,193
Kaiser Foundation Hospitals (2)	7,094,858	3,477,872	3,616,986	6,598,218	496,640
Sims Group USA	11,273,367	5,636,684	5,636,683	10,484,231	789,136
Hanson Marine Operations	8,593,204	0	8,593,204	7,991,680	601,524
All other appeals (3)	13,884,826	5,067,694	8,817,132	12,912,888	971,938
<b>Total</b>	<b>185,598,289</b>	<b>108,691,758</b>	<b>76,906,531</b>	<b>173,314,093</b>	<b>12,284,196</b>

- (1) Based on average value reduction from resolved appeals, except Philips 66, which is applicant value, since it is lower.
- (2) Each of these are part of the Top 10 taxpayers.
- (3) Combined for ten other appeals.

The County does not allocate refunds attributable to assessment appeals to redevelopment project areas. Therefore, we have not reduced tax increment revenues for the impact of refunds.

*Proposition 8 Adjustments*

The County had processed temporary assessed value reductions for certain residential properties (Proposition 8 reductions) where the assessed values exceeded the current market value of properties without prompting from individual taxpayers. Those reductions primarily affected the tax rolls between fiscal year 2008-09 through 2013-14, with the major reductions occurring in fiscal year 2009-10. The properties that were subject to these “automatic” reductions were single family homes, condominiums, and multi-family residential, which generally transferred ownership during the five year period prior to fiscal year 2008-09.

A total of 5,005 residential parcels (inclusive of both single and multifamily parcels) were reduced on the fiscal year 2009-10 tax roll, with a value reduction of \$718 million. Reversals of Proposition 8 reductions began in 2011-12 and have added over \$600 million in new value. A number of parcels that had been under Proposition 8 were also sold during this period. As of the 2020-21 tax roll there were only 308 residential parcels remaining in the Proposition 8 pool with a potential recapture of \$20 million. For purposes of the tax increment projections we have not assumed any further increases or decreases pursuant to Proposition 8.

## **Section G - Estimate of Current and Future Tax Increment Revenue**

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County auditor-controller's are required to calculate the funds that flow to the RPTTF as if the redevelopment agency still existed. Given this, the RPTTF, or tax increment revenues, continue to be calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value of the project area. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated to each Constituent Project Area based on a formula contained in AB 454. Generally, the Agency receives unitary revenues for its project areas on the basis of amounts that were received in the prior fiscal year. The prior year allocations are adjusted annually based on changes in unitary revenue on a countywide basis.

The Agency also receives supplemental property taxes for the Constituent Project Areas on an annual basis. Due to the difficulty of estimating supplemental revenues, we have not included such revenues in the projections. Supplemental property taxes typically increase the receipt of tax increment.

### *Current Year Revenues*

Projections of fiscal year 2020-21 tax increment revenues are shown in Table 5. The values utilized are based on actual taxable values provided by the County. It should be noted that Constituent Project Areas 3-A and 6-A are not eligible to receive tax increment revenue from either secured personal property or any type of unsecured value based on agreement between the Agency and the County. As a result, the values reported by the County for purposes of tax increment calculations typically exclude secured personal property and unsecured value attributable to these two Constituent Project Areas.

Tax increment generated from the application of the 1 percent tax rate to incremental taxable value for fiscal year 2020-21 is estimated at \$34.6 million. Unitary revenue for the Project Area is estimated to equal \$169,976 for the 2020-21 fiscal year. The estimates are based on the County's estimate of unitary revenues in each of the Constituent Project Areas for fiscal year 2019-20 from the 1 percent tax rate only.

*Projected Revenues*

Tables 6 and 6.1 show alternative projections of tax increment revenues. Real property shown on the tables consists of locally reported secured and unsecured land and improvement values. The other property category includes personal property and state assessed values.

The future level of real and other property values has been estimated based on actual values reported by the County for 2020-21 (see “Current Year Revenues” above). For purposes of the projections in Table 6, we have held all property values constant except for reductions in fiscal year 2021-22 due to the estimated impact of open appeals.

Real property values on Table 6.1 have been increased by 1 percent in 2021-22. On December 31, 2020 the SBE indicated that the inflation factor that assessors should use for 2021-22 should be 1.036 percent. For years after 2021-22, we have increased values by a 2 percent inflation factor on Table 6.1, which is the maximum which assessors are allowed to use. The other property category of values shown on Table 6 has been held constant in the projections. We have also reduced taxable values in fiscal year 2021-22 by the estimated impact of outstanding assessment appeals.

Tax increment has been estimated based on the application of the 1 percent tax rate to the incremental taxable value of the Project Area. SB 107 includes a provision that tax increment from debt service tax rates for pension bonds should be returned to the taxing entity that levies them (in this case the City of Richmond) rather than being deposited in the RPTTF. The only exception is when such revenues are pledged and needed to make debt service on bonds or other obligations. The County Auditor-Controller continues to deposit the revenue from the pension override tax into the RPTTF, but we have excluded those in our projections.

**Section H – Adjustments and Liens on Tax Increment**

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The tax increment revenues of the Project Area are subject to certain adjustments and liens, as described in this section.

*Property Tax Administrative Fees*

One adjustment to tax increment revenues is for property tax administrative fees collected by Contra Costa County. State law allows counties to charge taxing entities, including successor agencies, for the cost of administering the property tax collection system. In addition, the Dissolution Act allows counties to recover their costs in implementing the redevelopment dissolution act. Both portions of the fees have been estimated and shown in Table 6 and 6.1 based on the percentage that such fees represented from the January and June 2020 RPTTF distribution.

*Tax Sharing Payments*

Pursuant to 1994 legislation (AB 1290), the Agency is required to make payments to the affected taxing entities from the Project Area. The Dissolution Act requires the County Auditor-Controller to remit these payments to the taxing entities from the RPTTF prior to paying the Successor Agency's ROPS obligations. The payments are calculated somewhat differently for the parts of the Project Area that were adopted prior to AB 1290 (Pre-AB 1290) and the areas that were added after AB 1290 (6A Harbor Gate 1995 Area, and the 1999 & 2005 Amendment Areas).

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

The table on the next page shows, for each Pre-AB 1290 Constituent Project Area, the dates when AB 1290 pass through payments began. The table also shows the AB 1290 AV Base Year, which represents the date after which the Agency owed pass through payments on any tax increment increases.

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

For the 1995 Harbour Gate Area and the 1999 & 2005 Amendment Areas, pass through payments are due based on the total tax increment generated in those areas. The pass through payments for all Constituent Project Areas are based on a three tier formula, and payments are made after the Agency's deposit to its housing set-aside. Although the Agency is no longer required to make a housing set-aside deposit, the Dissolution Act specifically states that the AB 1290 payments are to be made as if the housing deposit were still being made. The table below shows the calculation methodology.

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

We have noted an understatement in the County’s calculation of the AB 1290 pass through payments. The County has not triggered the required Tier 2 payments for the Constituent Project Areas that should have begun the in the following fiscal years.

Constituent Project Area	FY Tier 2 Began
1A Eastshore	2011-12
1C Potrero	2010-11
3A Galvin	2010-11
8A Hensley (1980 Area)	2010-11
10A Downtown	2014-15
10B Nevin	2013-14
12A North Richmond	2013-14
11 A Harbour	2014-15
1999 Areas	2011-12
2005 Area	2017-18

We estimate that the County's method understated tax sharing payments by approximately \$2.3 million for 2019-20. Since 2016-17, the Agency has generated residual revenue that has exceeded the Tier 2 payment so the taxing entities have received the payments as residual revenue rather than as pass through payments, and so there has been no impact on the Agency. However, the understatement of the tax sharing payments has overstated the pledged revenues.

The Agency has informed the County of the issue and in January 2021 the County indicated that it has completed a part of its review and added Tier 2 payments for the 1999 Areas, which represent approximately 15 percent of the Tier 2 obligation. For purposes of the tax sharing payment amounts shown on Tables 6 and 6.1, we have included all of the Tier 2 payments.

#### *Senior Obligations*

The pledge of tax increment revenues for the Bonds is subordinate to the Senior Obligations. The Senior Obligations include the following:

- The 1998 Series A Harbor Redevelopment Project Tax Allocation Refunding Bonds, (Non-Callable CABs)
- The Richmond Joint Powers Financing Authority (RJPFA) Tax Allocation Revenue Bonds, Series 2004A (Taxable)
- The RJPFA Tax Allocation Revenue Bonds, Series 2003B (Taxable)
- The Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (Project Areas), 2007 Series B.

Table 1  
 Richmond Successor Agency  
 Merged Project Area

**HISTORICAL TAXABLE VALUE**

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value (1)
2020-21	\$4,424,536,378	\$292,106,523	\$1,920,744	\$4,718,563,645	6.80%	\$3,459,379,799
2019-20	4,133,495,693	282,567,774	1,920,744	4,417,984,211	6.79%	3,158,800,365
2018-19	3,884,897,289	250,157,083	1,940,744	4,136,995,116	8.49%	2,877,811,270
2017-18	3,547,096,459	265,116,844	949,052	3,813,162,355	9.08%	2,553,978,509
2016-17	3,252,451,720	242,230,836	956,859	3,495,639,415	5.82%	2,236,455,569
2015-16	3,037,435,613	264,881,956	977,442	3,303,295,011	8.38%	2,044,111,165
2014-15	2,778,468,064	268,551,866	983,925	3,048,003,855	10.05%	1,788,820,009
2013-14	2,485,509,543	282,511,676	1,750,562	2,769,771,781	1.69%	1,510,587,935
2012-13	2,417,883,713	304,053,011	1,754,001	2,723,690,725	-1.26%	1,464,506,879
2011-12	2,461,527,821	293,586,635	3,276,785	2,758,391,241	-1.07%	1,499,207,395
2010-11	2,546,839,451	238,073,825	3,233,132	2,788,146,408	-4.62%	1,528,962,562
2009-10	(2) 2,661,443,180	259,527,200	2,150,815	2,923,121,195	-21.10%	1,663,937,349
2008-09	3,463,588,277	238,992,760	2,155,512	3,704,736,549	N/A	2,445,552,703

Total Percentage Change	27.37%
Average Percentage Change	2.04%

- (1) Taxable Value above base year value of \$1,259,183,846. All values are net of exemptions.  
 (2) Project 10-B 2005 was below base from 2009-10 through 2013-14 and was not included in tax increment calculations.  
 We have included the value of that area in the trend in order to see how actual values declined.

Source: Contra Costa County Auditor-Controller Office

Table 2  
 Richmond Successor Agency  
 Merged Project Area

**TEN MAJOR PROPERTY TAX ASSESSEES**

Assessee	Type of Use	Constituent Project Area	# of Parcels	Secured	Unsecured	2020-21 Taxable Value (1)	% of Total Value (2)	% of Inc Value (2)
1) Kaiser Foundation Hospitals (3)	Hospital / Medical Offices/ Lab	10A & 11A	5	\$53,711,528	\$34,588,631	\$88,300,159	1.87%	2.55%
2) Pacific Atlantic Terminals	Industrial- Export / Import	11A	2	54,639,031	0	54,639,031	1.16%	1.58%
3) Phillips 66 Company (3)	Industrial - Export	11A	2	47,205,294	3,956,789	51,162,083	1.08%	1.48%
4) IPT Richmond DC I LP	Industrial- Export / Import	11A / 3A / 8A 2000	4	50,309,089	0	50,309,089	1.07%	1.45%
5) Dicon Fiberoptics Inc.	Industrial- Technology / Manuf.	11A	2	47,364,556	0	47,364,556	1.00%	1.37%
5) KM Phoenix Holdings LLC (3)	Petroleum Products / Chemicals	11A	1	45,984,790	0	45,984,790	0.97%	1.33%
6) Ford Point LLC	Industrial- Technology / Manuf.	11A	1	43,716,078	0	43,716,078	0.93%	1.26%
8) Atchison Village Mutual Homes (3)	Residential Real Estate	10B 2006	1	34,687,759	0	34,687,759	0.74%	1.00%
9) Duke Realty 2041 Factory St.	Meal Delivery Kit Business	8A	2	32,456,400	0	32,456,400	0.69%	0.94%
10) California Fats and Oils Inc	Industrial- Manufacturing	11A	1	30,019,570	0	30,019,570	0.64%	0.87%
<b>Total Valuation</b>				<b>\$440,094,095</b>	<b>\$38,545,420</b>	<b>\$478,639,515</b>	<b>10.14%</b>	<b>13.84%</b>

(1) Based on ownership of locally-assessed secured and unsecured property.  
 (2) Based on FY 2020-21 Project Area taxable value of \$4,718,563,645 and incremental value of \$3,459,379,799.  
 (3) Each owner has an outstanding assessment appeal. The Kaiser appeal is only for one of the parcels they own.

Table 3  
 Richmond Successor Agency  
 Merged Project Area

**HISTORICAL RECEIPTS (1)**

	Levy per County (2)	Tax Increment Receipts Less Supplementals	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2019-20	\$36,209,863	\$36,398,320	100.52%	\$1,785,099	\$38,183,419	105.45%
2018-19	33,197,978	33,194,587	99.99%	2,130,060	35,324,647	106.41%
2017-18	29,324,823	29,473,980	100.51%	745,188	30,219,168	103.05%
2016-17	25,667,301	24,229,989	94.40%	2,065,960	26,295,949	102.45%
2015-16	20,635,478	21,163,308	102.56%	1,146,682	22,309,990	108.11%
<b>Average Receipts to Levy</b>			<b>99.60%</b>			<b>105.03%</b>

- (1) Total deposits to RPTTF prior to pass through and administrative fee deductions.  
 Includes debt service override tax rate which the County includes in its calculations.  
 (2) Intial levy reported by Contra Costa County.

Table 4  
 Richmond Successor Agency  
 Merged Project Area

**HISTORICAL ANALYSIS OF TAX REVENUES**

Category	2015-16	2016-17	2017-18	2018-19	2019-20
Tax Increment	\$21,163,308	\$24,229,989	\$29,473,980	\$33,194,587	\$36,398,320
Supplemental Taxes	1,146,682	2,065,960	745,188	2,130,060	1,785,099
<b>Total Tax Increment (1)</b>	<b>\$22,309,990</b>	<b>\$26,295,949</b>	<b>\$30,219,168</b>	<b>\$35,324,647</b>	<b>\$38,183,419</b>
<i>Liens on Tax Increment:</i>					
Property Tax Admin Fees (2)	190,003	193,548	221,679	253,177	280,783
AB 1290 Tax Sharing Payments (3)	2,166,791	2,592,068	3,108,378	3,895,463	4,279,170
<b>Total</b>	<b>2,356,794</b>	<b>2,785,616</b>	<b>3,330,057</b>	<b>4,148,640</b>	<b>4,559,953</b>
<b>Net Tax Revenue</b>	<b>\$19,953,196</b>	<b>\$23,510,333</b>	<b>\$26,889,111</b>	<b>\$31,176,007</b>	<b>\$33,623,466</b>

(1) Reflects actual deposits to the RPTTF, including tax increment from debt service tax rate.

(2) Actual property tax administration fees.

(3) Tax sharing payments as reported by the County, which are understated.

Table 5  
 Richmond Successor Agency  
 Merged Project Area

**ESTIMATE OF TAX INCREMENT REVENUE FOR FISCAL YEAR 2020-21**

	<u>Taxable Value (1)</u>
<u>Local Secured</u>	
Land	\$2,088,045,852
Improvements	2,982,992,265
Personal Property	38,364,570
Gross Local Secured	<u>5,109,402,687</u>
Exempt	684,866,309
Net Local Secured	<u>4,424,536,378</u>
State Assessed	1,920,744
<u>Unsecured</u>	
Land	25,897,274
Improvements	111,311,012
Personal Property	160,541,555
Total Unsecured	<u>297,749,841</u>
Exempt	5,643,318
Net Unsecured	<u>292,106,523</u>
Total Value	4,718,563,645
Base Year Taxable Value	1,259,183,846
Incremental Taxable Value	<u>3,459,379,799</u>
Tax Increment (2)	34,593,800
Unitary Tax Increment	169,976
<b>Total Tax Increment Revenue</b>	<b><u>34,763,776</u></b>
<u>Liens on Tax Increment</u>	
Property Tax Administration Fees (3)	269,888
AB 1290 Tax Sharing (4)	7,706,534
<b>Net Tax Revenues</b>	<b><u>\$26,787,354</u></b>

- (1) Based on taxable values per Contra Costa County Auditor-Controller.
- (2) Calculated based on the application of 1% tax rate only.
- (3) Estimated based on percentage that January and June 2020 actual represented to total tax increment.
- (4) Tax sharing payments per the provisions of AB 1290.

Table 6  
 Richmond Successor Agency  
 Merged Project Area

**PROJECTION OF INCREMENTAL TAX REVENUE - 0% Growth  
 COMBINED PROJECT AREA**  
 (000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	AB 1290 (7) Tax Sharing Payments	Net Tax Revenues	(8) Senior Obligations	Successor Agency Refunding Revenues
2020 - 2021	4,523,380	N/A	\$4,523,380	\$195,184	\$4,718,564	\$3,459,380	\$34,594	\$170	\$34,764	\$270	\$7,707	\$26,787	\$7,157	\$19,630
2021 - 2022	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,437	22,272
2022 - 2023	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,576	22,133
2023 - 2024	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	3,395	23,315
2024 - 2025	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	3,987	22,723
2025 - 2026	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	4,043	22,667
2026 - 2027	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	6,647	20,063
2027 - 2028	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	2,020	24,690
2028 - 2029	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	830	25,880
2029 - 2030	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	830	25,880
2030 - 2031	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2031 - 2032	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2032 - 2033	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2033 - 2034	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2034 - 2035	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2035 - 2036	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875
2036 - 2037	4,511,096	0	4,511,096	195,184	4,706,279	3,447,096	34,471	170	34,641	269	7,662	26,710	835	25,875

- (1) Prior Year Real Property held constant. The value for 2021-22 has been reduced for the estimated impact of open appeals.
- (2) No new development included in the projections.
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of Project Area tax rate of 1% to the total incremental taxable value.
- (5) Based on County estimate for FY 2019-20.
- (6) Property tax administration fees are based on .78 percent of tax increment, which is the percentage that such fees represented from the January and June 2020 payment.
- (7) Tax sharing payments per AB 1290.
- (8) Annual debt service on Senior Obligations as defined in Trust Agreement.

Table 6.1  
 Richmond Successor Agency  
 Merged Project Area

**PROJECTION OF INCREMENTAL TAX REVENUE - 2% Growth  
 COMBINED PROJECT AREA**  
 (000's Omitted)

Fiscal Year	Real (1) Property	New (2) Development	Total Real Property	Other (3) Property	Total Value	Incremental Value Over Base	Tax (4) Increment	Unitary (5) Revenue	Total Tax Increment Revenue	Property Tax (6) Admin Fee	AB 1290 (7) Tax Sharing Payments	Net Tax Revenues	(8) Senior Obligations	Successor Agency Refunding Revenues
2020 - 2021	4,523,380	N/A	\$4,523,380	\$195,184	\$4,718,564	\$3,459,380	\$34,594	\$170	\$34,764	\$270	\$7,707	\$26,787	\$7,157	\$19,630
2021 - 2022	4,556,207	0	4,556,207	195,184	4,751,390	3,492,207	34,922	170	35,092	272	7,827	26,993	4,437	22,556
2022 - 2023	4,647,331	0	4,647,331	195,184	4,842,515	3,583,331	35,833	170	36,003	280	8,151	27,573	4,576	22,997
2023 - 2024	4,740,278	0	4,740,278	195,184	4,935,461	3,676,278	36,763	170	36,933	287	8,481	28,165	3,395	24,770
2024 - 2025	4,835,083	0	4,835,083	195,184	5,030,267	3,771,083	37,711	170	37,881	294	8,819	28,768	3,987	24,781
2025 - 2026	4,931,785	0	4,931,785	195,184	5,126,968	3,867,785	38,678	170	38,848	302	9,164	29,382	4,043	25,339
2026 - 2027	5,030,421	0	5,030,421	195,184	5,225,604	3,966,420	39,664	170	39,834	309	9,516	30,009	6,647	23,362
2027 - 2028	5,131,029	0	5,131,029	195,184	5,326,212	4,067,029	40,670	170	40,840	317	9,882	30,641	2,020	28,621
2028 - 2029	5,233,650	0	5,233,650	195,184	5,428,833	4,169,649	41,696	170	41,866	325	10,255	31,287	830	30,457
2029 - 2030	5,338,323	0	5,338,323	195,184	5,533,506	4,274,322	42,743	170	42,913	333	10,635	31,945	830	31,115
2030 - 2031	5,445,089	0	5,445,089	195,184	5,640,273	4,381,089	43,811	170	43,981	341	11,033	32,607	835	31,772
2031 - 2032	5,553,991	0	5,553,991	195,184	5,749,174	4,489,991	44,900	170	45,070	350	11,456	33,264	835	32,429
2032 - 2033	5,665,071	0	5,665,071	195,184	5,860,254	4,601,070	46,011	170	46,181	358	11,873	33,950	835	33,115
2033 - 2034	5,778,372	0	5,778,372	195,184	5,973,556	4,714,372	47,144	170	47,314	367	12,314	34,633	835	33,798
2034 - 2035	5,893,939	0	5,893,939	195,184	6,089,123	4,829,939	48,299	170	48,469	376	12,812	35,282	835	34,447
2035 - 2036	6,011,818	0	6,011,818	195,184	6,207,002	4,947,818	49,478	170	49,648	385	13,317	35,946	835	35,111
2036 - 2037	6,132,055	0	6,132,055	195,184	6,327,238	5,068,054	50,681	170	50,851	395	13,835	36,621	835	35,786

- (1) Prior Year Real Property increased by 1 percent in 2021-22 and then by 2 percent per year. The value for 2021-22 has been reduced for the estimated impact of open appeals.
- (2) No new development included in the projections.
- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of Project Area tax rate of 1% to the total incremental taxable value.
- (5) Based on County estimate for FY 2019-20.
- (6) Property tax administration fees are based on .78 percent of tax increment, which is the percentage that such fees represented from the January and June 2020 payment.
- (7) Tax sharing payments per AB 1290.
- (8) Annual debt service on Senior Obligations as defined in Trust Agreement.

## **Appendix – ROPS Cash Flow**

**SEMI-ANNUAL BOND DEBT SERVICE COVERAGE - ROPS SCHEDULE**

Category	Property Tax - 2020-21			Property Tax - 2021-22			Property Tax - 2022-23		
	20-21 B	21-22 A	Total	21-22 B	22-23 A	Total	22-23 B	23-24 A	Total
	January- June 2021	July - December 2021		January- June 2022	July - December 2022		January- June 2023	July - December 2023	
Tax Increment	\$17,296,900	\$17,296,900	34,593,800	\$17,296,900	\$17,296,900	\$34,593,800	\$17,296,900	\$17,296,900	34,593,800
Unitary	84,988	84,988	169,976	84,988	84,988	169,976	84,988	84,988	169,976
<b>Total Tax Increment / Trust Fund (1)</b>	<b>17,381,888</b>	<b>17,381,888</b>	<b>34,763,776</b>	<b>17,381,888</b>	<b>17,381,888</b>	<b>34,763,776</b>	<b>17,381,888</b>	<b>17,381,888</b>	<b>34,763,776</b>
<u>Obligations</u>									
Property Tax Administration Fees (2)	134,944	134,944	269,888	134,944	134,944	269,888	134,944	134,944	269,888
Tax Sharing Payments (3)	3,853,267	3,853,267	7,706,534	3,853,267	3,853,267	7,706,534	3,853,267	3,853,267	7,706,534
<b>Tax Revenues for Debt Service</b>	<b>\$13,393,677</b>	<b>\$13,393,677</b>	<b>\$26,787,354</b>	<b>\$13,393,677</b>	<b>\$13,393,677</b>	<b>\$26,787,354</b>	<b>\$13,393,677</b>	<b>\$13,393,677</b>	<b>\$26,787,354</b>
<i>Debt Service</i>									
1998 Tax Allocation Refunding Bond	1,150,000		1,150,000	1,150,000		1,150,000			0
2003B Tax Allocation Revenue Bond	1,210,796		1,210,796	1,208,190		1,208,190	1,207,435		1,207,435
2004A 2/3 Non-Housing TA Revenue Bond			0	640,395		640,395	727,285		727,285
2004A 1/3 Housing TA Revenue Bond	79,107	744,656	823,763		357,387	357,387		351,360	351,360
2004 B Tax Allocation Revenue Bond (Housing)	138,300		138,300			0			0
2007 Tax Allocation Bonds (Housing)		1,085,000	1,085,000		1,145,000	1,145,000		1,175,000	1,175,000
2014 A Tax Allocation Revenue Bond	2,481,500		2,481,500	2,423,500		2,423,500	2,418,500		2,418,500
2021 Tax Allocation Refunding Bond		1,416,904	1,416,904	1,736,810		1,736,810	2,783,923		2,783,923
<b>Total Debt Service (4)</b>	<b>5,059,703</b>	<b>3,246,560</b>	<b>8,306,263</b>	<b>7,158,895</b>	<b>1,502,387</b>	<b>8,661,282</b>	<b>7,137,143</b>	<b>1,526,360</b>	<b>8,663,503</b>
<b>Remaining Revenue</b>	<b>8,333,974</b>	<b>10,147,117</b>	<b>18,481,091</b>	<b>6,234,782</b>	<b>11,891,290</b>	<b>18,126,072</b>	<b>6,256,534</b>	<b>11,867,317</b>	<b>18,123,851</b>
<b>Coverage</b>	<b>265%</b>	<b>413%</b>	<b>322%</b>	<b>187%</b>	<b>891%</b>	<b>309%</b>	<b>188%</b>	<b>877%</b>	<b>309%</b>

(1) Estimate tax increment revenue for 20-21 held constant in the future.

(2) Estimated based on percentage that January and June 2020 represented to total tax increment.

(3) Tax sharing payments per AB 1290. Reflects Fraser & Associates calculation.

(4) Bond year debt service based on legal requirements of various bond documents and Agency ROPS procedures. Amount shown reduced for reserve funds in final year of payment.

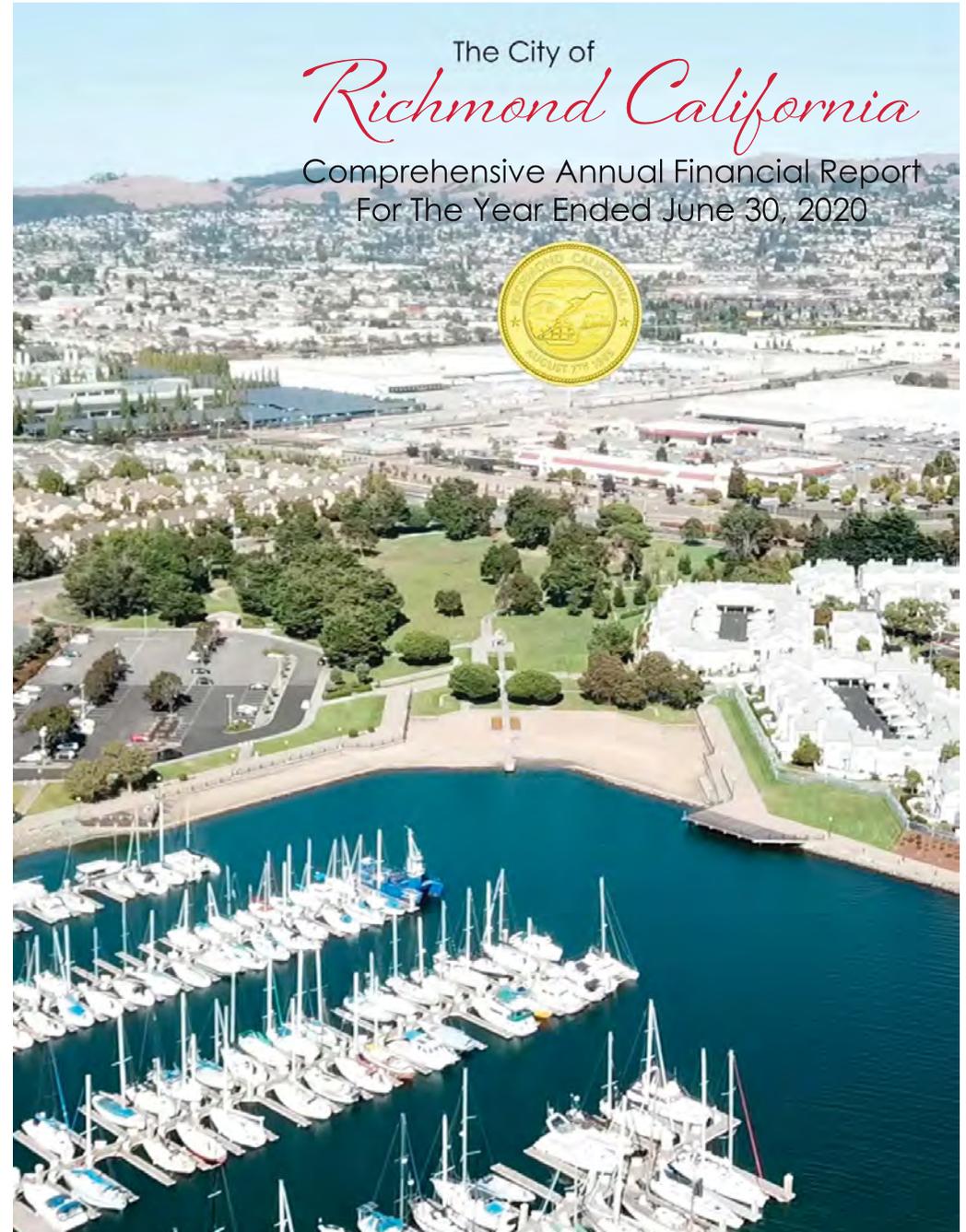
## APPENDIX C

### CITY OF RICHMOND COMPREHENSIVE AUDITED FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

*The Successor Agency is a separate legal entity from the City, with assets and liabilities entirely separate from the assets and liabilities of the City. The Series 2021 Refunding Bonds are payable from and secured by a pledge of Successor Agency Refunding Revenues only. The Comprehensive Annual Financial Report of the City for the Year Ended June 30, 2020 is included **only** because it includes the audited financial statements of the Successor Agency.*

The City of  
*Richmond California*

Comprehensive Annual Financial Report  
For The Year Ended June 30, 2020



City of Richmond  
California

# Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2020

Prepared by the Finance Department

Belinda Brown

Finance Director/Treasurer

Cover rendering by Marcy Wong Donn Logan Architects

**City of Richmond**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2020**  
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**FINANCE DEPARTMENT**



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

January 14, 2021

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) 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, 2020, 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, 2020, 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, 2020, 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, 2020. 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 CAFR 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

COVID-19 has had a severe impact on the local economy but primarily on small businesses, restaurants and hotels. When the shelter-at-home orders were issued by the Contra Costa County Health Department, many feared devastating decreases to City revenues. Working with financial consultants and looking at what other cities were doing, Richmond forecasted significant decreases primarily to its Sales Tax and Hotel Tax revenues, the two revenue streams most severely impacted throughout the nation. After a few months, for Sales Tax in particular, it turned out that the impact was not as severe as feared. Richmond, bolstered by the Big Box Stores including Costco, Target, The Home Depot, and Wal-Mart only saw modest decreases. For Sale Tax, we saw reductions of just below 8% (\$3.8 million) of budgeted amounts. For Hotel Tax, the decrease was 30% (\$600k) below budgeted amounts. A big part of this decrease was due to the largest hotel in Richmond being leased by the County and thus not subject to the Hotel Tax. The City was also impacted by reductions to services and fees. Many programs, especially in Community Services, were cut or transitioned to being online. Other major revenue streams such as Property Tax, Utility Users Tax, and Transient Occupancy Tax were not impacted by the pandemic.

### 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, 2020 include the following:

#### Community Services Department (CSD)

- Community Services receives the Helen Putnam Award for its Achieve Program. This program was designed to recognize and promote the outstanding efforts and innovative solutions made by city governments each year.
- Richmond Tennis Association's women swept the competition 3-0 to win the Northern California Singles Championship.

#### Information Technology (IT)

- The City of Richmond was honored with a Spirit of Collaboration Award recognizing the contributions of the City of Richmond IT Department for connecting Richmond youth to the power and fun of STEM (Science, Technology, Engineering and Math) education.

#### Library – Literacy for Every Adult Program (LEAP)

- LEAP hosted its fall graduation for 14 Richmond residents who received their General Education diploma and/or High School diploma.

#### 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.

#### Public Safety

- The Fire Department graduated its fourth all Spanish-speaking Community Emergency Response Team (CERT) class of 25 students. The CERT program educates people about disaster preparedness for hazards that may impact their neighborhoods and community. It trains them in basic disaster response skills such as fire safety, light search and rescue, team organization, and disaster medical operations.

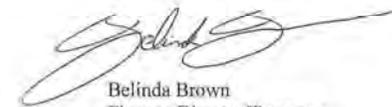
### ACKNOWLEDGEMENTS

The preparation of this CAFR 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.

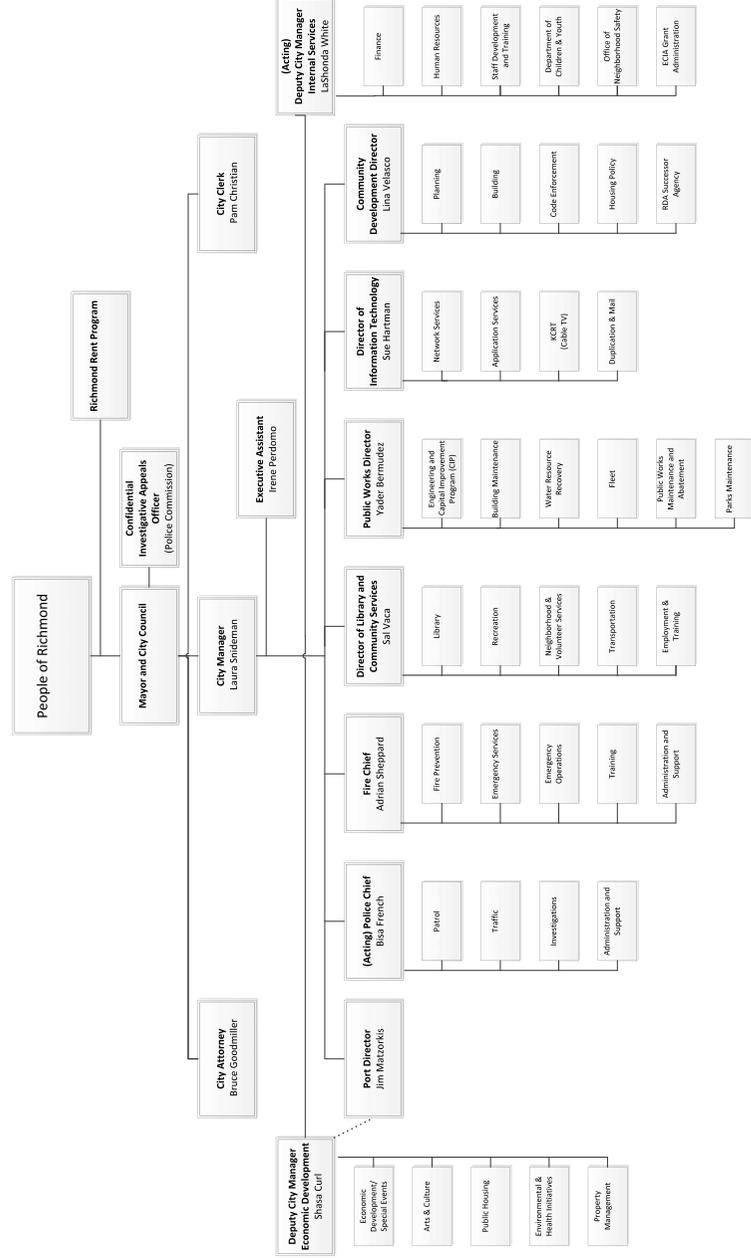
Respectfully submitted,



Belinda Brown  
Finance Director/Treasurer

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# Organizational Chart



# List of Elected and Appointed Officials

JUNE 30, 2020

## CITY COUNCIL

Mayor .....	Tom Butt
Vice Mayor .....	Nathaniel Bates
Councilmember .....	Ben Choi
Councilmember .....	Demetrius Johnson
Councilmember .....	Eduardo Martinez
Councilmember .....	Jael Myrick
Councilmember .....	Melvin Willis

## ADMINISTRATION AND EXECUTIVE MANAGEMENT

City Manager .....	Laura Srideman
Deputy City Manager, Economic Development .....	Shasa Curt
Deputy City Manager, Internal Services (Acting) .....	LaShonda White
City Attorney (Acting) .....	Rachel Sommovilla
City Clerk .....	Pamela Christian
Library & Community Services Director .....	Sal Vaca
Finance Director/Treasurer .....	Belinda Brown
Fire Chief .....	Adrian Sheppard
Housing Authority Director .....	Namette Beacham
Human Resources Director (Interim) .....	Allison Picard
Information Technology Director .....	Sue Hartman
Library & Cultural Services Director .....	Katy Curt
Community Development Director .....	Lina Velasco
Police Chief (Acting) .....	Bisa French
Port Director .....	Jim Matzorkis
Public Works Director .....	Yader Bermudez
Rent Control Executive Director .....	Nicolas Traylor
Water Resource Recovery Manager .....	Ryan Smith



## 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, 2020, 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, 2020. 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, 2020. The Richmond Housing Authority's financial activities are included in the City's basic financial statements as a major enterprise fund and represent 12.48%, 15.52%, and 8.74% 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, 2020, 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 177-197 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 January 14, 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

To the Honorable Mayor and Members of the City Council  
of the City of Richmond  
Richmond, California  
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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 and Associates  
Certified Public Accountants  
Berkeley, California  
January 14, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2020

This narrative overview and analysis of the City of Richmond's (the "City") Basic Financial Statements for the fiscal year ended June 30, 2020. 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 increase of \$19.5 million during the fiscal year attributed to a \$9.6 million increase in governmental activities and \$9.9 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 \$298.2 million (net deficit). Alternatively, the assets and deferred outflows of the business-type activities of the City exceeded its liabilities and deferred inflows by \$64.7 million.
- At June 30, 2020, the City's unrestricted net deficit (governmental and business-type activities) totaled \$598.3 million, a \$54.7 million increase 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 decreased by a net \$7.4 million to \$95.2 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, 2020, the net position of RHA is \$10 million or 16% 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 increased to the minimum 15% of the General Fund's next year's budgeted appropriations or \$24.8 million and the balance was \$20.3 million at June 30, 2020.
- The Net Pension Liability of \$340.5 million, representing an accounting measure of the City's unfunded pension obligation, increased by \$10.1 million from \$330.4 million. The City reports \$119.3 million in the Other Post-Employment Benefit (OPEB) liability for this fiscal year which is a decrease of \$74.5 million from the \$193.8 million obligation reported in the prior year.
- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by \$1.9 million in fiscal year 2020. This is primarily attributable to tax and service 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 202-209 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 Agency 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 47-174 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.

	Governmental Activities		Business-type Activities		Totals	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
<b>Assets:</b>						
Current assets	\$ 162,908	\$ 145,667	\$ 42,530	\$ 49,757	\$ 205,438	\$ 195,424
Other noncurrent assets	46,809	46,672	11,222	11,222	58,031	57,894
Capital assets	289,302	298,918	197,900	190,133	487,202	489,051
Total Assets	499,019	491,257	251,652	251,112	750,671	742,369
<b>Deferred Outflows of Resources:</b>						
Deferred outflows related to pensions	38,453	48,941	1,202	1,306	39,655	50,247
Deferred outflows related to OPEB	4,335	5,084	230	269	4,565	5,353
Deferred outflows related to fair value of derivatives	46,285	-	-	-	46,285	-
Deferred charge on refunding	-	-	6,595	6,942	6,595	6,942
Total Deferred Outflows of Resources	89,073	54,025	8,027	8,517	97,100	62,542
<b>Liabilities:</b>						
Current liabilities	100,103	83,770	16,687	12,748	116,790	96,518
Noncurrent liabilities	725,744	792,458	175,132	193,405	900,876	985,863
Total Liabilities	825,847	876,228	191,819	206,153	1,017,666	1,082,381
<b>Deferred Inflows of Resources:</b>						
Deferred inflows related to pensions	5,065	5,871	184	378	5,249	6,249
Deferred inflows related OPEB	55,373	2,649	2,933	140	58,306	2,789
Total Deferred Inflows of Resources	60,438	8,520	3,117	518	63,555	9,038
<b>Net Position:</b>						
Net investment in capital assets	205,374	211,718	64,271	52,161	269,645	263,879
Restricted	93,704	93,158	1,517	9,441	95,221	102,599
Unrestricted	(597,271)	(644,342)	(1,045)	(8,644)	(598,316)	(652,986)
Total Net Position (Deficit)	\$ (298,193)	\$ (339,466)	\$ 64,743	\$ 52,958	\$ (233,450)	\$ (286,508)

## Government-wide Activities

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

	Governmental Activities		Business-type Activities		Totals	
	FY2020	FY2019	FY2020 *	FY2019 *	FY2020	FY2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 29,574	\$ 33,547	\$ 43,086	\$ 42,221	\$ 72,660	\$ 75,768
Operating grants/contributions	25,354	20,515	4,028	28,666	29,382	49,181
Capital grants/contributions	4,987	5,779	322	2,170	5,309	7,949
<b>General revenues:</b>						
Property taxes-current collections	63,005	60,592	-	-	63,005	60,592
Sales taxes	44,537	47,659	-	-	44,537	47,659
Utility user taxes	45,553	45,906	-	-	45,553	45,906
Documentary transfer taxes	8,708	8,012	-	-	8,708	8,012
Other taxes	7,127	6,227	-	-	7,127	6,227
Unrestricted Intergovernmental	5,368	4,705	-	-	5,368	4,705
Use of money and property	2,947	(6,826)	770	(1,015)	3,717	(7,841)
Gain on sale of capital assets	82	72	-	-	82	72
Other	1,992	1,981	-	-	1,992	1,981
Total revenues	239,234	228,169	48,206	72,042	287,440	300,211
<b>Expenses:</b>						
General government	43,496	45,626	-	-	43,496	45,626
Public safety	108,948	116,621	-	-	108,948	116,621
Public works	45,051	49,893	-	-	45,051	49,893
Community development	4,115	5,792	-	-	4,115	5,792
Cultural & recreation	10,410	15,074	-	-	10,410	15,074
Housing & redevelopment	2,808	2,677	-	-	2,808	2,677
Interest and fiscal charges	14,897	15,380	-	-	14,897	15,380
Richmond Housing Authority	-	-	5,834	36,766	5,834	36,766
Port of Richmond	-	-	7,745	8,812	7,745	8,812
Municipal Sewer	-	-	21,768	19,260	21,768	19,260
Richmond Marina	-	-	241	274	241	274
Storm Sewer	-	-	1,965	1,643	1,965	1,643
Cable TV	-	-	672	974	672	974
Total expenses	229,725	251,063	38,225	67,729	267,950	318,792
Excess (Deficiency) of Revenues Over (Under) Expenses	9,509	(22,894)	9,981	4,313	19,490	(18,581)
Transfers	87	(221)	(87)	221	-	-
Changes in Net Position	9,596	(23,115)	9,894	4,534	19,490	(18,581)
Net position (deficit) at beginning of year (July 1, 2019 restated)	(307,789)	(316,351)	54,849	48,424	(252,940)	(267,927)
Net position (deficit) at end of year	\$ (298,193)	\$ (339,466)	\$ 64,743	\$ 52,958	\$ (233,450)	\$ (286,508)

\* Business-type Activities beginning balance was restated and increased by \$1.89 million in the Richmond Housing Authority. The prior year amounts have not been restated. Please see Note 9E.

**Governmental Activities**

Governmental activities increased the City’s net position by \$9.6 million, accounting for 49.2% of the City’s total increase in net position of \$19.5 million. Total revenues of \$239.2 million exceeded expenses of \$229.7 million by \$9.5 million. Revenues increased \$11.1 million or 4.8% primarily due to an increase in Use of Money and Property. That category went from negative \$6.8 million in fiscal year 2018-19 to \$2.9 million in fiscal year 2019-20, a shift of nearly \$10 million. Expenses decreased \$21.3 million or 8.5% from prior year primarily due to decreases in public safety, cultural and recreation, and public works.

**Business Type Activities**

Business-type activities increased the City’s net position by \$9.9 million. Key factors contributing to the increase in business-type activities are as follows:

- The Richmond Housing Authority’s (“RHA”) net position decreased by \$1.7 million. RHA’s operating loss of \$5 million decreased \$28.4 million, or 85.1% from prior year primarily due to the reduction in Housing Assistance payments from transferring the Section 8 program to the Contra Costa County.
- The Port of Richmond (“Port”) reported operating income of \$4 million. During the year, the Port incurred \$1.3 million of interest expense which resulted in a \$2.8 million increase in net position.
- The Municipal Sewer fund reported operating income of approximately \$11.2 million. There were \$4.4 million of non-operating expenses the majority of which represented interest and swap expenses incurred on various Wastewater Debt issues, offset by \$322 in federal subsidies received to reduce interest cost associated with Richmond Wastewater Revenue Bonds, Series 2010B, resulting in a \$7.1 million change in net position.
- Other Enterprise funds had a combined \$1.6 million increase in net position, with operating income of approximately \$1.2 million. There were \$560 thousand in non-operating income primarily due an increase in grants.

**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.

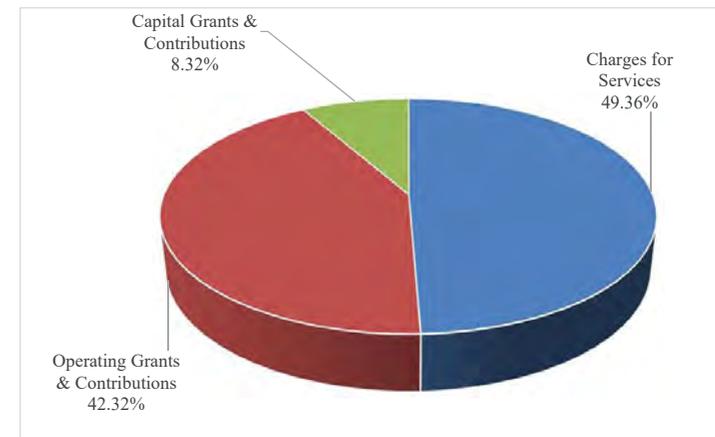
The following table details the net program costs for each of the governmental activities functions:

Functions	Expenses and Program Revenues		
	Governmental Activities		Net (Expenses)
	Expenses	Revenues	Revenues
General government	\$ 43,495,871	\$ 15,534,498	\$ (27,961,373)
Public safety	108,947,688	8,204,925	(100,742,763)
Public works	45,051,479	12,715,054	(32,336,425)
Community development	4,115,214	20,031,161	15,915,947
Cultural and recreational	10,409,881	2,211,540	(8,198,341)
Housing and redevelopment	2,807,611	1,218,099	(1,589,512)
Interest on long-term debt	14,896,558	-	(14,896,558)
<b>Total</b>	<b>\$ 229,724,302</b>	<b>\$ 59,915,277</b>	<b>\$ (169,809,025)</b>

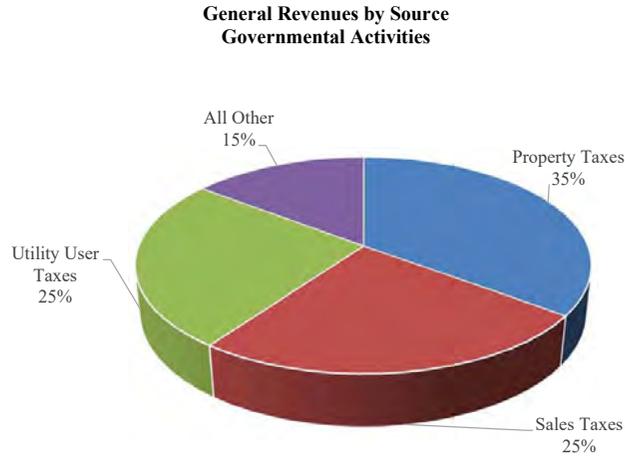
Total governmental activities expenses of \$229.7 million were offset by \$59.9 million in program revenues in fiscal year 2020. Program revenues are derived directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry. They reduce the net cost of the function to be financed from the government’s general revenues. During the fiscal year, the net costs funded by the City’s general revenues were \$169.8 million.

As reflected in the pie chart below, 49% 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 51% 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 \$179.3 million in fiscal year 2020. The three largest components of general revenues received were Property Taxes-current collections of \$63 million, Sales Taxes of \$44.5 million and Utility User Taxes of \$45.5 million. The following graph shows the City's general revenues by source.

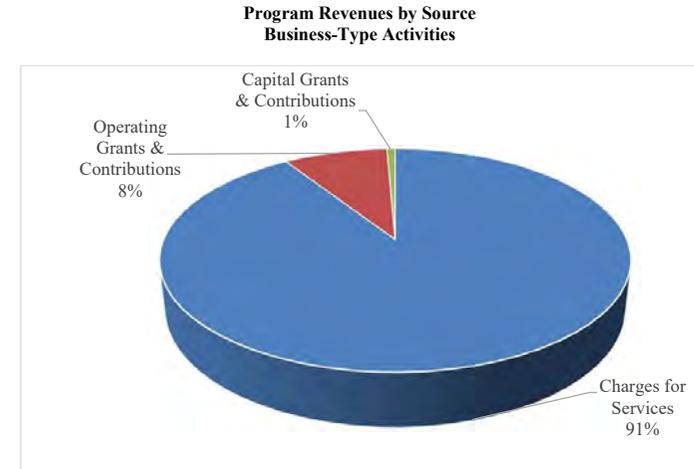


The following table details net program costs for business-type activities:

	Expenses and Program Revenues Business-type Activities		
	Expenses	Program Revenues	Net (Expenses) Revenues
<b>Business-type Activities</b>			
Richmond Housing Authority	\$ 5,834,686	\$ 4,183,340	\$ (1,651,346)
Port of Richmond	7,744,773	10,454,061	2,709,288
Municipal Sewer	21,767,690	28,256,848	6,489,158
Richmond Marina	241,445	564,988	323,543
Storm Sewer	1,965,353	2,773,331	807,978
Cable TV	671,790	1,203,837	532,047
<b>Total</b>	<b>\$ 38,225,737</b>	<b>\$ 47,436,405</b>	<b>\$ 9,210,668</b>

Business-type activities revenue exceeded expenses by \$10 million, as Municipal Sewer and Port of Richmond contributed net revenues of \$7.1 million and \$2.7 million, respectively.

As reflected in the pie chart below, 91% of the business-type program revenues came from Charges for Services and the remaining 9% were derived from Operating and Capital Grants.



**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 \$112.6 million, an increase of \$8.1 million, or 8% 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 and expenditures decreased by \$2.5 million or 1% and \$493 thousand and 0.3%, respectively. The decrease in revenues is primarily due to the decreases in collection of Sales Tax, Hotel Tax and Charges for Services stemming from the decreased activity as the result of the COVID-19 restrictions that were in place. The decrease in expenditures is primarily due to a one time correction totaling \$1.8 million of disallowed costs to the General Fund in FY2018-19 and lower Cost Pool expenses.

At the end of the current fiscal year, the total fund balance increased by \$1.9 million from the prior year to \$38.6 million. The General Fund reported an unassigned fund balance of \$20.3 million, an increase of \$792 thousand from prior year, of which \$20.3 million represents the amount the City has set aside for contingency.

**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, 2020, fund balance is \$29.3 million which represents a \$1.5 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") was established to administer funds provided by the Department of Housing and Urban Development (HUD) to assist low-income families in obtaining decent, safe and sanitary housing. RHA'S net position decreased \$1.7 million to \$10 million at June 30, 2020.

**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 \$2.8 million to \$11.3 million. The increase is partially due to lower debt service interest expenses of \$776 thousand, and lower contractual service expenses of \$339 thousand.

**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 \$7.1 million to \$43.2 million at June 30, 2020.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The adopted budget, excluding transfers, bond premium and proceeds from sale of property, reflected \$165.6 million in estimated revenues and \$163.6 million in appropriations.

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

The final amended budget included a \$480 thousand decrease in estimated revenue and an \$827 thousand increase in appropriations. Actual revenues of \$163.6 million were \$1.6 million less than adjusted operating revenue budget, a variance of 1%. Key elements of the variances in revenues are discussed as follows:

Property Taxes totaled \$44.1 million which is \$245 thousand more than the Revised Budget and \$567 thousand less 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 \$45.5 million which was \$726 thousand less than expected. The bulk of the decrease was in tax collected related to telecommunications and pre-paid wireless collected at stores and by the State. This revenue stream saw a year over year decrease of \$353 thousand.

Sales Taxes totaled \$44.5 million which was \$3.8 million below the Revised Budget and \$4.3 million less than the Original Budget. This corresponded to decreases in the regular Sales Tax and proportional increases in both half cent Sales Tax measures. More directly, we experienced Sales Tax decreases due to the shelter in place order and general downturn in the economy stemming from the regional COVID-19 restrictions. Whole all business sectors in the City experienced decreases in the second half of the fiscal year, the categories of Transportation and Business to Business saw the biggest declines.

Licenses, Permits and Fees totaled \$3.6 million which was \$356 thousand more than the Revised Budget amount. The bulk of this stemmed from the collection of Business License Tax. The previous years' saw significant increases due to the collective efforts from the Business License Division, Code Enforcement, Rent Control and MuniServices. 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 decrease.

The final adjusted appropriations were \$164.5 million, a increase of \$827 thousand from the original adopted budget appropriation of \$163.7 million. The adopted budget appropriation was increased primarily due to mid-year and year-end adjustments. The final budget appropriation for transfers out was \$15.9 million, an increase of \$2.9 million from the original adopted budget appropriation of \$13 million. The increase was primarily due to mid-year adjustments to Garfield and General Pensions, plus there was an adjustment for emergency COVID-19 funds. Year-end adjustments in which transfers from the General Fund operating surplus were used to clear the negative cash balance to R-Transit and Engineering Cost Recovery Funds.

**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, 2020 amounted to \$487.2 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, 2020 and 2019**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 29,468,867	\$ 29,468,867	\$ 7,195,986	\$ 7,195,986	\$ 36,664,853	\$ 36,664,853
Construction in Progress	29,311,328	23,589,785	21,825,629	6,759,954	51,136,957	30,349,739
Building and improvements	107,117,826	111,130,983	24,429,428	25,107,706	131,547,254	136,238,689
Machinery and equipment	8,195,781	8,300,233	2,777,744	3,380,025	10,973,525	11,680,258
Infrastructure	115,208,331	126,428,498	141,671,045	147,689,239	256,879,376	274,117,737
Total Capital assets	\$ 289,302,133	\$ 298,918,366	\$ 197,899,832	\$ 190,132,910	\$ 487,201,965	\$ 489,051,276

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, 2020 decreased \$22.1 million from \$443.7 million to \$422.6 million. The \$22.1 million decrease is due to the City refunding the Point Potrero Lease Revenue Bond, Series 2019A and paying off the 2009B.

**Outstanding Debt  
June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Totals	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Revenue bonds	\$ -	\$ -	\$ 141,391,552	\$ 144,811,738	\$ 141,391,552	\$ 144,811,738
Lease revenue bonds	107,666,888	109,098,574	17,940,892	30,331,623	125,607,780	139,430,197
Pension obligation bonds	144,339,640	147,275,826	-	-	144,339,640	147,275,826
Total bonds payable	252,006,528	256,374,400	159,332,444	175,143,361	411,338,972	431,517,761
Loans payable	1,156,440	1,287,277	3,435,667	3,227,227	4,592,107	4,514,504
Capital leases	6,661,806	7,640,339	-	-	6,661,806	7,640,339
Total outstanding debt	\$ 259,824,774	\$ 265,302,016	\$ 162,768,111	\$ 178,370,588	\$ 422,592,885	\$ 443,672,604

The City does not have any general obligation bonds as of June 30, 2020.

**Economic Factors, Next Year’s Budget and Inflation Rates**

The City’s economic base slowed significantly in the second half of the fiscal year due the effects of the COVID-19 restrictions. Property values assessed by the County as of January 1, 2020 have increased by 4.27% over the prior year. Additionally, 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 finally to \$6.5 million in FY2019-20. Sales Tax is expected to slowly rebound in FY2019-20 depending on how quickly the local economy returns somewhat to back to normal.

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 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 is expected to bring in an additional \$6.4 million for the City once implemented in FY2020-21.

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. The City continues to work with Public Financial Management Group (PFM) through the National Resource Network on budget and financial planning. For the upcoming fiscal year, PFM will work with the City 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](mailto:Finance@ci.richmond.ca.us).

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**BASIC  
FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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**City of Richmond**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	RHA Properties	RHA Housing Corporation	RHA RAD LLC
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 100,647,845	\$ 35,992,188	\$ 136,640,033	\$ -	\$ 4,809	\$ -
Restricted cash and investments	15,634,314	24,159,230	39,793,544	-	-	-
Receivables:						
Accounts, net	13,330,251	9,108,877	22,439,128	-	-	-
Interest	149,554	43,035	192,589	-	-	-
Grants	4,682,141	1,249,550	5,931,691	-	-	-
Loans	-	-	-	-	-	14,510,000
Internal balances	28,022,326	(28,022,326)	-	-	-	-
Prepays and supplies	441,424	-	441,424	-	-	-
Total current assets	162,907,855	42,530,554	205,438,409	-	4,809	14,510,000
Noncurrent assets:						
Due from developer	-	11,221,743	11,221,743	-	-	-
Loans	46,731,309	-	46,731,309	-	-	-
Property held for resale	78,016	-	78,016	-	-	-
Capital assets:						
Nondepreciable	58,780,195	29,021,615	87,801,810	-	-	-
Depreciable	736,081,525	356,786,684	1,092,868,209	-	-	-
Less accumulated depreciation	(505,559,587)	(187,908,467)	(693,468,054)	-	-	-
Total capital assets	289,302,133	197,899,832	487,201,965	-	-	-
Total noncurrent assets	336,111,458	209,121,575	545,233,033	-	-	-
<b>Total assets</b>	<b>499,019,313</b>	<b>251,652,129</b>	<b>750,671,442</b>	<b>-</b>	<b>4,809</b>	<b>14,510,000</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources - pension	38,452,538	1,202,479	39,655,017	-	-	-
Deferred outflows of resources - OPEB	4,335,595	229,631	4,565,226	-	-	-
Deferred outflows - change in fair value of derivative instruments	46,284,752	-	46,284,752	-	-	-
Deferred charge on refunding	-	6,594,821	6,594,821	-	-	-
<b>Total deferred outflows of resources</b>	<b>89,072,885</b>	<b>8,026,931</b>	<b>97,099,816</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	11,664,351	7,008,170	18,672,521	-	-	-
Interest payable	1,364,346	2,583,828	3,948,174	-	-	-
Refundable deposits	739,057	431,292	1,170,349	-	-	-
Unearned revenue	7,229,444	-	7,229,444	-	-	-
Derivative instrument at fair value	46,284,752	-	46,284,752	-	-	-
Compensated absences - due within one year	5,718,134	106,863	5,824,997	-	-	-
Claims liabilities - due within one year	12,438,015	-	12,438,015	-	-	-
Long-term debt - due within one year	14,665,418	6,557,279	21,222,697	-	-	-
Total current liabilities	100,103,517	16,687,432	116,790,949	-	-	-
Noncurrent liabilities:						
Unearned revenue	-	1,292,496	1,292,496	-	-	-
Compensated absences	7,452,663	222,052	7,674,715	-	-	-
Claims liabilities	30,802,352	-	30,802,352	-	-	-
Long-term debt	245,159,356	156,210,832	401,370,188	-	-	-
Net pension liability	329,074,833	11,408,198	340,483,031	-	-	-
Net OPEB liability	113,254,392	5,998,416	119,252,808	-	-	-
Total noncurrent liabilities	725,743,596	175,131,994	900,875,590	-	-	-
<b>Total liabilities</b>	<b>825,847,113</b>	<b>191,819,426</b>	<b>1,017,666,539</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources - pension	5,064,564	183,860	5,248,424	-	-	-
Deferred inflows of resources - OPEB	55,373,238	2,932,792	58,306,030	-	-	-
<b>Total deferred inflows of resources</b>	<b>60,437,802</b>	<b>3,116,652</b>	<b>63,554,454</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	205,374,054	64,270,898	269,644,952	-	-	-
Restricted for:						
Capital projects	7,256,205	-	7,256,205	-	-	-
Debt service	11,323,318	1,517,087	12,840,405	-	-	-
Housing and redevelopment	20,146,438	-	20,146,438	-	-	-
Community development projects	54,978,013	-	54,978,013	-	-	-
Total restricted	93,703,974	1,517,087	95,221,061	-	-	-
Unrestricted	(597,270,745)	(1,045,003)	(598,315,748)	-	4,809	14,510,000
<b>Total net position</b>	<b>\$ (298,192,717)</b>	<b>\$ 64,742,982</b>	<b>\$ (233,449,735)</b>	<b>\$ -</b>	<b>\$ 4,809</b>	<b>\$ 14,510,000</b>

See accompanying Notes to Basic Financial Statements

**City of Richmond**  
**Statement of Activities**  
**For the year ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues				Total
		Charges for Services	Operating	Capital	Total	
			Grants and Contributions	Grants and Contributions		
<b>Primary Government:</b>						
<b>Governmental activities:</b>						
General government	\$ 43,495,871	\$ 13,211,033	\$ 603,224	\$ 1,720,241	\$ 15,534,498	
Public safety	108,947,688	6,631,900	1,164,133	408,892	8,204,925	
Public works	45,051,479	7,792,157	3,187,708	1,735,189	12,715,054	
Community development	4,115,214	827,055	18,902,159	301,947	20,031,161	
Cultural and recreational	10,409,881	1,111,472	1,100,068	-	2,211,540	
Housing and redevelopment	2,807,611	-	397,095	821,004	1,218,099	
Interest on long-term debt	14,896,558	-	-	-	-	
Total governmental activities	229,724,302	29,573,617	25,354,387	4,987,273	59,915,277	
<b>Business-type activities</b>						
Richmond Housing Authority	5,834,686	841,319	3,342,021	-	4,183,340	
Port of Richmond	7,744,773	10,454,061	-	-	10,454,061	
Municipal Sewer	21,767,690	27,934,684	-	322,164	28,256,848	
Richmond Marina	241,445	564,988	-	-	564,988	
Storm Sewer	1,965,353	2,087,561	685,770	-	2,773,331	
Cable TV	671,790	1,203,837	-	-	1,203,837	
Total business-type activities	38,225,737	43,086,450	4,027,791	322,164	47,436,405	
<b>Total primary government</b>	<b>\$ 267,950,039</b>	<b>\$ 72,660,067</b>	<b>\$ 29,382,178</b>	<b>\$ 5,309,437</b>	<b>\$ 107,351,682</b>	
<b>Component units:</b>						
RHA Properties	-	-	-	-	-	
RHA Housing Corporation	1,430	-	-	-	-	
RHA RAD LLC	-	-	-	-	-	
<b>Total component units</b>	<b>\$ 1,430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**General Revenues:**

Taxes:

Property taxes - current collections	63,004,942
Sales taxes	44,537,156
Utility user taxes	45,552,523
Documentary transfer taxes	8,707,564
Other taxes	7,127,375

**Total taxes**

Unrestricted intergovernmental	5,367,784
Use of money and property	2,946,978
Gain (loss) from sale of capital assets	82,036
Other	1,992,600
Transfers	86,778

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

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
\$ (27,961,373)	\$ -	\$ (27,961,373)	-	-	-
(100,742,763)	-	(100,742,763)	-	-	-
(32,336,425)	-	(32,336,425)	-	-	-
15,915,947	-	15,915,947	-	-	-
(8,198,341)	-	(8,198,341)	-	-	-
(1,589,512)	-	(1,589,512)	-	-	-
(14,896,558)	-	(14,896,558)	-	-	-
(169,809,025)	-	(169,809,025)	-	-	-
-	(1,651,346)	(1,651,346)	-	-	-
-	2,709,288	2,709,288	-	-	-
-	6,489,158	6,489,158	-	-	-
-	323,543	323,543	-	-	-
-	807,978	807,978	-	-	-
-	532,047	532,047	-	-	-
-	9,210,668	9,210,668	-	-	-
(169,809,025)	9,210,668	(160,598,357)	-	-	-
-	-	-	-	(1,430)	-
-	-	-	-	-	-
-	-	-	-	(1,430)	-
63,004,942	-	63,004,942	-	-	-
44,537,156	-	44,537,156	-	-	-
45,552,523	-	45,552,523	-	-	-
8,707,564	-	8,707,564	-	-	-
7,127,375	-	7,127,375	-	-	-
168,929,560	-	168,929,560	-	-	-
5,367,784	-	5,367,784	-	-	-
2,946,978	770,319	3,717,297	-	-	-
82,036	-	82,036	-	-	-
1,992,600	-	1,992,600	-	-	-
86,778	(86,778)	-	-	-	-
179,405,736	683,541	180,089,277	-	-	-
9,596,711	9,894,209	19,490,920	-	(1,430)	-
(307,789,428)	54,848,773	(252,940,655)	-	6,239	14,510,000
\$ (298,192,717)	\$ 64,742,982	\$ (233,449,735)	\$ -	\$ 4,809	\$ 14,510,000

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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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, 2020

	General Fund	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 20,202,116	\$ 2,189,993	\$ 39,701,119	\$ 62,093,228
Restricted cash and investments	-	2,865,164	11,536,443	14,401,607
Receivables:				
Accounts, net	9,332,909	21,520	3,601,010	12,955,439
Interest	30,589	7,149	46,370	84,108
Grants	-	1,716,673	2,965,468	4,682,141
Loans	2,990,812	42,961,484	779,013	46,731,309
Advances to other funds	15,564,570	174,067	-	15,738,637
Property held for resale	-	78,016	-	78,016
Prepays and supplies	441,424	-	-	441,424
<b>Total assets</b>	<b>48,562,420</b>	<b>50,014,066</b>	<b>58,629,423</b>	<b>157,205,909</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,343,646	151,319	7,829,586	11,324,551
Refundable deposits	185,305	-	553,752	739,057
Unearned revenue	4,091,828	-	3,137,616	7,229,444
<b>Total liabilities</b>	<b>7,620,779</b>	<b>151,319</b>	<b>11,520,954</b>	<b>19,293,052</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	2,295,410	20,543,533	2,501,794	25,340,737
<b>Total deferred inflows of resources</b>	<b>2,295,410</b>	<b>20,543,533</b>	<b>2,501,794</b>	<b>25,340,737</b>
<b>Fund Balances:</b>				
Nonspendable	16,705,993	-	-	16,705,993
Restricted	-	29,319,214	46,561,713	75,880,927
Committed	1,500,000	-	-	1,500,000
Assigned	113,349	-	45,264	158,613
Unassigned	20,326,889	-	(2,000,302)	18,326,587
<b>Total fund balances</b>	<b>38,646,231</b>	<b>29,319,214</b>	<b>44,606,675</b>	<b>112,572,120</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 48,562,420</b>	<b>\$ 50,014,066</b>	<b>\$ 58,629,423</b>	<b>\$ 157,205,909</b>

**City of Richmond**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2020**

**Total Fund Balances - Total Governmental Funds** \$ 112,572,120

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

	Government-Wide Statement of Net Position	Internal Service Funds	Total
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:			
Nondepreciable	\$ 58,780,195	\$ (1,451,985)	57,328,210
Depreciable, net	230,521,938	(5,504,017)	225,017,921
<b>Total capital assets</b>	<b>\$ 289,302,133</b>	<b>\$ (6,956,002)</b>	<b>282,346,131</b>

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. 8,198,641

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. 25,340,737

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	38,075,987
Deferred outflows of resources related to OPEB	4,285,378
Deferred inflows of resources related to pension	(5,006,989)
Deferred inflows of resources related to OPEB	(54,731,872)

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	\$ (5,718,134)	\$ 159,130	\$ (5,559,004)
Interest payable	(1,364,346)	10,901	(1,353,445)
Long-term debt - due within one year	(14,665,418)	242,335	(14,423,083)
Compensated absences - due in more than one year	(7,452,663)	131,685	(7,320,978)
Long-term debt - due in more than one year	(245,159,356)	1,988,031	(243,171,325)
Net pension liability	(329,074,833)	3,572,429	(325,502,404)
Net OPEB liability	(113,254,392)	1,311,781	(111,942,611)
<b>Total long-term liabilities</b>	<b>\$ (716,689,142)</b>	<b>\$ 7,416,292</b>	<b>(709,272,850)</b>
<b>Net Position of Governmental Activities</b>			<b>\$ (298,192,717)</b>

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, 2020**

	General Fund	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 44,142,773	\$ -	\$ 24,142,548	\$ 68,285,321
Sales taxes	44,537,156	-	-	44,537,156
Utility user taxes	45,552,523	-	-	45,552,523
Other taxes	15,619,151	-	-	15,619,151
Licenses, permits and fees	3,609,024	803,055	10,973,459	15,385,538
Fines, forfeitures and penalties	735,469	-	80,441	815,910
Use of money and property	220,435	488,355	593,230	1,302,020
Intergovernmental	1,111,926	629,070	22,543,783	24,284,779
Charges for services	6,706,446	-	10,101,360	16,807,806
Rent	890,779	-	1,800	892,579
Other	446,535	1,264,424	287,576	1,998,535
<b>Total revenues</b>	<b>163,572,217</b>	<b>3,184,904</b>	<b>68,724,197</b>	<b>235,481,318</b>
<b>EXPENDITURES:</b>				
Current:				
General government	28,287,721	-	18,834,679	47,122,400
Public safety	97,945,539	-	2,091,667	100,037,206
Public works	24,330,391	-	9,876,805	34,207,196
Community development	-	396,733	4,792,880	5,189,613
Cultural and recreational	10,825,978	-	656,049	11,482,027
Housing and redevelopment	-	1,261,056	2,283,436	3,544,492
Capital outlay	-	207,026	4,664,435	4,871,461
Debt service:				
Principal	876,283	-	11,676,000	12,552,283
Interest and fiscal charges	182,043	-	10,249,609	10,431,652
<b>Total expenditures</b>	<b>162,447,955</b>	<b>1,864,815</b>	<b>65,125,560</b>	<b>229,438,330</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,124,262</b>	<b>1,320,089</b>	<b>3,598,637</b>	<b>6,042,988</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	82,036	-	-	82,036
Payment to refunded bonds escrow agent	-	-	(77,315,000)	(77,315,000)
Issuance of refunding bonds	-	-	79,171,752	79,171,752
Transfers in	9,219,075	-	9,117,602	18,336,677
Transfers out	(8,547,696)	-	(9,673,430)	(18,221,126)
<b>Total other financing sources (uses)</b>	<b>753,415</b>	<b>-</b>	<b>1,300,924</b>	<b>2,054,339</b>
<b>Net change in fund balances</b>	<b>1,877,677</b>	<b>1,320,089</b>	<b>4,899,561</b>	<b>8,097,327</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	36,768,554	27,799,125	39,707,114	104,274,793
Prior period adjustments	-	200,000	-	200,000
Beginning of year, as restated	36,768,554	27,999,125	39,707,114	104,474,793
End of year	\$ 38,646,231	\$ 29,319,214	\$ 44,606,675	\$ 112,572,120

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, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 8,097,327</b>
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.	5,848,868
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.	(16,087,998)
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.	(255,571)
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	89,867,283
Issuance of long-term debt	(79,171,752)
Capital appreciation bond accretion	(6,314,814)
Amortization of bonds premium	863,438
Interest payable	949,918
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.	46,429,447
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.	(52,794,862)
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.	4,080,876
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.	1,071,275
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.	7,013,276
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 9,596,711</b>

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, 2020**

	Business-type Activities				Governmental Activities	
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 3,081,520	\$ 129,958	\$ 28,399,684	\$ 4,381,026	\$ 35,992,188	\$ 38,554,617
Restricted cash and investments	97,786	544,486	23,429,639	87,319	24,159,230	1,232,707
Receivables:						
Accounts, net	2,994,375	5,567,531	94,932	452,039	9,108,877	374,812
Interest	-	566	36,658	5,811	43,035	65,446
Grants	1,249,550	-	-	-	1,249,550	-
Due from other funds	-	-	-	-	-	9,776,304
Total current assets	7,423,231	6,242,541	51,960,913	4,926,195	70,552,880	50,003,886
Noncurrent assets:						
Receivables:						
Due from developer	11,221,743	-	-	-	11,221,743	-
Advances to other funds	-	-	901,396	167,451	1,068,847	2,507,385
Capital assets:						
Nondepreciable	1,708,686	4,937,160	20,223,085	2,152,684	29,021,615	1,451,985
Depreciable	44,836,474	87,500,286	189,100,926	35,348,998	356,786,684	25,165,856
Less accumulated depreciation	(30,158,605)	(52,402,005)	(72,360,137)	(32,987,720)	(187,908,467)	(19,661,839)
Net capital assets	16,386,555	40,035,441	136,963,874	4,513,962	197,899,832	6,956,002
Total noncurrent assets	27,608,298	40,035,441	137,865,270	4,681,413	210,190,422	9,463,387
<b>Total assets</b>	<b>35,031,529</b>	<b>46,277,982</b>	<b>189,826,183</b>	<b>9,607,608</b>	<b>280,743,302</b>	<b>59,467,273</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows of resources - pension	457,011	170,038	333,055	242,375	1,202,479	376,551
Deferred outflows of resources - OPEB	115,043	26,022	45,652	42,914	229,631	50,217
Deferred charge on refunding	-	-	6,594,821	-	6,594,821	-
<b>Total deferred outflows of resources</b>	<b>572,054</b>	<b>196,060</b>	<b>6,973,528</b>	<b>285,289</b>	<b>8,026,931</b>	<b>426,768</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,828,928	273,951	4,661,702	243,589	7,008,170	339,800
Interest payable	-	123,050	2,360,370	100,408	2,583,828	10,901
Due to other funds	9,488,984	-	-	287,320	9,776,304	-
Refundable deposits	146,850	195,923	-	88,519	431,292	-
Compensated absences - current	1,214	9,865	54,817	40,967	106,863	159,130
Claims payable - current	-	-	-	-	-	12,438,015
Long-term debt - current	-	3,945,000	2,515,000	97,279	6,557,279	242,335
Total current liabilities	11,465,976	4,547,789	9,591,889	858,082	26,463,736	13,190,181
Noncurrent liabilities:						
Advances from other funds	3,458,884	13,348,600	-	2,507,385	19,314,869	-
Unearned revenue	736,216	520,000	36,280	-	1,292,496	-
Compensated absences	10,927	118,710	72,265	20,150	222,052	131,685
Claims payable	-	-	-	-	-	30,802,352
Long-term debt	1,001,530	13,995,892	138,876,552	2,336,858	156,210,832	1,988,031
Net pension liability	4,335,771	1,613,189	3,159,769	2,299,469	11,408,198	3,572,429
Net OPEB liability	3,005,171	679,741	1,192,528	1,120,976	5,998,416	1,311,781
Total noncurrent liabilities	12,548,499	30,276,132	143,337,394	8,284,838	194,446,863	37,806,278
<b>Total liabilities</b>	<b>24,014,475</b>	<b>34,823,921</b>	<b>152,929,283</b>	<b>9,142,920</b>	<b>220,910,599</b>	<b>50,996,459</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources - pension	69,876	25,999	50,925	37,060	183,860	57,575
Deferred inflows of resources - OPEB	1,469,311	332,344	583,060	548,077	2,932,792	641,366
<b>Total deferred inflows of resources</b>	<b>1,539,187</b>	<b>358,343</b>	<b>633,985</b>	<b>585,137</b>	<b>3,116,652</b>	<b>698,941</b>
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	15,385,025	22,094,549	24,711,499	2,079,825	64,270,898	5,958,343
Restricted for debt service	-	544,486	885,282	87,319	1,517,087	-
Unrestricted	(5,335,104)	(11,347,257)	17,639,662	(2,002,304)	(1,045,003)	2,240,298
<b>Total net position</b>	<b>\$ 10,049,921</b>	<b>\$ 11,291,778</b>	<b>\$ 43,236,443</b>	<b>\$ 164,840</b>	<b>\$ 64,742,982</b>	<b>\$ 8,198,641</b>

See accompanying Notes to Basic Financial Statements.

**City of Richmond**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2020**

	Business-type Activities				Governmental Activities	
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>						
Rental	\$ 605,737	\$ -	\$ -	\$ -	\$ 605,737	\$ -
Service charges	-	2,761,584	25,923,742	3,285,946	31,971,272	27,577,870
Lease income	-	7,689,168	-	570,440	8,259,608	-
Other	235,582	3,309	2,010,942	-	2,249,833	-
<b>Total operating revenues</b>	<b>841,319</b>	<b>10,454,061</b>	<b>27,934,684</b>	<b>3,856,386</b>	<b>43,086,450</b>	<b>27,577,870</b>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	319,997	485,030	1,424,093	574,015	2,803,135	7,661,079
General and administrative	3,299,955	2,387,570	10,652,879	1,990,270	18,330,674	1,859,762
Maintenance	2,201,989	14,082	745,088	-	2,961,159	1,257,535
Depreciation	-	3,570,911	3,687,696	130,651	7,389,258	995,512
Claims losses	-	-	-	-	-	9,378,035
Other	12,745	12,093	238,059	276	263,173	8,887
<b>Total operating expenses</b>	<b>5,834,686</b>	<b>6,469,686</b>	<b>16,747,815</b>	<b>2,695,212</b>	<b>31,747,399</b>	<b>21,160,810</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,993,367)</b>	<b>3,984,375</b>	<b>11,186,869</b>	<b>1,161,174</b>	<b>11,339,051</b>	<b>6,417,060</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Gain (loss) from retirement of capital assets	-	-	-	-	-	(36,876)
Interest income	656	57,222	655,312	57,129	770,319	754,180
Grants	3,342,021	-	-	685,770	4,027,791	-
Interest expense	-	(1,275,087)	(5,019,875)	(183,376)	(6,478,338)	(92,315)
<b>Total nonoperating revenues (expenses)</b>	<b>3,342,677</b>	<b>(1,217,865)</b>	<b>(4,364,563)</b>	<b>559,523</b>	<b>(1,680,228)</b>	<b>624,989</b>
<b>Income (loss) before contributions and transfers</b>	<b>(1,650,690)</b>	<b>2,766,510</b>	<b>6,822,306</b>	<b>1,720,697</b>	<b>9,658,823</b>	<b>7,042,049</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>						
Capital contributions	-	-	322,164	-	322,164	-
Transfers in	-	-	-	-	-	676,018
Transfers out	-	-	-	(86,778)	(86,778)	(704,791)
<b>Total contributions and transfers</b>	<b>-</b>	<b>-</b>	<b>322,164</b>	<b>(86,778)</b>	<b>235,386</b>	<b>(28,773)</b>
<b>Change in net position</b>	<b>(1,650,690)</b>	<b>2,766,510</b>	<b>7,144,470</b>	<b>1,633,919</b>	<b>9,894,209</b>	<b>7,013,276</b>
<b>NET POSITION:</b>						
Beginning of year, as restated	11,700,611	8,525,268	36,091,973	(1,469,079)	54,848,773	1,185,365
End of year	<u>\$ 10,049,921</u>	<u>\$ 11,291,778</u>	<u>\$ 43,236,443</u>	<u>\$ 164,840</u>	<u>\$ 64,742,982</u>	<u>\$ 8,198,641</u>

See accompanying Notes to Basic Financial Statements.

**City of Richmond**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2020**

	Business-type Activities			
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers/interfund services	\$ (1,985,058)	\$ 9,683,198	\$ 27,918,198	\$ 3,793,404
Payments to suppliers	(5,530,535)	(2,418,364)	(7,658,498)	(1,888,494)
Payments to employees	(703,988)	(672,006)	(1,500,413)	(705,491)
Insurance premiums and claims paid	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>(8,219,581)</b>	<b>6,592,828</b>	<b>18,759,287</b>	<b>1,199,419</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund receipts (payments)	5,125,799	(818,484)	-	(304,103)
Receipts from other governments	2,274,666	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(86,778)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>7,400,465</b>	<b>(818,484)</b>	<b>-</b>	<b>(390,881)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Grant receipts	-	-	322,164	685,770
Acquisition of capital assets	-	(67,091)	(14,403,319)	(685,770)
Issuance of long-term debt	301,530	20,580,000	-	-
Premium on bonds	-	1,957,365	-	1,957,365
Principal payments on capital debt	-	(34,635,000)	(2,430,000)	(93,090)
Interest paid	-	(2,434,602)	(4,029,268)	(187,215)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>301,530</b>	<b>(14,599,328)</b>	<b>(20,540,423)</b>	<b>(280,305)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	656	58,463	666,104	60,172
<b>Net cash provided by (used in) investing activities</b>	<b>656</b>	<b>58,463</b>	<b>666,104</b>	<b>60,172</b>
<b>Net cash flows</b>	<b>(516,930)</b>	<b>(8,766,521)</b>	<b>(1,115,032)</b>	<b>588,405</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>3,696,236</b>	<b>9,440,965</b>	<b>52,944,355</b>	<b>3,879,940</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 3,179,306</b>	<b>\$ 674,444</b>	<b>\$ 51,829,323</b>	<b>\$ 4,468,345</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (4,993,367)	\$ 3,984,375	\$ 11,186,869	\$ 1,161,174
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	3,570,911	3,687,696	130,651
Changes in assets and liabilities:				
Receivables, net	(2,792,771)	(770,863)	(16,486)	(62,982)
Accounts payable and accrued liabilities	(69,346)	4,881	3,977,528	100,371
Refundable deposits	53,500	(9,500)	-	1,681
Unearned revenue	(33,606)	-	-	(695,708)
Compensated absences payable	(7,643)	(113,944)	45,502	(4,136)
Claims payable	-	-	-	-
Net pension liability and deferred outflows/inflows	82,912	30,849	60,424	43,972
Net OPEB liability and deferred outflows/inflows	(459,260)	(103,881)	(182,246)	(171,312)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (8,219,581)</b>	<b>\$ 6,592,828</b>	<b>\$ 18,759,287</b>	<b>\$ 1,199,419</b>

	Governmental Activities	
	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers/interfund services	\$ 39,409,742	\$ 26,577,126
Payments to suppliers	(17,495,891)	(3,228,535)
Payments to employees	(3,581,898)	(7,757,112)
Insurance premiums and claims paid	-	(10,715,667)
<b>Net cash provided by (used in) operating activities</b>	<b>18,331,953</b>	<b>4,875,812</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Interfund receipts (payments)	4,003,212	926,786
Receipts from other governments	2,274,666	-
Transfers in	-	676,018
Transfers out	(86,778)	(704,791)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>6,191,100</b>	<b>898,013</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Grant receipts	1,007,934	-
Acquisition of capital assets	(15,156,180)	(1,655,285)
Issuance of long-term debt	20,881,530	-
Premium on bonds	1,957,365	-
Principal payments on capital debt	(37,158,090)	(233,087)
Interest paid	(6,651,085)	(92,931)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(35,118,526)</b>	<b>(1,981,303)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest	785,395	795,718
<b>Net cash provided by (used in) investing activities</b>	<b>785,395</b>	<b>795,718</b>
<b>Net cash flows</b>	<b>(9,810,078)</b>	<b>4,588,240</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>69,961,496</b>	<b>35,199,084</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 60,151,418</b>	<b>\$ 39,787,324</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 11,339,051	\$ 6,417,060
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	7,389,258	995,512
Changes in assets and liabilities:		
Receivables, net	(3,643,102)	(305,036)
Accounts payable and accrued liabilities	4,013,434	(102,351)
Refundable deposits	45,681	-
Unearned revenue	(33,606)	(695,708)
Compensated absences payable	(80,221)	36,124
Claims payable	-	(1,337,632)
Net pension liability and deferred outflows/inflows	218,157	68,314
Net OPEB liability and deferred outflows/inflows	(916,699)	(200,471)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 18,331,953</b>	<b>\$ 4,875,812</b>

## 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.

*Agency 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 Agency 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, 2020

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 13,385,178	\$ 8,844,333
Restricted cash and investments	1,306,463	25,064,384	772,877
Investment in reassessment bonds	-	-	6,777,294
Pension and OPEB plan cash and investments:			
Local Agency Investment Fund	184,484	-	-
Mutual fund investments	38,068,711	-	-
Accounts receivable	-	-	444,900
Interest receivable	2,201	206	7,217
Grants receivable	-	82,961	-
Loans receivable	-	1,210,000	-
Prepays and other assets	-	5,940,847	-
<b>Total assets</b>	<b>39,561,859</b>	<b>45,683,576</b>	<b>\$ 16,846,621</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	-	277,022	3,833,327
Refundable deposits payable	-	-	1,734,580
Interest payable	-	977,931	-
Derivative instrument at fair value - liability	-	3,439,664	-
Long-term debt:			
Due within one year	-	17,136,022	-
Due in more than one year	-	61,506,216	-
Due to assessment district bondholders	-	-	11,278,714
<b>Total liabilities</b>	<b>-</b>	<b>83,336,855</b>	<b>\$ 16,846,621</b>
<b>NET POSITION:</b>			
Restricted for employees' pension and OPEB benefits	39,561,859	-	
Held in trust for other governments	-	(37,653,279)	
<b>Total net position</b>	<b>\$ 39,561,859</b>	<b>\$ (37,653,279)</b>	

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, 2020**

**NOTES TO BASIC**  
**FINANCIAL STATEMENTS**

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds
<b>ADDITIONS:</b>		
Property taxes	\$ -	\$ 10,720,489
Contributions to trust - employers	17,039,879	-
Net investment income:		
Net increase (decrease) in fair value of investments	408,225	-
Interest income	997,335	371,406
Less investment management fees	(169,827)	-
Gain from sale of property	-	571,687
<b>Total additions</b>	<b>18,275,612</b>	<b>11,663,582</b>
<b>DEDUCTIONS:</b>		
Community development	-	2,320,523
Pension and OPEB benefits	10,135,994	-
Payments in accordance with trust agreements	2,853	582,578
Interest and fiscal charges	(173,174)	4,244,580
<b>Total deductions</b>	<b>9,965,673</b>	<b>7,147,681</b>
<b>Change in net position</b>	<b>8,309,939</b>	<b>4,515,901</b>
<b>NET POSITION:</b>		
Beginning of year	31,251,920	(42,169,180)
End of year	<u>\$ 39,561,859</u>	<u>\$ (37,653,279)</u>

See accompanying Notes to Basic Financial Statements.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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.

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**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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, 2019. 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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 Agency funds. Agency 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.

Agency 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.

The financial activities of these funds are excluded from the City-wide financial statements and 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 agency 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, 2020.

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Prepays 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020.

*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:

Valuation/lien dates	Secured	Unsecured
	January 1	March 1
Levied dates	July 1	July 1
Due dates	50% on November 1	July 1
	50% on February 1	
Delinquent as of	December 10 (for November)	August 31
	April 10 (for February)	

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, 12 and 13.

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 Plan 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 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.

**L. 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**2. CASH AND INVESTMENTS, Continued**

The following is a summary of cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position			Total Discrete Component Units	Fiduciary Funds	Total Cash and Investments
	Primary Government					
	Governmental Activities	Business-Type Activities	Total Primary Government			
Cash and investments	\$ 100,647,845	\$ 35,992,188	\$ 136,640,033	\$ 4,809	\$ 22,229,511	\$ 158,874,353
Restricted cash and investments	15,634,314	24,159,230	39,793,544	-	27,143,724	66,937,268
Investment in reassessment bonds	-	-	-	-	6,777,294	6,777,294
Total cash and investments	\$ 116,282,159	\$ 60,151,418	\$ 176,433,577	\$ 4,809	\$ 56,150,529	\$ 232,588,915

**A. Classification**

Cash and investments at June 30, 2020 consist of the following:

<i>Primary Government:</i>	
Local Agency Investment Funds (LAIF)	\$ 61,948,610
CalTrust Short-Term Fund	68,902,210
CalTrust Medium-Term Fund	87,318
Money Market Mutual Funds (U.S. Securities)	15,395,089
<i>Held by Trustee:</i>	
Money Market Mutual Funds (U.S. Securities)	52,748,991
Investment Agreement	1,039,778
Guaranteed Investment Contracts	625,001
Reassessment Bonds	6,777,294
Total investments	207,524,291
Cash in banks and on hand - Primary Government	25,059,815
Cash in banks - RHA Housing Corporation	4,809
Total cash on hand and deposits	25,064,624
Total cash and investments	\$ 232,588,915

**B. Deposits**

The carrying amount of the City's cash deposit was \$25,064,624 at June 30, 2020. Bank balances before reconciling items were a positive amount of \$28,701,880 at June 30, 2020. 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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% <sup>(A)</sup>	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	\$50 Million/Account
Investment Trust of California (CalTrust)	N/A	N/A	None	None

<sup>(A)</sup> 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, 2020:

Interest income	\$ 2,328,001
Realized gain (loss) on investments	73,492
Total investment income	<u>\$ 2,401,493</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 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, 2020, the City had \$61,948,610 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 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, 2020 the Short-Term Fund investments matured in an average of 230 days and the Medium-Term Fund investments matured in an average of 633 days.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	
<i>Primary Government:</i>					
Local Agency Investment Funds (LAIF)	\$ 61,948,610	\$ -	\$ -	\$ -	\$ 61,948,610
CalTrust Short-Term Fund	68,902,210	-	-	-	68,902,210
CalTrust Medium-Term Fund	87,318	-	-	-	87,318
Money Market Mutual Funds (U.S. Securities)	15,395,089	-	-	-	15,395,089
<i>Held by Trustee:</i>					
Money Market Mutual Funds (U.S. Securities)	52,748,991	-	-	-	52,748,991
Investment Agreement	-	-	1,039,778	-	1,039,778
Guaranteed Investment Contracts	-	-	-	625,001	625,001
Reassessment Bonds	482,720	1,030,484	3,025,139	2,238,951	6,777,294
<b>Total Investments</b>	<b>\$ 199,564,938</b>	<b>\$ 1,030,484</b>	<b>\$ 4,064,917</b>	<b>\$ 2,863,952</b>	<b>207,524,291</b>
Cash in banks and on hand - Primary Government					25,059,815
Cash in banks - RHA Housing Corporation					4,809
<b>Total Cash and Investments</b>					<b>\$ 232,588,915</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 for each investment type:

Investment Type	Credit Quality Rating as of Year-End			Total
	AAA	AA+/SI+	AA-/SI	
Money Market Mutual Funds (U.S. Securities)	\$ 52,748,991	\$ -	\$ -	\$ 52,748,991
CalTrust Short-Term Fund	-	68,902,210	-	68,902,210
CalTrust Medium-Term Fund	-	-	87,318	87,318
<b>Totals</b>	<b>\$ 52,748,991</b>	<b>\$ 68,902,210</b>	<b>\$ 87,318</b>	<b>121,738,519</b>
<i>Not Rated:</i>				
Local Agency Investment Funds (LAIF)				61,948,610
Investment Agreement				1,039,778
Guaranteed Investment Contracts				625,001
Municipal Bonds				6,777,294
<i>Exempt from Credit Rating Disclosure:</i>				
U.S. Treasury Note				15,395,089
<b>Total Investments</b>				<b>207,524,291</b>
Cash in Banks and On Hand - Primary Government				25,059,815
Cash in Banks - RHA Housing Corporation				4,809
<b>Total Cash and Investments</b>				<b>\$ 232,588,915</b>

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020:

Investment Type	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
U.S. Treasury Note	\$ -	\$ -	\$ -	\$ -
<b>Total investments subject to fair value</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<i>Investments Measured at Amortized Cost</i>				
<i>Held by Trustee:</i>				
Investment Agreement				1,039,778
Guaranteed Investment Contracts				625,001
Municipal Bonds				6,777,294
Money Market Mutual Funds				52,748,991
<i>Investments not subject to levelling:</i>				
Local Agency Investment Funds (LAIF)				61,948,610
CalTrust Short-Term Fund				68,902,210
CalTrust Medium-Term Fund				87,318
Money Market Mutual Funds (U.S. Securities)				15,395,089
<b>Total Investments</b>				<b>\$ 207,524,291</b>

**J. Concentration of Credit Risk**

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, investment pools and money market funds, in Fiduciary Funds at June 30, 2020 were as follows:

Fiduciary Funds	Issuer	Type of Investment	Amount
<i>Agency Funds:</i>			
2006 A&B Reassessment District	City of Richmond JPFA	Municipal Bonds	\$ 6,777,294

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

Due to Other Funds	Due from Other Funds	
	Internal Service Funds	Total
Richmond Housing Authority	\$ 9,488,984	\$ 9,488,984
Nonmajor Enterprise Funds	287,320	287,320
<b>Total</b>	<b>\$ 9,776,304</b>	<b>\$ 9,776,304</b>

*B. Advances To/From Other Funds*

At June 30, 2020 the funds below had made advances which were not expected to be repaid within the next year.

Advances from Other Funds	Advances to Other Funds					Total
	General Fund	Community Development	Municipal Sewer	Nonmajor Enterprise Funds	Internal Services	
Richmond Housing Authority	\$ 2,215,970	\$ 174,067	\$ 901,396	\$ 167,451	\$ -	\$ 3,458,884
Port of Richmond	13,348,600	-	-	-	-	13,348,600
Nonmajor Enterprise Funds	-	-	-	-	2,507,385	2,507,385
<b>Total</b>	<b>\$15,564,570</b>	<b>\$ 174,067</b>	<b>\$ 901,396</b>	<b>\$ 167,451</b>	<b>\$ 2,507,385</b>	<b>\$19,314,869</b>

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020.

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.

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 2020 and the remaining balance of the interfund advance as of June 30, 2020 is \$1,068,846.

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, 2020 is \$13,348,600.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, and 2020; therefore unpaid interest of \$73,491 was added to the balance of the loan. The balance of the advance and accrued interest as of June 30, 2020 is \$2,507,385.

*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, 2020 were as follows:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 7,871,678	\$ 676,018	\$ 8,547,696
Nonmajor Governmental Funds	8,427,506	1,245,924	-	9,673,430
Internal Service Funds	704,791	-	-	704,791
Nonmajor Enterprise Funds	86,778	-	-	86,778
<b>Total</b>	<b>\$ 9,219,075</b>	<b>\$ 9,117,602</b>	<b>\$ 676,018</b>	<b>\$ 19,012,695</b>

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of \$8,427,506 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**4. NOTES AND LOANS RECEIVABLE**

At June 30, 2020, notes and loans receivable consisted of the following:

	Balance at June 30, 2020
General Fund:	
RHA RAD Project Loan	\$ 738,510
Deferred Loans	353,335
Infill Phase II Loan	1,464,886
Nevin Court Homeowner Development Project	434,081
<b>Subtotal - General Fund Loans</b>	<b>2,990,812</b>
Richmond Neighborhood Stabilization Loans	779,013
Community Development Block Grant, Home Investment Partnership Program, EDA, CALHome Loans and City Loans	
Deferred Loans	3,401,941
Home Improvement Program Loans	835,580
Rental Rehabilitation Loans	382,025
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,385,710
Lillie Mae Jones Project Loan	988,460
Greater Richmond Interface Program	874,548
EDA Loans	379,794
CALHome Program	2,524,292
RHA RAD Project Loan	3,696,603
<b>Subtotal - CDBG, HOME, EDA, CALHome Loans, City Loans</b>	<b>15,617,443</b>
Housing Successor Loans:	
Rental Rehabilitation Loans	20,000
The Carquinez Project	1,152,510
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,236,288
Lillie Mae Jones Project Loan	2,001,146
Miraflores Loan	3,121,327
MacDonald Place Senior Housing	4,064,500
Greater Richmond Interface Program	290,066
Silent Second Mortgage Loans	1,781,986
Deferred Loans	703,126
Chesley Avenue Mutual Housing Development	6,101,357
Easter Hill Project	4,722,348
RHA RAD Project Loan	1,149,387
<b>Subtotal - Housing Successor Loans</b>	<b>27,344,041</b>
<b>Total Notes and Loans Receivable</b>	<b>\$ 46,731,309</b>

**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, 2020, including accrued interest, was \$738,510. As of June 30, 2020, \$4,845,990 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, 2020, \$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.

**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, 2020, 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, 2020, Lillie Mae Jones has drawn down \$2,989,606.

**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.

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, \$3,121,327 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 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**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, 2019	Additions	Retirements	Adjustment	Balance at June 30, 2020
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 29,468,867	\$ -	\$ -	\$ -	\$ 29,468,867
Construction in progress	23,589,785	5,923,842	-	(202,299)	29,311,328
Total capital assets not being depreciated	53,058,652	5,923,842	-	(202,299)	58,780,195
Capital assets being depreciated:					
Buildings and improvements	155,736,112	-	-	-	155,736,112
Machinery and equipment	47,670,447	1,784,907	(2,332,880)	-	47,122,474
Land improvements and infrastructure	533,357,363	-	(134,424)	-	533,222,939
Total capital assets being depreciated	736,763,922	1,784,907	(2,467,304)	-	736,081,525
Less accumulated depreciation for:					
Buildings and improvements	(44,605,129)	(4,013,157)	-	-	(48,618,286)
Machinery and equipment	(39,370,214)	(1,850,186)	2,293,707	-	(38,926,693)
Land improvements and infrastructure	(406,928,865)	(11,220,167)	134,424	-	(418,014,608)
Total accumulated depreciation	(490,904,208)	(17,083,510)	2,428,131	-	(505,559,587)
Capital asset being depreciated, net	245,859,714	(15,298,603)	(39,173)	-	230,521,938
Governmental activity capital assets, net	\$ 298,918,366	\$ (9,374,761)	\$ (39,173)	\$ (202,299)	\$ 289,302,133

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

Governmental Activities	
General Government	\$ 3,551,708
Public Safety	939,427
Public Services	11,451,259
Cultural and Recreational	145,605
Internal Service Funds	995,511
Total Governmental Activities	<u>\$ 17,083,510</u>

The following is a summary of capital assets for business-type activities:

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
<i>Business-type Activities</i>				
Capital assets not being depreciated:				
Land	\$ 7,195,986	\$ -	\$ -	\$ 7,195,986
Construction in progress	6,759,954	15,065,675	-	21,825,629
Total capital assets not being depreciated	13,955,940	15,065,675	-	29,021,615
Capital assets being depreciated:				
Buildings and improvements	79,841,391	67,090	-	79,908,481
Machinery and equipment	18,016,596	23,415	(199,828)	17,840,183
Infrastructure	259,038,020	-	-	259,038,020
Total capital assets being depreciated	356,896,007	90,505	(199,828)	356,786,684
Less accumulated depreciation for:				
Buildings and improvements	(54,733,685)	(745,368)	-	(55,479,053)
Machinery and equipment	(14,636,571)	(625,696)	199,828	(15,062,439)
Infrastructure	(111,348,781)	(6,018,194)	-	(117,366,975)
Total accumulated depreciation	(180,719,037)	(7,389,258)	199,828	(187,908,467)
Capital asset being depreciated, net	176,176,970	(7,298,753)	-	168,878,217
Business-type activity capital assets, net	<u>\$ 190,132,910</u>	<u>\$ 7,766,922</u>	<u>\$ -</u>	<u>\$ 197,899,832</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 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 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, 2020 were as follows:

Business-Type Activities	
Port of Richmond	\$ 3,570,911
Municipal Sewer	3,687,696
Richmond Marina	85,563
Storm Sewer	45,088
Total Business-Type Activities	<u>\$ 7,389,258</u>

**6. COMPENSATED ABSENCES PAYABLE**

Changes in compensated absence liabilities for the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences payable	\$ 12,879,102	\$ 7,684,038	\$ (7,392,343)	\$ 13,170,797	\$ 5,718,134
<b>Business-Type Activities:</b>					
Compensated absences payable	409,136	213,935	(294,156)	328,915	106,863
	<u>\$ 13,288,238</u>	<u>\$ 7,897,973</u>	<u>\$ (7,686,499)</u>	<u>\$ 13,499,712</u>	<u>\$ 5,824,997</u>

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020:

	Balance July 1, 2019	Additions (A)	Retirements	Balance June 30, 2020	Due Within One Year
Bonds payable:					
Bonds	\$ 114,213,574	\$ 79,171,752	\$ (81,488,438) (B)	\$ 111,896,888	\$ 4,055,000
Bonds from direct placements	142,160,826	6,314,814	(8,366,000) (B)	140,109,640	9,458,000
Loans payable from direct borrowings	1,287,277	-	(130,837)	1,156,440	133,217
Capital leases from direct borrowings	7,640,339	-	(978,533)	6,661,806	1,019,201
<b>Total</b>	<b>\$ 265,302,016</b>	<b>\$ 85,486,566</b>	<b>\$ (90,963,808)</b>	<b>\$ 259,824,774</b>	<b>\$ 14,665,418</b>

(A) Additions include bonds payable bond accretion for capital appreciation bonds totaling \$6,314,814 and new debt issued \$63,970,000

(B) Retirements of bonds payable include principal retirements in the amount of \$80,625,000 and amortization of bond premiums in the amount of \$863,438

**Bonds Payable**

Bonds payable at June 30, 2020 consisted of the following:

	Net
Pension Obligation Bonds - 1999 Series A	\$ 4,230,000
Pension Funding Bond Series 2005 (Direct Placement)	140,109,640
JJFA Lease Revenue Bonds - 2016	29,295,228
JJFA Lease Revenue Bonds - 2019	78,371,660
<b>Total</b>	<b>\$ 252,006,528</b>

**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 \$11,968,145 and \$1,240,426, respectively.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2026-2030	1,110,000	154,308	1,264,308
<b>Total</b>	<b>\$ 4,230,000</b>	<b>\$ 1,106,610</b>	<b>\$ 5,336,610</b>

**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:

Bond Type & Series	Initial Interest Rate	Less: Credit Adjustment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Index Rate Conversion Data		
						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
<b>Convertible Auction</b>								
<b>Rate Securities, Capital</b>								
<b>Appreciation Bonds -</b>								
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%	119,602,000
					<b>\$ 114,995,133</b>			<b>\$ 165,627,000</b>

*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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 7.097% at June 30, 2020.

At June 30, 2020, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$ 165,627,000	\$ 6,314,814	\$ (31,832,175)	\$ 140,109,639

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2021	\$ 9,458,000	\$ 3,134,955	\$ 12,592,955
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
2026-2030	44,228,000	35,851,040	80,079,040
2031-2035	77,274,000	13,921,546	91,195,546
Total	\$ 165,627,000	\$ 71,851,989	\$ 237,478,989

**Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2009 – Original Issue - \$89,795,000**

On November 10, 2009, the Authority issued Series 2009 Lease Revenue Refunding Bonds in the amount of \$89,795,000. The proceeds from the Bonds were used to refund and retire the outstanding principal amount of the Authority’s 2007 Lease Revenue Bonds. The 2007 Bonds were used to finance a portion of the costs of the new Civic Center Project, and to refund a portion of the 1995A Joint Powers Financing Authority Revenue Refunding Bonds and the remaining principal amount of the 2001A Joint Powers Financing Authority Lease Revenue Bonds. The City has pledged the Civic Center property as collateral for the lease. The 2007 Bonds were also used to refund the remaining 1996 Port Terminal Lease Revenue Bonds. The 1995 A Bonds were called in November 2007 and the 2001 A Bonds were called in February 2011.

The Series 2009 Bonds in the principal amount of \$79,505,000 have been recorded as governmental activities debt, and the business-type activities portion was fully repaid in fiscal year 2016.

The Bonds bear interest rates that range from 3.50% to 5.875%. Principal payments are due annually on August 1 through 2038 and semi-annual interest payments are due August 1 and February 1 commencing on February 1, 2010.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2009 - Original Issue - \$89,795,000, Continued**

In connection with the issuance of the 2007 Lease Revenue Bonds, the Authority entered into a swap agreement for \$101,420,000, the entire amount of the Bonds. On November 10, 2009, in connection with the issuance of the Series 2009 Bonds, the Authority terminated the original swap agreement and entered into an amended swap agreement effective December 1, 2009 for \$85,360,000. The amended agreement required the Authority to make and receive payments based on variable interest rates. The Authority made payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.56% and the Authority received variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty. Floating rate payments were due semi-annually on August 1 and February 1 commencing on February 1, 2010.

On February 1, 2016, the interest rate swap agreement related to the 2009 Lease Revenue Refunding Bonds was terminated with the issuance of the Series 2016 Lease Revenue Bonds discussed below.

The bonds were fully repaid in fiscal year 2020 by the issuance of the Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2019A.

**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, 2020, the 2016 Bonds consisted of the following:

Bonds outstanding	\$ 28,155,000
Unamortized premium	1,140,228
Total	<u>\$ 29,295,228</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 - Original Issue - \$28,390,000, Continued**

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 1,015,000	\$ 1,304,394	\$ 2,319,394
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
2026-2030	7,945,000	3,998,313	11,943,313
2031-2035	9,005,000	1,969,700	10,974,700
2036-2038	5,325,000	317,500	5,642,500
Total	<u>\$ 28,155,000</u>	<u>\$ 12,191,745</u>	<u>\$ 40,346,745</u>

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2019A - Original Issue - \$63,970,000, Continued**

At June 30, 2020, the 2019A Bonds consisted of the following:

Bonds outstanding	\$	63,970,000
Unamortized premium		14,401,660
Total	\$	<u>78,371,660</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 2,245,000	\$ 3,142,375	\$ 5,387,375
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
2026-2030	15,985,000	10,962,875	26,947,875
2031-2035	20,525,000	6,421,875	26,946,875
2036-2038	15,015,000	1,151,375	16,166,375
Total	\$ 63,970,000	\$ 33,035,500	\$ 97,005,500

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

Interest Rate Swap and Swaption Agreements, Continued

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 "Ba1" 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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 6/30/2020	Termination Date	Hedging Type
2005B-1 Taxable Pension Funding Bonds								
\$ 37,671,426	8/1/2013	Royal Bank of Canada	AA-/Aa2/AA	5.580%	100% of USD 1-Month LIBOR	\$ (3,348,780)	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	\$ (42,935,972)	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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Pay-Fixed, Receive-Variable Swap Agreements, Continued**

As of June 30, 2020, 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, 2020	
	Classification	Amount	Classification	Amount
Governmental Activities				
Pay-Fixed, Receive-Variable				
2005B-1 Taxable Pension Funding Bonds	Deferred Outflow	\$ 470,920	Investment	\$ (3,348,780)
2005B-2 Taxable Pension Funding Bonds	Deferred Outflow	(15,278,872)	Investment	(42,935,972)
Totals		<u>\$ (14,807,952)</u>		<u>\$ (46,284,752)</u>

*Credit risk.* The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2020, 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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.

<b>2005 Taxable Pension Funding Bonds</b>				
For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate Swap, Net (A)	Total
	Principal	Interest		
2021	\$ 9,458,000	\$ 2,173,818	\$ 961,137	\$ 12,592,955
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
2026-2030	44,228,000	35,851,040	-	80,079,040
2031-2035	77,274,000	13,921,546	-	91,195,546
<b>Total</b>	<b>\$ 165,627,000</b>	<b>\$ 70,009,809</b>	<b>\$ 1,842,180</b>	<b>\$ 237,478,989</b>

(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, 2020 consisted of the following:

<b>City Loans Payable</b>	
California Energy Commission Loan #1	\$ 305,467
California Energy Commission Loan #2	850,973
	<u>\$ 1,156,440</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2021	\$ 51,886	\$ 8,779	\$ 60,665
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
<b>Total</b>	<b>\$ 305,467</b>	<b>\$ 28,191</b>	<b>\$ 333,658</b>

**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
2021	\$ 81,331	\$ 8,308	\$ 89,639
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
2026-2030	436,100	12,092	448,191
<b>Total</b>	<b>\$ 850,973</b>	<b>\$ 45,409</b>	<b>\$ 896,383</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

Capital Leases

Capital leases payable from direct borrowing at June 30, 2020 consisted of the following:

Qualified Energy Conservation Lease	\$	479,026
JPEA Recovery Zone Economic Development Lease		564,826
Holman Capital Corporation Lease #4		643,366
Street Light Capital Lease		2,744,221
Holman Capital Corporation Lease #5		2,230,367
Total		<u>\$ 6,661,806</u>

**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
2021	\$ 74,525	\$ 31,269	\$ 105,794
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	<u>\$ 479,026</u>	<u>\$ 108,336</u>	<u>\$ 587,362</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2021	\$ 94,681	\$ 35,189	\$ 129,870
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	<u>\$ 564,826</u>	<u>\$ 113,391</u>	<u>\$ 678,217</u>

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2021	\$ 217,476	\$ 18,684	\$ 236,160
2022	224,424	11,736	236,160
2023	201,466	4,564	206,030
Total	\$ 643,366	\$ 34,984	\$ 678,350

**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
2021	\$ 390,184	\$ 67,538	\$ 457,722
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
2026-2027	583,019	12,801	595,820
Total	\$ 2,744,221	\$ 244,415	\$ 2,988,636

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
2021	\$ 242,336	\$ 83,683	\$ 326,019
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
2026-2028	918,647	59,409	978,056
Total	\$ 2,230,367	\$ 377,780	\$ 2,608,147

**B. Business-Type Activities**

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions (A)	Retirements	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Bonds payable	\$ 175,143,361	\$ 22,244,269	\$ (38,055,186) (B)	\$ 159,332,444	\$ 6,460,000	\$ 152,872,443
Notes and loans payable from direct borrowing	3,227,227	301,530	(93,090)	3,435,667	97,279	3,338,389
Total	\$ 178,370,588	\$ 22,545,799	\$ (38,148,276)	\$ 162,768,111	\$ 6,557,279	\$ 156,210,832

(A) Additions include the issuance of new bonds in the amount of \$20,580,000 and a bond premium in the amount of \$1,664,269.

(B) Retirements of bonds payable include principal retirements in the amount of \$37,065,000 and amortization of bond premiums and discounts in the amount of \$1,283,283.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

**B. Business-Type Activities, Continued**

Bonds payable at June 30, 2020 consisted of the following:

2019B Point Potrero Lease Revenue Bonds	\$ 17,940,892
Wastewater Revenue Bonds Series 2010B	1,210,000
Wastewater Revenue Bonds Series 2017A	36,386,464
Wastewater Revenue Bonds Series 2019A	25,245,521
Wastewater Revenue Bonds Series 2019B	<u>78,549,567</u>
Total	<u>\$ 159,332,444</u>

**Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2009A and 2009B - Original Issue Series 2009A (\$26,830,000), Series 2009B (\$20,280,000)**

On July 13, 2009, the Authority issued Series 2009A and Series 2009B Point Potrero Lease Revenue Bonds in the amounts of \$26,830,000 and \$20,280,000, respectively. The proceeds from the Bonds were used for the construction of an automobile warehousing and distribution facility, including rail improvements, to be located at the Point Potrero Terminal at the Port of Richmond. The facility began operations in April 2010. The Bonds bear interest rates that range from 6.25% to 8.50%. Principal payments are due annually on July 1 and semi-annual interest payments are due July 1 and January 1 commencing on January 1, 2010 through 2025 for the Series 2009A and through 2020 for the Series 2009B Bonds.

The Series 2009A Bonds were refunded in fiscal year 2020 by the issuance of the Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2019B

The Series 2009B Bonds was paid in full during fiscal year 2020.

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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**

At June 30, 2020 the 2019B Bonds consisted of the following:

Bonds outstanding	\$ 16,375,000
Unamortized premium	<u>1,565,892</u>
Net	<u>\$ 17,940,892</u>

The annual debt service requirements on the 2019B Bonds are as follows:

	For the Years		
	Ending June 30,	Principal	Interest
2021	\$ 3,945,000	\$ 738,300	\$ 4,683,300
2022	4,100,000	580,500	4,680,500
2023	4,270,000	416,500	4,686,500
2024	<u>4,060,000</u>	<u>203,000</u>	<u>4,263,000</u>
Total	<u>\$ 16,375,000</u>	<u>\$ 1,938,300</u>	<u>\$ 18,313,300</u>

**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 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 outstanding balance of the 2010B Bonds as of June 30, 2020 was \$1,210,000.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

**B. Business-Type Activities, Continued**

The annual debt service requirements on the 2010B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 1,210,000	\$ 27,794	\$ 1,237,794
Total	\$ 1,210,000	\$ 27,794	\$ 1,237,794

**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, 2020 the Series 2017A Bonds consisted of:

Bonds outstanding	\$ 31,055,000
Unamortized premium	5,331,464
Net	<u>\$ 36,386,464</u>

The annual debt service requirements on the 2017A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 1,305,000	\$ 1,562,450	\$ 2,867,450
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
2026-2030	-	6,983,000	6,983,000
2031-2035	-	6,983,000	6,983,000
2036-2040	520,000	6,959,750	7,479,750
2041-2045	14,105,000	5,420,088	19,525,088
2046-2048	12,330,000	993,825	13,323,825
Total	\$ 31,055,000	\$ 34,629,888	\$ 65,684,888

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 the Series 2019A Bonds consisted of:

Bonds outstanding	\$ 22,510,000
Unamortized premium	2,735,521
Net	<u>\$ 25,245,521</u>

The annual debt service requirements on the 2019A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 973,900	\$ 973,900
2022	-	973,900	973,900
2023	-	973,900	973,900
2024	-	973,900	973,900
2025	-	973,900	973,900
2026-2030	-	4,869,500	4,869,500
2031-2035	-	4,869,500	4,869,500
2036-2040	2,330,000	4,752,250	7,082,250
2041-2045	5,020,000	3,653,000	8,673,000
2046-2050	15,160,000	2,093,400	17,253,400
Total	\$ 22,510,000	\$ 25,107,150	\$ 47,617,150

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 the Series 2019B Bonds consisted of:

Bonds outstanding	\$ 66,075,000
Unamortized premium	12,474,567
Net	<u>\$ 78,549,567</u>

The annual debt service requirements on the 2019B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 3,046,850	\$ 3,046,850
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
2026-2030	16,600,000	11,221,250	27,821,250
2031-2035	20,390,000	6,612,000	27,002,000
2036-2040	18,705,000	1,835,375	20,540,375
2041-2045	2,350,000	35,250	2,385,250
Total	<u>\$ 66,075,000</u>	<u>\$ 34,312,375</u>	<u>\$ 100,387,375</u>

**Pledge of Wastewater Revenues**

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2010B, 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 \$214,927,207. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year, and total customer net revenues were \$6,497,843 and \$15,408,055, respectively.

**Notes and Loans Payable - Direct Borrowing**

Notes and loans payable at June 30, 2020, consisted of the following:

California Department of Boating and Waterways	\$ 2,434,137
RHA RAD Housing Partners L.P. Promissory Note	700,000
Countra Costa County loan payable	301,530
Total	<u>\$ 3,435,667</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 was \$2,434,137.

The annual debt service requirements on these loans are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 97,279	\$ 109,536	\$ 206,815
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	206,816
2026-2030	663,198	370,877	1,034,075
2031-2035	694,590	213,369	907,959
2036-2040	532,587	76,613	609,200
2041-2043	11,577	1,055	12,632
Total	<u>\$ 2,434,137</u>	<u>\$ 1,163,805</u>	<u>\$ 3,597,942</u>

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**7. LONG-TERM DEBT, Continued**

**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
<i>Governmental Activities</i>			
<b>Bonds Payable</b>			
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
<b>Loans Payable</b>			
California Energy Commission Loan #1	(C)	(C)	(C)
California Energy Commission Loan #2	(C)	(C)	(C)
<b>Capital Leases</b>			
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
<i>Business-Type Activities</i>			
<b>Bonds Payable</b>			
2019B Point Potrero Lease Revenue Bonds	(B)	(B)	N/A
Wastewater Revenue Bonds Series 2010B	(A)	N/A	(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)
<b>Notes and Loans Payable</b>			
California Department of Boating and Waterways	(J)	(J)	(J)
RHA RAD Housing Partners L.P. Promissory Note	(K)	(K)	(K)

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, the balances of these Districts' outstanding debt were as follows:

Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2016 (Country Club Vista)	6,450,000
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*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, 2020, 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
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**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**8. UNAVAILABLE AND UNEARNED REVENUE**

At June 30, 2020, 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	\$ 2,290,811	\$ 4,599	\$ 2,295,410
Community Development and Loan Programs Special Revenue Fund	18,879,215	1,664,318	20,543,533
Non-Major Governmental Funds	779,013	1,722,781	2,501,794
<b>Total</b>	<b>\$ 21,949,039</b>	<b>\$ 3,391,698</b>	<b>\$ 25,340,737</b>

At June 30, 2020, 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	\$ 3,272,162	\$ 819,666	\$ 4,091,828
Non-Major Governmental Funds	2,668,685	468,931	3,137,616
Richmond Housing Authority Enterprise Fund	-	736,216	736,216
Port of Richmond Enterprise Fund	-	520,000	520,000
Municipal Sewer Enterprise Fund	-	36,280	36,280
<b>Total</b>	<b>\$ 5,940,847</b>	<b>\$ 2,581,093</b>	<b>\$ 8,521,940</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**9. FUND BALANCE AND NET POSITION**

**A. Fund Balance Classification**

Detailed classifications of the City's fund balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Community Development and Loan Program Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Items not in spendable form:				
Prepays, supplies and other assets	\$ 441,423	\$ -	\$ -	\$ 441,423
Loans receivable	700,000	-	-	700,000
Advances to other funds	15,564,570	-	-	15,564,570
<b>Total Nonspendable Fund Balances</b>	<b>16,705,993</b>	<b>-</b>	<b>-</b>	<b>16,705,993</b>
<b>Restricted for:</b>				
Street Improvement Projects	-	-	3,634,980	3,634,980
Employment and Training Programs	-	-	2,391,244	2,391,244
Public Safety Grant Programs (Police and Fire)	-	-	313,534	313,534
Lighting and Landscaping	-	-	1,474,644	1,474,644
Housing and Community Development	-	29,319,214	655,320	29,974,534
Debt Service	-	-	11,323,318	11,323,318
Community Development Projects	-	-	23,147,448	23,147,448
Other Capital Projects	-	-	3,621,225	3,621,225
<b>Total Restricted Fund Balances</b>	<b>-</b>	<b>29,319,214</b>	<b>46,561,713</b>	<b>75,880,927</b>
<b>Committed to:</b>				
COVID-19	1,500,000	-	-	1,500,000
<b>Total Committed Fund Balances</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>1,500,000</b>
<b>Assigned to:</b>				
Other Capital Projects	-	-	45,264	45,264
Other Contracts	113,349	-	-	113,349
<b>Total Assigned Fund Balances</b>	<b>113,349</b>	<b>-</b>	<b>45,264</b>	<b>158,613</b>
<b>Unassigned:</b>				
General Fund	20,326,889	-	-	20,326,889
Other Governmental Fund Deficit Residuals	-	-	(2,000,302)	(2,000,302)
<b>Total Unassigned Fund Balances</b>	<b>20,326,889</b>	<b>-</b>	<b>(2,000,302)</b>	<b>18,326,587</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 38,646,231</b>	<b>\$ 29,319,214</b>	<b>\$ 44,606,675</b>	<b>\$ 112,572,120</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, which is a component of unassigned fund balance of the General Fund, is \$20,326,889, which is approximately 13% of fiscal year 2020-21 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.

**D. Deficit Fund Balances and Accumulated Deficits**

At June 30, 2020, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

	Amount
<b>Nonmajor Governmental Funds:</b>	
Paratransit Operations Special Revenue Fund	\$ (25,776)
Civic Center Debt Service Fund	(1,974,526)
<b>Nonmajor Enterprise Funds:</b>	
Storm Sewer Fund	(373,331)
Cable TV Fund	(2,611,252)

**E. Restatement of Net Position**

During fiscal year 2020, the City continued to reconcile the activities of the Richmond Housing Authority for fiscal years 2017, 2018, 2019, and 2020. As a result, beginning net position in the Richmond Housing Authority Enterprise Fund has been restated and decreased in the amount of \$1,891,111. The City also restated its beginning fund balance of the Community Development and Loan Programs fund to recognize certain loans receivable not previously recognized in the amount of \$200,000.

In addition, the City has restated its government-wide governmental activities to defer changes in fair value of derivatives instruments in the amount of \$31,476,800 previously recognized as investment losses in error and to recognize certain loans receivable not previously recognized in the amount of \$200,000.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**10. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following funds incurred departmental expenditures in excess of appropriations.

Fund/Department	Excess of Expenditures over Appropriations
Richmond Neighborhood Stabilization Corporation Fund	
Housing and redevelopment	\$ 3,701
General debt service Fund	
Interest and fiscal charges	165

**11. DEFINED BENEFIT PENSION PLANS**

The following is a summary of the City's pension plan amounts for the year ended June 30, 2020:

	Deferred Outflow of Resources	Net Pension Liability	Deferred Inflow of Resources	Pension Expense
California Public Employees' Retirement System:				
Miscellaneous	\$ 13,783,427	\$ 130,766,580	\$ 2,107,513	\$ 16,290,136
Safety	25,830,611	206,770,832	3,006,901	38,000,377
Police and Firemen's Pension Plan	-	2,114,248	134,010	151,420
General Pension Plan	34,655	824,747	-	102,606
Garfield Pension Plan	6,324	6,624	-	14,414
Totals	\$ 39,655,017	\$ 340,483,031	\$ 5,248,424	\$ 54,558,953

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, are summarized as follows:

Hire date	Miscellaneous	
	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%	6.75%
Required employer contribution rates	13.06%	13.06%
Required UAL Contribution	\$ 9,205,244	

Hire date	Safety - Police	Safety - Fire	Safety - Police and Fire
	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 compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%*	9.00%*	11.75%
Required employer contribution rates	21.609%	21.609%	21.609%
Required UAL Contribution	\$ 12,715,008		

\* 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 17.484% and required employee contribution rate is 12%.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 \$9,205,244 and \$12,715,008, respectively, as noted in the tables above.

**Employees Covered** – As of the June 30, 2018 actuarial valuation date and the June 30, 2019 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019
Inactive employees or beneficiaries currently receiving benefits	935	958	509	517
Inactive employees entitled to but not yet receiving benefits	517	523	79	81
Active employees	468	459	251	243
<b>Total</b>	<b>1,920</b>	<b>1,940</b>	<b>839</b>	<b>841</b>

As of June 30, 2020, the City had 403 active employees in the Miscellaneous Plan and 284 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 year June 30, 2020 were \$13,783,427 for the Miscellaneous Plan and \$19,355,578 for the Safety Plan.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

	Miscellaneous (1)		Safety (1)	
	Entry-Age	Normal Cost Method	Entry-Age	Normal Cost Method
Valuation Date	June 30, 2018		June 30, 2018	
Measurement Date	June 30, 2019		June 30, 2019	
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%	
Payroll Growth	3.00%		3.00%	
Projected Salary Increase	0.4% - 8.50% (2)		1.65% - 17.0% (2)	
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.		The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	
Investment Rate of Return	7.15% (3)		7.15% (3)	
Mortality	Derived using CalPERS' membership data for all funds		Derived using CalPERS' membership data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50%		The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50%	

(1) Actuarial assumptions are the same for all benefit tiers

(2) Varies by Entry Age and Service

(3) Net of pension plan investment and Administrative expenses, including inflation

(4) 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 available on the CalPERS website.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**11. DEFINED BENEFIT PENSION PLANS, Continued**

*A. California Public Employees' Retirement System Pension Plans, Continued*

**II. Net Pension Liability, Continued**

**Actuarial Assumptions** – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 CAFR, 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019 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, 2018 Measurement Date	\$ 490,225,435	\$ 363,003,886	\$ 127,221,549
Changes in the year:			
Service cost	7,652,864	-	7,652,864
Interest on the total pension liability	34,315,542	-	34,315,542
Differences between actual and expected experience	(331,531)	-	(331,531)
Contribution - employer	-	12,156,723	(12,156,723)
Contribution - employees	-	2,843,043	(2,843,043)
Net investment income	-	23,350,283	(23,350,283)
Administrative expenses	-	(259,047)	259,047
Benefit payments, including refunds of employee contributions	(27,565,398)	(27,565,398)	-
Other Miscellaneous Income/(Expense)	-	842	(842)
Net changes	14,071,477	10,526,446	3,545,031
Balance at June 30, 2019 Measurement Date	\$ 504,296,912	\$ 373,530,332	\$ 130,766,580
<b>Safety Plan:</b>			
Safety Plan:	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 Measurement Date	\$ 655,946,979	\$ 457,026,624	\$ 198,920,355
Changes in the year:			
Service cost	11,313,128	-	11,313,128
Interest on the total pension liability	46,009,128	-	46,009,128
Differences between actual and expected experience	433,759	-	433,759
Contribution - employer	-	16,658,515	(16,658,515)
Contribution - employees	-	4,238,132	(4,238,132)
Net investment income	-	29,333,974	(29,333,974)
Administrative expenses	-	(326,144)	326,144
Benefit payments, including refunds of employee contributions	(37,105,985)	(37,105,986)	1
Other Miscellaneous Income/(Expense)	-	1,062	(1,062)
Net changes	20,650,030	12,799,553	7,850,477
Balance at June 30, 2019 Measurement Date	\$ 676,597,009	\$ 469,826,177	\$ 206,770,832
Totals - Miscellaneous and Safety Plans	\$ 1,180,893,921	\$ 843,356,509	\$ 337,537,412

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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	\$ 192,192,608	\$ 294,396,506
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 130,766,580	\$ 206,770,832
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 79,578,684	\$ 134,563,882

*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, 2020, the City recognized pension expense of \$54,290,513. At June 30, 2020, 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	\$ 13,783,427	\$ -
Differences between Expected and Actual Experience	-	(394,751)
Changes of Assumptions	-	(153,564)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	(1,559,198)
Total	\$ 13,783,427	\$ (2,107,513)

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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	\$ 19,355,578	\$ -
Differences between Expected and Actual Experience	623,381	-
Changes of Assumptions	5,851,652	(1,147,004)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	(1,859,897)
<b>Total</b>	<b>\$ 25,830,611</b>	<b>\$ (3,006,901)</b>
<b>Total Both Plans</b>	<b>\$ 39,614,038</b>	<b>\$ (5,114,414)</b>

\$33,190,005 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, 2021. 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
2020	\$ 1,084,843	\$ 7,528,864	\$ 8,613,707
2021	(3,118,452)	(4,081,488)	(7,199,940)
2022	(492,063)	(521,674)	(1,013,737)
2023	418,159	542,430	960,589
Thereafter	-	-	-
<b>Total</b>	<b>\$ (2,107,513)</b>	<b>\$ 3,468,132</b>	<b>\$ 1,360,619</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 was \$10,544,746, and the City used the funds to pay General Pension Plan and the Police and Firemen's Pension Plan contributions of \$503,714 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**11. DEFINED BENEFIT PENSION PLANS, Continued**

*B. Other City Pension Plans, Continued*

**III. Pension Plan Assets**

At June 30, 2020 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	\$ 1,306,463
Local Agency Investment Fund (Garfield Plan)	184,484
Wellington Trust Company Mutual Fund (Police and Firemen's Plan)	11,036,790
Interest receivable	<u>2,201</u>
Assets available for benefits at June 30, 2020	<u>\$ 12,529,938</u>

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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019, the investments in the Pension Trust Funds were not rated.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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 5.51%, 1.54% and 2.18%, 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, 2020 was determined based on June 30, 2020 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	4.50%	1.98%	1.75%
Expected return on plan assets	4.50%	1.75%	1.75%
Inflation rate (short-term)	2.25%	2.25%	2.25%
Inflation rate (long-term)	2.50%	2.50%	2.50%
Cost-of-living increases	3% 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 4.50%, 1.98%, and 1.75%, respectively, as of June 30, 2020 and 4.50%, 2.77%, and 2.50%, respectively, as of June 2019.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 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 96% 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, 2020) 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 4.50% was used as the discount rate.

Based on the 5 previous years the City has on average contributed 74% and 119% 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, 2020) 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 2.50% 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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
<b>Police and Firemen's Plan:</b>			
Domestic Equity	55%	4.19%	6.44%
International Equity	0%	4.83%	7.08%
Fixed Income	35%	0.63%	2.88%
Real Estate and Alternatives	0%	3.78%	6.03%
Cash and Equivalents	10%	-0.41%	1.84%
<b>Total</b>	<b>100%</b>		<b>5.02%</b>
Reduced for assumed investment expense			-0.60%
<b>Total (weighted avg, rounded to 1/4%)</b>			<b>4.50%</b>
<b>General Pension Plan:</b>			
Domestic Equity	0%	4.19%	6.44%
International Equity	0%	4.83%	7.08%
Fixed Income	0%	0.63%	2.88%
Real Estate and Alternatives	0%	3.78%	6.03%
Cash and Equivalents	100%	-0.41%	1.84%
<b>Total</b>	<b>100%</b>		<b>1.84%</b>
Reduced for assumed investment expense			0.00%
<b>Total (weighted avg, rounded to 1/4%)</b>			<b>1.75%</b>
<b>Garfield Pension Plan:</b>			
Domestic Equity	0%	4.19%	6.44%
International Equity	0%	4.83%	7.08%
Fixed Income	0%	0.63%	2.88%
Real Estate and Alternatives	0%	3.78%	6.03%
Cash and Equivalents	100%	-0.41%	1.84%
<b>Total</b>	<b>100%</b>		<b>1.84%</b>
Reduced for assumed investment expense			0.00%
<b>Total (weighted avg, rounded to 1/4%)</b>			<b>1.75%</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 discount rate was updated from 2.77% to 1.98% to reflect updated GASB 68 trust depletion projections.
- The expected trust investment return on assets decreased from 2.50% to 1.75% to reflect updated capital market assumptions and the plan's anticipated short future duration.

General Pension Plan:

- None.

Garfield Pension Plan:

- The expected investment return and discount rate decreased from 2.50% to 1.75% to reflect updated capital market assumptions.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Police and Firemen's Plan:</b>			
Balance at June 30, 2019	\$ 14,363,686	\$ 11,333,502	\$ 3,030,184
Changes in the year:			
Interest on the total pension liability	606,022	-	606,022
Contribution - City	-	937,004	(937,004)
Net investment income	-	584,954	(584,954)
Benefit payments, including member contribution refunds	(1,793,082)	(1,793,082)	-
Net changes	(1,187,060)	(271,124)	(915,936)
Balance at June 30, 2020	\$ 13,176,626	\$ 11,062,378	\$ 2,114,248
Plan fiduciary net position as a percentage of the total pension liability			83.95%
<b>General Pension Plan:</b>			
Balance at June 30, 2019	\$ 2,295,843	\$ 1,067,813	\$ 1,228,030
Changes in the year:			
Interest on the total pension liability	57,712	-	57,712
Changes in assumptions Changes in benefit terms	66,443	-	66,443
Contribution - City	-	503,714	(503,714)
Net investment income	-	23,724	(23,724)
Benefit payments, including refunds of employee contributions	(424,760)	(424,760)	-
Net changes	(300,605)	102,678	(403,283)
Balance at June 30, 2020	\$ 1,995,238	\$ 1,170,491	\$ 824,747
Plan fiduciary net position as a percentage of the total pension liability			80.63%
Total - Net Pension Liability	\$ 15,171,864	\$ 12,232,869	\$ 2,938,995

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019	\$ 334,779	\$ 339,222	\$ (4,443)
Changes in the year:			
Interest on the total pension liability	7,756	-	7,756
Changes in assumptions	10,225	-	10,225
Net investment income	-	6,914	(6,914)
Benefit payments, including refunds of employee contributions	(49,067)	(49,067)	-
Net changes	(31,086)	(42,153)	11,067
Balance at June 30, 2020	\$ 303,693	\$ 297,069	\$ 6,624

Plan fiduciary net position as a percentage of the total pension liability 97.82%

*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	3.50%	0.98%	0.75%
Net Pension Liability (Asset)	\$ 2,839,292	\$ 915,532	\$ 21,310
Current Discount Rate	4.50%	1.98%	1.75%
Net Pension Liability (Asset)	\$ 2,114,248	\$ 824,747	\$ 6,624
1% Increase	5.50%	2.98%	2.75%
Net Pension Liability (Asset)	\$ 1,459,143	\$ 741,367	\$ (6,869)

**VI. Actuarially Determined Contributions**

As of the June 30, 2019, 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 96% 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 74% 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 119% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2020 are presented below:

	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
Police and Firemen's Pension Plan	\$ 937,004	\$ 937,004	100%
General Pension Plan	469,402	503,714	93%
Garfield Pension Plan	-	-	0%

**VII. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2020, the City recognized pension expense for each of the Plans as follows:

	Pension Expense
Police and Firemen's Plan	\$ 151,420
General Pension Plan	102,606
Garfield Pension Plan	14,414
Total	\$ 268,440

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020, 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	\$ 40,979	\$ 134,010
Total	<u>\$ 40,979</u>	<u>\$ 134,010</u>

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
2021	\$ (108,572)
2022	24,724
2023	1,635
2024	(10,818)
2025	-
Thereafter	-

**VIII. Plan Financial Statements**

The Statement of Net Position for the Plans at June 30, 2020 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
<b>ASSETS</b>			
Pension plan cash and investments:			
City of Richmond Investment Pool	\$ 25,198	\$ 1,168,844	\$ 112,421
Local Agency Investment Fund	-	-	184,484
Mutual Fund Investments	11,036,790	-	-
Accounts receivable	390	1,647	164
Total Assets	<u>11,062,378</u>	<u>1,170,491</u>	<u>297,069</u>
<b>NET POSITION</b>			
Restricted for employees' pension benefits	<u>\$ 11,062,378</u>	<u>\$ 1,170,491</u>	<u>\$ 297,069</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
<b>ADDITIONS</b>			
Net investment income:			
Net increase (decrease) in the fair value of investments	\$ 408,225	\$ -	\$ -
Interest income	256,791	23,723	6,913
Investment management fees	(80,063)	-	-
Contribution from the City	937,004	503,714	-
Total Additions	<u>1,521,957</u>	<u>527,437</u>	<u>6,913</u>
<b>DEDUCTIONS</b>			
Pension benefits	1,793,081	424,759	49,066
Total Deductions	<u>1,793,081</u>	<u>424,759</u>	<u>49,066</u>
Net Increase (Decrease)	(271,124)	102,678	(42,153)
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Beginning of year	11,333,502	1,067,813	339,222
End of year	<u>\$ 11,062,378</u>	<u>\$ 1,170,491</u>	<u>\$ 297,069</u>

**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 \$26,441 and the employees' required contributions of \$126,035 were made during the fiscal year ending June 30, 2020.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**12. OTHER POSTEMPLOYMENT BENEFITS**

The following is a summary of the City's OPEB amounts for the year ended June 30, 2020:

	Deferred Outflow of Resources	Net OPEB Liability	Deferred Inflow of Resources	OPEB Expense
City OPEB Plan	\$ 4,165,269	\$ 97,441,649	\$ 56,684,676	\$ (5,799,808)
RRPOA OPEB Plan	399,957	21,811,159	1,621,354	2,147,252
	<u>\$ 4,565,226</u>	<u>\$ 119,252,808</u>	<u>\$ 58,306,030</u>	<u>\$ (3,652,556)</u>

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 <sup>(1)</sup> 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 2020.

*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	<u>1,136</u>

*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	<u>157</u>

**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, 2020 was \$22,861,318.

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 2020.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 2020.

*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 \$4,170,603 as of June 30, 2020.

*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, 2020 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, 2020
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.76%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	6.50%
Index Rate for 20 year, tax exempt municipal bonds	2.45%
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 2020, 6.20% for 2021, 5.90% for 2022, 5.50% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further 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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	2.89%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	6.00%
Index Rate for 20 year, tax exempt municipal bonds	2.45%
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 2020, 6.20% for 2021, 5.90% for 2022, 5.50% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further 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 5.76% for the City OPEB Plan and 2.89% 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 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 6.75% to 6.50% based on updated capital market assumptions.
- The discount rate was changed from 3.84% to 5.76% 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, 2020, 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 3.48%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 consisted of \$22,861,318 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	Long-Term
		Expected Real Rate of Return	Expected Nominal Rate of Return
US equity-large cap	32.00%	4.76%	7.26%
US equity-small/mid cap	15.00%	5.25%	7.75%
International equity	7.00%	5.41%	7.91%
Emerging market equity	4.00%	6.38%	8.88%
REITs	2.00%	4.53%	7.03%
Core fixed income	33.75%	2.01%	4.51%
High yield fixed income	1.25%	3.53%	6.03%
Cash and equivalents	5.00%	0.74%	3.24%
<b>Total</b>	<b>100.00%</b>		<b>6.78%</b>
Reduction for assumed investment expense			-0.33%
Net assumed investment return (round to 1/4%)			<b>6.50%</b>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

**B. Funding Policy and Actuarial Assumptions, Continued**

**RPOA OPEB Plan**

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. 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%	4.76%	7.26%
Fixed Income	43.0%	2.01%	4.51%
TIPS	5.0%	1.20%	3.70%
Commodities	4.0%	2.39%	4.89%
REITs	8.0%	4.53%	7.03%
Total	100.0%		6.20%
Reduction for assumed investment expense			-0.10%
Net assumed investment return (round to 1/4%)			6.00%

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019	\$ 187,676,917	\$ 16,631,743	\$ 171,045,174
Changes Recognized for the Measurement Period:			
Service Cost	4,292,499	-	4,292,499
Interest on the total OPEB liability	7,222,766	-	7,222,766
Differences between expected and actual experience (1)	(28,723,614)	-	(28,723,614)
Changes of assumptions (2)	(42,412,472)	-	(42,412,472)
Contributions from the employer	-	12,720,085	(12,720,085)
Contributions from the employee	-	642,475	(642,475)
Net investment income	-	709,908	(709,908)
Administrative expenses	-	(89,764)	89,764
Benefit payments (3)	(7,753,129)	(7,753,129)	-
Net changes	(67,373,950)	6,229,575	(73,603,525)
Balance at June 30, 2020 (Measurement Date)	\$ 120,302,967	\$ 22,861,318	\$ 97,441,649

(1) Approximately \$(30.4M) of the increase/(decrease) is due to the change in premiums and assumed claims costs and \$1.7M is due to all other experience changes.

(2) Approximately \$(30.7M) of the increase/(decrease) is due to the change in the discount rate and \$(11.7M) is due to all other

(3) Benefit payments are comprised of \$4,344,861 direct subsidy payments to retirees and \$3,408,268 implicit subsidy costs incurred during the measurement period ending 6/30/2020.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2019	\$ 24,616,908	\$ 1,879,640	\$ 22,737,268
Changes Recognized for the Measurement Period:			
Service Cost	2,053,367	-	2,053,367
Interest on the total OPEB liability	850,944	-	850,944
Differences between expected and actual experience	(1,784,304)	-	(1,784,304)
Changes of assumptions	401,383	-	401,383
Contributions from the employer	-	1,851,964	(1,851,964)
Contributions from the employee	-	425,213	(425,213)
Net investment income	-	171,970	(171,970)
Benefit payments (2)	(156,536)	(156,536)	-
Administrative expense	-	(1,648)	1,648
Net changes	1,364,854	2,290,963	(926,109)
Balance at June 30, 2020 (Measurement Date)	\$ 25,981,762	\$ 4,170,603	\$ 21,811,159

(1) Approximately \$(3.5M) of the increase/(decrease) is due to the change in premiums and assumed claims costs and \$1.7M is due to

(2) Benefit payments are comprised of \$131,326 direct subsidy payments to retirees and \$25,210 implicit subsidy costs incurred during the measurement period ending 6/30/2020.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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:

<i>City OPEB Plan</i>		
Net OPEB Liability/(Asset)		
Current		
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.76%	5.76%	6.76%
\$ 111,694,967	\$ 97,441,651	\$ 85,516,387
<i>RPOA OPEB Plan</i>		
Net OPEB Liability/(Asset)		
Current		
Discount Rate -1%	Discount Rate	Discount Rate +1%
1.89%	2.89%	3.89%
\$ 26,562,735	\$ 21,811,159	\$ 18,032,019

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:

<i>City OPEB Plan</i>		
Net OPEB Liability/(Asset)		
Current Healthcare Cost Trend Rates Various - see assumptions above		
1% Decrease		1% Increase
\$ 86,533,024	\$ 97,441,651	\$ 110,442,417
<i>RPOA OPEB Plan</i>		
Net OPEB Liability/(Asset) Healthcare Cost Trend		
Current Healthcare Cost Trend Rates Various - see assumptions above		
1% Decrease		1% Increase
\$ 19,062,300	\$ 21,811,159	\$ 25,783,612

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**12. OTHER POSTEMPLOYMENT BENEFITS, Continued**

**E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense on the City OPEB Plan and RPOA OPEB Plan of (\$5,799,808) and \$2,147,252, respectively. At June 30, 2020, 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	\$ -	\$ 23,283,655	\$ -	\$ 1,621,354
Changes of assumptions	3,598,632	33,401,021	364,727	-
Net differences between projected and actual earnings on plan investments	566,637	-	35,230	-
Contributions between measurement date and reopening date	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 4,165,269</b>	<b>\$ 56,684,676</b>	<b>\$ 399,957</b>	<b>\$ 1,621,354</b>

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:

<i>City OPEB Plan</i>	
Year Ended June 30,	Annual Amortization
2021	\$ (15,386,421)
2022	(15,386,422)
2023	(16,156,180)
2024	(5,590,384)

<i>RPOA OPEB Plan</i>	
Year Ended June 30,	Annual Amortization
2021	\$ (117,487)
2022	(117,487)
2023	(117,487)
2024	(117,487)
2025	(126,294)
Thereafter	(625,157)

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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 \$1,162,400 for the year ended June 30, 2020. 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 \$501,841 for the year ended June 30, 2020. 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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)	\$ 9,128	\$ 25,000
Nystrom Village	25,999	25,000
Administration Office	1,043	25,000
Hacienda	55,825	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, 2020, the estimated claims payable of \$43,240,367 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 \$47,960,000 at June 30, 2020. Changes in the claims liabilities for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Claims liabilities, beginning of year	\$ 44,577,999	\$ 37,707,574
Current year claims	11,420,000	10,729,000
Change in prior year claims	(2,670,407)	7,810,293
Claim payments	(6,813,811)	(7,775,666)
Legal, administrative and other expenses	(3,273,414)	(3,893,202)
Claims liabilities, end of year	\$ 43,240,367	\$ 44,577,999
Claims liabilities, due in one year	\$ 12,438,015	\$ 13,577,334

For the years ended June 30, 2020, 2019 and 2018 the amount of settlements did not exceed insurance coverage.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued**

Fiscal 2020 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

**Condensed Statement of Net Position**

Assets:	
Current assets	\$ 4,166,841
Capital assets	1,604,446
Total assets	<u>5,771,287</u>
Liabilities:	
Current liabilities	285,006
Long-term liabilities	2,336,858
Total liabilities	<u>2,621,864</u>
Net position:	
Net investment in capital assets	(829,691)
Restricted for debt service	87,319
Unrestricted	3,891,795
Total net position	<u>\$ 3,149,423</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

Operating revenues:	
Lease income	\$ 564,988
Operating expenses:	
General and administrative	(45,997)
Depreciation	(85,563)
Operating income	<u>433,428</u>
Nonoperating revenues (expenses):	
Interest income	54,128
Interest expense	(109,885)
Income (Loss) Before Contributions and Transfers	377,671
Transfers out	(86,778)
Change in net position	290,893
Beginning net position	2,858,530
Ending net position	<u>\$ 3,149,423</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by:	
Operating activities	\$ 398,732
Noncapital and related financing activities	(86,778)
Capital and related financing activities	(206,814)
Investing activities	57,520
Net increase	162,660
Beginning cash and investments	3,846,237
Ending cash and investments	<u>\$ 4,008,897</u>

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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 \$86.7 million at June 30, 2020 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.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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 [Nannette Beacham] 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.

**16. COMMITMENTS AND CONTINGENCIES, Continued**

*D. Housing Authority – Easter Hill Project, Continued*

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, 2020 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.

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.

**16. COMMITMENTS AND CONTINGENCIES, Continued**

*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, 2020, 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.

*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 \$96 million were received under the settlement agreements in fiscal years 2011 through 2020.

**16. COMMITMENTS AND CONTINGENCIES, Continued**

*G. Other – Major Taxpayer, Continued*

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 2020, the City received \$8 million that is restricted for use on pre-approved projects, and the City has received \$48 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 include 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.

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.

**16. COMMITMENTS AND CONTINGENCIES, Continued**

*I. Housing Authority Rental Assistance Demonstration, Continued*

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%.

*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 at 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 \$11,988, with the five year review estimated at \$62,500. The monitoring costs over a five year period are estimated at \$117,500.

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**16. COMMITMENTS AND CONTINGENCIES, Continued**

*J. Marina Bay – Pollution Remediation, Continued*

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, analysis, and remediation. The approximate annual costs for the existing groundwater sampling, analysis and remediation program is approximately \$89,000. The known pollution at this site is a layer of petroleum hydrocarbons above groundwater and petroleum hydrocarbons dissolved in groundwater. Active remediation has been conducted since September 2008 by the former Redevelopment Agency and now by the Successor Agency. DTSC requested that the Successor Agency submit a work plan describing the methods to enhance the recovery of free product and dissolved petroleum hydrocarbons at Area T. The Successor Agency submitted a Work Plan for Enhancement of Groundwater Remediation Program to DTSC in March 2015 (Work Plan). DTSC approved the Work Plan in April 2015. The cost to implement the enhanced groundwater remediation program is estimated at \$127,845. 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.

*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, 2020 were as listed below:

	<u>Amount</u>
Non-Major Governmental Funds	<u>\$ 1,555,039</u>
	<u>\$ 1,555,039</u>

**City of Richmond**  
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**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.

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**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, 2020 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, 2020.

**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.

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**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 \$1,210,000 as of June 30, 2020.

**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, 2020:

	Balance July 1, 2019	Additions (A)	Retirements (B)	Balance June 30, 2020	Due Within One Year	Due in More than One Year
Bonds Payable	\$ 56,082,303	\$ 930,733	\$ (5,211,820)	\$ 51,801,216	\$ 5,705,000	\$ 46,096,216
Loans payable from direct borrowing	20,715,000	-	(3,840,000)	16,875,000	1,465,000	15,410,000
Notes payable from direct borrowing	10,304,750	-	(338,728)	9,966,022	9,966,022	-
Total	\$ 87,102,053	\$ 930,733	\$ (9,390,548)	\$ 78,642,238	\$ 17,136,022	\$ 61,506,216

(A) Includes bond accretion for capital appreciation bonds totaling \$717,797.22.

(B) Retirements of bonds payable includes principle retirements in the amount of \$4,980,000.

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**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

**Bonds Payable**

Bonds payable at June 30, 2020 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$ 4,266,080
Subordinate Tax Allocation Bonds - 2007 Series B	11,570,651
Subordinate Tax Allocation Refunding Bonds - 2010 Series A	22,895,000
Successor Agency of RCRA Refunding Bonds - 2014 Series A & B	13,069,485
Total	\$ 51,801,216

**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, 2020, the Bonds consisted of the following:

	Value	Accretion / Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$ 4,600,000	\$ 212,939	\$ (546,859)	\$ 4,266,080

**City of Richmond**  
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**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
2021	\$	1,150,000
2022		1,150,000
2023		1,150,000
2024		1,150,000
Total	\$	4,600,000

**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.

**City of Richmond**  
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**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, 2020, the 2007B Bonds consisted of the following:

	Value	Accretion / Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$ 17,890,000	\$ 717,797	\$ (7,037,146)	\$ 11,570,651

The annual debt service requirements on the 2007B Bonds are as follows:

For the Years Ending June 30,	Principal
2021	\$ 1,415,000
2022	1,030,000
2023	1,085,000
2024	1,145,000
2025	1,175,000
2026-2030	6,195,000
2031-2035	4,175,000
2036-2037	1,670,000
Total	\$ 17,890,000

**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.

**City of Richmond**  
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**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 annual debt service requirements on the bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 1,270,000	\$ 1,697,170	\$ 2,967,170
2022	820,000	1,612,659	2,432,659
2023	880,000	1,548,684	2,428,684
2024	2,765,000	1,419,025	4,184,025
2025	1,210,000	1,278,179	2,488,179
2026-2030	10,270,000	4,138,038	14,408,038
2031-2035	3,730,000	1,650,782	5,380,782
2036-2037	1,950,000	164,783	2,114,783
Total	\$ 22,895,000	\$ 13,509,320	\$ 36,404,320

**Interest Rate Swap Agreement**

The Agency entered into an interest swap agreement in connection with the 2010A Subordinate Tax Allocation Refunding Bonds. The transaction allows the Agency to create a synthetic variable rate on the Bonds. The terms, fair value and credit risk of the swap agreement are disclosed below.

**City of Richmond**  
**Notes to Basic Financial Statements**  
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**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

**Interest Rate Swap Agreement, Continued**

*Terms.* The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2019 are included below. The swap agreement contains scheduled reductions to the outstanding notional amount.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2020	Termination Date
\$ 43,425,000	7/12/2007	Royal Bank of Canada	AA-/Aa2/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	\$ (3,439,664)	9/1/2036

Based on the swap agreement, the Agency owes interest calculated at a variable rate to the counterparty of the swap, and in return, the counterparty owes the Agency interest based on a variable rate. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

*Fair value.* Fair value of the swap 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 swap, 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 swap is classified as Level 2 of the fair value hierarchy, using a market approach that considers the observable swap rates commonly quoted for the full term of the swap. As of June 30, 2020, the fair value of the swap was not in favor of the counterparty.

The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the ineffective hedge as noted below:

	Changes in Fair Value		Fair value at June 30, 2020	
	Classification	Amount	Classification	Amount
<b>Pay-Variable, Receive-Variable</b>				
2010A Subordinate Tax Allocation Refunding Bonds	Investment loss	\$ (28,764)	Investment	\$ (3,439,664)

**City of Richmond**  
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**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

**Interest Rate Swap Agreement, Continued**

*Credit risk.* As of June 30, 2020, the Agency was not exposed to credit risk on the outstanding swap because the swap had a negative fair value. However, if interest rates increase and the fair value of the swap were to become positive, the Agency would be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*Interest rate risk.* The swap increases the Agency's exposure to variable interest rates. As the SIFMA Municipal Swap Index Rate increases or the LIBOR decreases, the Agency's net payment on the swap increases.

*Basis risk.* Basis risk is the risk that the interest rate paid by the Agency on the underlying fixed rate bonds to the bondholders temporarily differs from the variable swap rate received from the counterparty. The Agency bears basis risk on the swap. The swap has basis risk since the Agency receives a percentage of the LIBOR Index to offset the fixed bond rate the Agency pays on the underlying Bonds. The Agency is exposed to basis risk should the floating rate that it receives on a swap be less than the fixed rate the Agency 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 Agency is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt fixed 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 fixed rate bonds converge the Agency is exposed to this basis risk.

*Termination risk.* The Agency may terminate if the other party fails to perform under the terms of the contract. The Agency will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Agency'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 swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

**Interest Rate Swap Agreement, Continued**

*Swap payments and associated debt.* Using rates as of June 30, 2020, debt service requirements of the Agency's outstanding fixed rate Bonds and net swap payments assuming current interest rates remain the same for their term, are as follows. As rates vary, fixed rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2021	\$ 1,270,000	\$ 1,317,325	\$ 379,845	\$ 2,967,170
2022	820,000	1,260,644	352,015	2,432,659
2023	880,000	1,213,344	335,340	2,428,684
2024	2,765,000	1,109,100	309,925	4,184,025
2025	1,210,000	994,819	283,360	2,488,179
2026-2030	10,270,000	3,130,638	1,007,400	14,408,038
2031-2035	3,730,000	1,200,097	450,685	5,380,782
2036-2037	1,950,000	121,888	42,895	2,114,783
Total	\$ 22,895,000	\$ 10,347,855	\$ 3,161,465	\$ 36,404,320

**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, 2020 were as follows:

Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$ 4,225,000
JJFA Tax Allocation Revenue Bonds - 2000 Series A & B	520,000
JJFA Tax Allocation Revenue Bonds - 2003 Series A	9,395,000
Total	\$ 14,140,000

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

At June 30, 2020, the 2014 A & B Bonds consisted of the following:

Bonds outstanding	\$ 12,400,000
Unamortized premium	669,485
Net	\$ 13,069,485

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	\$ 12,400,000	\$ 1,904,250	\$ 14,304,250

**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, 2020 came from the Bond issues listed below:

JJFA Tax Allocation Revenue Bonds - 2003 Series B	\$ 6,750,000
JJFA Tax Allocation Revenue Bonds - 2004 Series A & B	10,125,000
Total	\$ 16,875,000

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 785,000	\$ 400,523	\$ 1,185,523
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	\$ 6,750,000	\$ 1,494,677	\$ 8,244,677

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**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, 2020 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 680,000	\$ 525,014	\$ 1,205,014
2022	720,000	488,784	1,208,784
2023	850,000	446,956	1,296,956
2024	805,000	402,857	1,207,857
2025	835,000	359,227	1,194,227
2026-2027	6,235,000	458,724	6,693,724
Total	\$ 10,125,000	\$ 2,681,562	\$ 12,806,562

**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 \$107,100,582 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 2020 calculated by the County Auditor–Controller were \$38,183,419. The total received by the Successor Agency for fiscal year 2020 debt service and other enforceable obligations was \$10,720,489, which the Successor Agency used along with cash on-hand to pay debt service of \$13,404,885.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

Notes Payable

SERAF Loan \$ 9,966,022

**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.

For the Years Ending June 30,	Principal	Interest	Total
2021	\$ 9,966,022	\$ -	\$ 9,966,022
Total	<u>\$ 9,966,022</u>	<u>\$ -</u>	<u>\$ 9,966,022</u>

**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 \$2,175,000 at June 30, 2020.

**City of Richmond**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

**17. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES, Continued**

*D. Long-term Obligations, Continued*

**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, 2020, the balances of these issuers' outstanding debts were as follows:

Baycliff Apartment Project, 2004 Revenue Bonds	\$26,490,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	22,900,459

*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.

COVID-19 had an immediate and severe impact on the City of Richmond's tax revenues. While 2020-21 property tax revenues were inoculated from COVID-19 due to the lien date (and change in California Consumer Price Index) of January 1, 2020, preceding the onset of COVID-19 in March 2020, as clearly evident in the City's basic financial statements, sales tax, transient occupancy tax (TOT), and property transfer tax were susceptible to the economic impact of COVID-19. The reduction in sales tax revenue reflected a reduction of \$3.8 million or 7.9% of the adopted mid-year budget amount. Non-tax revenues were also impacted by COVID-19, largely in charges for services, which reflected a reduction of \$141 thousand or 3.8% of the mid-year budget amount.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

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**1. 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.

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**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 44,709,813	\$ 43,897,435	\$ 44,142,773	\$ 245,338
Sales taxes	48,854,521	48,356,233	44,537,156	(3,819,077)
Utility user taxes	46,670,419	46,278,438	45,552,523	(725,915)
Other taxes	12,426,953	12,841,286	15,619,151	2,777,865
Licenses, permits and fees	3,253,027	3,253,027	3,609,024	355,997
Fines, forfeitures and penalties	897,604	941,160	735,469	(205,691)
Use of money and property	236,079	236,079	220,435	(15,644)
Intergovernmental	733,791	1,188,816	1,111,926	(76,890)
Charges for services	6,665,492	6,950,480	6,706,446	(244,034)
Rent	921,529	946,529	890,779	(55,750)
Other	270,996	270,996	446,535	175,539
<b>Total revenues</b>	<b>165,640,224</b>	<b>165,160,479</b>	<b>163,572,217</b>	<b>(1,588,262)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	27,889,117	29,097,128	28,287,721	809,407
Public safety	97,350,256	97,021,673	97,945,539	(923,866)
Public works	25,588,705	25,726,476	24,330,391	1,396,085
Cultural and recreational	11,829,501	11,638,943	10,825,978	812,965
Capital outlay	100,000	100,000	-	100,000
Debt service:				
Principal	745,446	745,446	876,283	(130,837)
Interest and fiscal charges	163,743	163,743	182,043	(18,300)
<b>Total expenditures</b>	<b>163,666,768</b>	<b>164,493,409</b>	<b>162,447,955</b>	<b>2,045,454</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>1,973,456</b>	<b>667,070</b>	<b>1,124,262</b>	<b>457,192</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	55,000	55,000	82,036	27,036
Transfers in	11,223,196	12,265,857	9,219,075	(3,046,782)
Transfers out	(13,018,574)	(15,892,040)	(8,547,696)	7,344,344
<b>Total other financing sources (uses)</b>	<b>(1,740,378)</b>	<b>(3,571,183)</b>	<b>753,415</b>	<b>4,324,598</b>
<b>Net change in fund balances</b>	<b>\$ 233,078</b>	<b>\$ (2,904,113)</b>	<b>1,877,677</b>	<b>\$ 4,781,790</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			36,768,554	
End of year			\$ 38,646,231	

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**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 1,354,425	\$ 1,354,425	\$ 803,055	\$ (551,370)
Use of money and property	209,745	209,745	488,355	278,610
Intergovernmental	2,266,299	2,266,299	629,070	(1,637,229)
Other	1,198,749	1,198,749	1,264,424	65,675
<b>Total revenues</b>	<b>5,029,218</b>	<b>5,029,218</b>	<b>3,184,904</b>	<b>(1,844,314)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,588,051	2,087,942	396,733	1,691,209
Housing and redevelopment	1,795,119	2,290,585	1,261,056	1,029,529
Capital outlay	1,547,695	1,547,695	207,026	1,340,669
<b>Total expenditures</b>	<b>4,930,865</b>	<b>5,926,222</b>	<b>1,864,815</b>	<b>4,061,407</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>98,353</b>	<b>(897,004)</b>	<b>1,320,089</b>	<b>2,217,093</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	82,687	82,687	-	(82,687)
<b>Total other financing sources (uses)</b>	<b>82,687</b>	<b>82,687</b>	<b>-</b>	<b>(82,687)</b>
<b>Net change in fund balances</b>	<b>\$ 181,040</b>	<b>\$ (814,317)</b>	<b>1,320,089</b>	<b>\$ 2,134,406</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			27,799,125	
Prior period adjustments			200,000	
Beginning of year, as restated			27,999,125	
End of year			<u>\$ 29,319,214</u>	

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total Pension Liability</b>						
Service cost	\$ 7,652,864	\$ 7,637,812	\$ 8,053,459	\$ 7,200,571	\$ 7,446,410	\$ 7,816,868
Interest	34,315,542	33,323,855	32,804,753	32,305,003	31,414,256	30,597,498
Differences between actual and expected experience	(331,531)	(4,642,948)	(4,464,966)	(3,484,064)	(5,280,549)	-
Changes in assumptions	-	(3,224,832)	25,548,824	-	(7,116,200)	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(27,565,398)	(25,970,450)	(25,074,448)	(23,917,069)	(23,302,793)	(23,007,539)
<b>Net change in the total pension liability</b>	<b>14,071,477</b>	<b>7,123,437</b>	<b>36,867,622</b>	<b>12,104,441</b>	<b>3,161,124</b>	<b>15,406,827</b>
<b>Total pension liability - beginning</b>	<b>490,225,435</b>	<b>483,101,998</b>	<b>446,234,376</b>	<b>434,129,935</b>	<b>430,968,811</b>	<b>415,561,984</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 504,296,912</b>	<b>\$ 490,225,435</b>	<b>\$ 483,101,998</b>	<b>\$ 446,234,376</b>	<b>\$ 434,129,935</b>	<b>\$ 430,968,811</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 12,156,723	\$ 10,489,795	\$ 8,860,295	\$ 8,093,834	\$ 7,189,716	\$ 6,661,038
Contributions - employee	2,843,043	2,894,841	2,996,354	3,087,656	3,141,565	3,195,699
Net investment income	23,350,283	28,880,923	35,805,938	1,630,388	7,502,958	51,867,728
Plan to plan resource movement	-	(842)	(50,018)	(4,762)	(6,885)	-
Administrative expense	(259,047)	(542,721)	(481,651)	(205,714)	(379,925)	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(27,565,398)	(25,970,450)	(25,074,448)	(23,917,069)	(23,302,793)	(23,007,539)
Other miscellaneous income (expense)	842	(1,030,636)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>10,526,446</b>	<b>14,720,910</b>	<b>22,056,470</b>	<b>(11,315,667)</b>	<b>(5,855,364)</b>	<b>38,716,926</b>
<b>Plan fiduciary net position - beginning</b>	<b>363,003,886</b>	<b>348,282,976</b>	<b>326,226,506</b>	<b>337,542,173</b>	<b>343,397,537</b>	<b>304,680,611</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 373,530,332</b>	<b>\$ 363,003,886</b>	<b>\$ 348,282,976</b>	<b>\$ 326,226,506</b>	<b>\$ 337,542,173</b>	<b>\$ 343,397,537</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 130,766,580</b>	<b>\$ 127,221,549</b>	<b>\$ 134,819,022</b>	<b>\$ 120,007,870</b>	<b>\$ 96,587,762</b>	<b>\$ 87,571,274</b>
<b>Plan fiduciary net position as a percentage</b>						
percentage of the total pension liability	74.07%	74.05%	72.09%	73.11%	77.75%	79.68%
Covered payroll	\$ 36,295,759	\$ 35,725,311	\$ 35,964,798	\$ 36,638,889	\$ 36,151,102	\$ 37,210,225
Net pension liability as a percentage of covered payroll	360.28%	356.11%	374.86%	327.54%	267.18%	235.34%

**Notes to the schedule:**

*Benefit Changes:* The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Services Credit (aka "Golden Handshakes").

*Changes in Assumptions:* GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan administrative investment expenses. In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 2015 and 2014 measurement dates.

\* Fiscal year 2015 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Contributions - Last 10 Years\**

Fiscal Year Ended:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 13,783,427	\$ 12,150,650	\$ 10,436,250	\$ 8,867,763	\$ 8,084,584	\$ 7,178,549
Contributions in relation to actuarially determined contributions	(13,783,427)	(12,150,650)	(10,436,250)	(8,867,763)	(8,084,584)	(7,178,549)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 35,129,597	\$ 36,295,759	\$ 35,725,311	\$ 35,964,798	\$ 36,638,889	\$ 36,151,102
Contributions as a percentage of covered payroll	39.24%	33.48%	29.21%	24.66%	22.07%	19.86%
<b>Notes to the schedule:</b>						
Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

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	2.75%
Payroll growth	3.00%
Salary increases	Varies by Entry Age and Service.
Investment rate of return	7.50% for 2015 to 2018 and 7.375% for 2019, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality rate table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total Pension Liability</b>						
Service cost	\$ 11,313,128	\$ 11,391,456	\$ 11,650,927	\$ 10,297,536	\$ 10,142,245	\$ 10,167,167
Interest	46,009,128	44,562,419	43,264,626	41,950,593	40,142,006	38,254,517
Differences between actual and expected experience	433,759	413,272	797,969	2,950,295	3,799,388	-
Changes in assumptions	-	(2,676,340)	35,109,898	-	(9,563,090)	-
Benefit payments, including refunds of employee contributions	(37,105,985)	(35,123,568)	(33,620,000)	(30,593,589)	(28,747,508)	(27,199,743)
<b>Net change in the total pension liability</b>	20,650,030	18,567,239	57,203,420	24,604,835	15,773,041	21,221,941
<b>Total pension liability - beginning</b>	655,946,979	637,379,740	580,176,320	555,571,485	539,798,444	518,576,503
<b>Total pension liability - ending (a)</b>	<u>\$ 676,597,009</u>	<u>\$ 655,946,979</u>	<u>\$ 637,379,740</u>	<u>\$ 580,176,320</u>	<u>\$ 555,571,485</u>	<u>\$ 539,798,444</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 16,658,515	\$ 14,016,085	\$ 12,699,049	\$ 11,488,714	\$ 10,652,641	\$ 9,352,438
Contributions - employee	4,238,132	4,226,345	4,471,008	4,607,993	3,797,568	3,348,408
Net investment income	29,333,974	36,380,672	45,166,243	2,062,417	9,408,186	64,842,562
Plan to plan resource movement	-	(1,062)	50,018	4,762	3,476	-
Administrative expense	(326,144)	(684,883)	(607,337)	(258,432)	(477,249)	-
Benefit payments, including refunds of employee contributions	(37,105,985)	(35,123,568)	(33,620,000)	(30,593,589)	(28,747,508)	(27,199,743)
Other miscellaneous income (expense)	1,062	(1,300,605)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	12,799,554	17,512,984	28,158,981	(12,688,135)	(5,362,886)	50,343,665
<b>Plan fiduciary net position - beginning</b>	457,026,624	439,513,640	411,354,659	424,042,794	429,405,680	379,062,015
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 469,826,178</u>	<u>\$ 457,026,624</u>	<u>\$ 439,513,640</u>	<u>\$ 411,354,659</u>	<u>\$ 424,042,794</u>	<u>\$ 429,405,680</u>
Net pension liability - ending (a) - (b)	<u>\$ 206,770,831</u>	<u>\$ 198,920,355</u>	<u>\$ 197,866,100</u>	<u>\$ 168,821,661</u>	<u>\$ 131,528,691</u>	<u>\$ 110,392,764</u>
Plan fiduciary net position as a percentage of the total pension liability	69.44%	69.67%	68.96%	70.90%	76.33%	79.55%
Covered payroll	\$ 35,870,534	\$ 34,439,607	\$ 37,273,957	\$ 37,352,212	\$ 36,161,966	\$ 35,479,947
Net pension liability as a percentage of covered payroll	576.44%	577.59%	530.84%	451.97%	363.72%	311.14%
<b>Notes to the schedule:</b>						
<i>Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Services Credit (aka "Golden Handshakes").</i>						
<i>Changes in Assumptions: GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan administrative investment expenses. In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 2015 and 2014 measurement dates.</i>						

**Notes to the schedule:**

*Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Services Credit (aka "Golden Handshakes").*

*Changes in Assumptions: GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan administrative investment expenses. In 2017, the accounting discount rate reduced from 7.65 to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 2015 and 2014 measurement dates.*

\* Fiscal year 2015 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

Safety Agent Multiple-Employer Defined Benefit Pension Plan

*Schedule of Contributions - Last 10 Years\**

<u>Fiscal Year Ended:</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 19,355,578	\$ 16,363,802	\$ 14,013,858	\$ 12,696,582	\$ 11,492,798	\$ 10,650,057
Contributions in relation to actuarially determined contributions	(19,355,578)	(16,363,802)	(14,013,858)	(12,696,582)	(11,492,798)	(10,650,057)
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 34,316,884	\$ 35,870,534	\$ 34,439,607	\$ 37,273,957	\$ 37,352,212	\$ 36,151,966
Contributions as a percentage of covered payroll	56.40%	45.62%	40.69%	34.06%	30.77%	29.46%

**Notes to the schedule:**

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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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	2.75%
Payroll growth	3.00%
Salary increases	Varies by Entry Age and Service.
Investment rate of return	7.50% for 2015 to 2018 and 7.375% for 2019, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality rate table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation.

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**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

General Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years\**

<u>Fiscal Year Ended:</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total Pension Liability</b>							
Interest	\$ 57,712	\$ 70,585	\$ 80,100	\$ 92,742	\$ 107,632	\$ 128,954	\$ 147,247
Differences between actual and expected experience	-	150,123	-	40,459	-	345,786	-
Changes in assumptions	66,443	102,792	(20,669)	-	-	322,312	-
Benefit payments, including refunds of employee contributions	(424,760)	(494,605)	(524,939)	(584,272)	(623,662)	(672,546)	(592,105)
<b>Net change in the total pension liability</b>	(300,605)	(171,105)	(465,508)	(451,071)	(516,030)	124,506	(444,858)
<b>Total pension liability - beginning</b>	<u>2,295,843</u>	<u>2,466,948</u>	<u>2,932,456</u>	<u>3,383,527</u>	<u>3,899,557</u>	<u>3,775,051</u>	<u>4,219,909</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 1,995,238</u>	<u>\$ 2,295,843</u>	<u>\$ 2,466,948</u>	<u>\$ 2,932,456</u>	<u>\$ 3,383,527</u>	<u>\$ 3,899,557</u>	<u>\$ 3,775,051</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 503,714	\$ 812,561	\$ 814,594	\$ 73,592	\$ 602,970	\$ 602,970	\$ 602,970
Net investment income	23,724	8,124	2,207	3,351	2,255	2,017	(837)
Benefit payments, including member contribution refunds	(424,760)	(494,605)	(524,939)	(584,272)	(623,662)	(672,546)	(592,105)
<b>Net change in the total pension liability</b>	102,678	326,080	291,862	(507,329)	(18,437)	(67,559)	10,028
<b>Plan fiduciary net position - beginning</b>	<u>1,067,813</u>	<u>741,733</u>	<u>449,871</u>	<u>957,200</u>	<u>975,637</u>	<u>1,043,196</u>	<u>1,033,168</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,170,491</u>	<u>\$ 1,067,813</u>	<u>\$ 741,733</u>	<u>\$ 449,871</u>	<u>\$ 957,200</u>	<u>\$ 975,637</u>	<u>\$ 1,043,196</u>
Net pension liability - ending (a) - (b)	<u>\$ 824,747</u>	<u>\$ 1,228,030</u>	<u>\$ 1,725,215</u>	<u>\$ 2,482,585</u>	<u>\$ 2,426,327</u>	<u>\$ 2,923,920</u>	<u>\$ 2,731,855</u>
Plan fiduciary net position as a percentage of the total pension liability	58.7%	46.5%	30.1%	15.3%	28.3%	25.0%	27.6%
Covered payroll	n/a						
Net pension liability as a percentage of covered payroll	n/a						

\* Fiscal year 2014 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

Police and Firemen's Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years\**

Fiscal Year Ended:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Total Pension Liability</b>							
Interest	\$ 606,022	\$ 952,312	\$ 1,031,753	\$ 1,111,386	\$ 1,214,089	\$ 1,464,746	\$ 1,579,762
Differences between actual and expected experience	-	(3,103,425)	-	261,891	-	(323,462)	-
Changes in assumptions	-	1,037,914	-	-	-	1,380,854	-
Benefit payments, including refunds of employee contributions	(1,793,082)	(2,170,136)	(2,656,508)	(2,859,902)	(3,140,552)	(3,074,421)	(3,436,887)
<b>Net change in the total pension liability</b>	<b>(1,187,060)</b>	<b>(3,283,335)</b>	<b>(1,624,755)</b>	<b>(1,486,625)</b>	<b>(1,926,463)</b>	<b>(552,283)</b>	<b>(1,857,125)</b>
<b>Total pension liability - beginning</b>	<b>14,363,686</b>	<b>17,647,021</b>	<b>19,271,776</b>	<b>20,758,401</b>	<b>22,684,864</b>	<b>23,237,147</b>	<b>25,094,272</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,176,626</b>	<b>\$ 14,363,686</b>	<b>\$ 17,647,021</b>	<b>\$ 19,271,776</b>	<b>\$ 20,758,401</b>	<b>\$ 22,684,864</b>	<b>\$ 23,237,147</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 937,004	\$ 1,270,466	\$ 1,270,466	\$ 1,270,466	\$ 1,222,197	\$ 740,235	\$ 740,235
Net investment income	584,954	645,593	589,027	1,340,997	(165,490)	369,240	2,968,492
Benefit payments, including member contribution refunds	(1,793,082)	(2,170,136)	(2,656,508)	(2,859,902)	(3,140,552)	(3,074,421)	(3,436,887)
Other deductibles	-	-	-	-	-	-	(3,424,568)
<b>Net change in the total pension liability</b>	<b>(271,124)</b>	<b>(254,077)</b>	<b>(797,015)</b>	<b>(248,439)</b>	<b>(2,083,845)</b>	<b>(1,964,946)</b>	<b>(3,152,728)</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,333,502</b>	<b>11,587,579</b>	<b>12,384,594</b>	<b>12,633,033</b>	<b>14,716,878</b>	<b>16,681,824</b>	<b>19,834,552</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,062,378</b>	<b>\$ 11,333,502</b>	<b>\$ 11,587,579</b>	<b>\$ 12,384,594</b>	<b>\$ 12,633,033</b>	<b>\$ 14,716,878</b>	<b>\$ 16,681,824</b>
Net pension liability - ending (a) - (b)	<b>\$ 2,114,248</b>	<b>\$ 3,030,184</b>	<b>\$ 6,059,442</b>	<b>\$ 6,887,182</b>	<b>\$ 8,125,368</b>	<b>\$ 7,967,986</b>	<b>\$ 6,555,323</b>
Plan fiduciary net position as a percentage of the total pension liability	84.0%	78.9%	65.7%	64.3%	60.9%	64.9%	71.8%
Covered payroll	n/a						
Net pension liability as a percentage of covered payroll	n/a						

\* Fiscal year 2014 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

Garfield Pension Plan

*Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years\**

<u>Fiscal Year Ended:</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Total Pension Liability</b>				
Interest	\$ 7,756	\$ 17,334	\$ 19,334	\$ 19,517
Differences between actual and expected experience	-	(220,079)	-	67,810
Changes in assumptions	10,225	(1,426)	-	-
Benefit payments, including refunds of employee contributions	(49,067)	(77,703)	(94,323)	(92,474)
<b>Net change in the total pension liability</b>	(31,086)	(281,874)	(74,989)	(5,147)
<b>Total pension liability - beginning</b>	<u>334,779</u>	<u>616,653</u>	<u>691,642</u>	<u>696,789</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 303,693</u>	<u>\$ 334,779</u>	<u>\$ 616,653</u>	<u>\$ 691,642</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ -	\$ 102,140	\$ 102,140	\$ 102,140
Net investment income	6,914	7,024	2,627	1,517
Benefit payments, including member contribution refunds	(49,067)	(77,703)	(94,323)	(92,474)
<b>Net change in the total pension liability</b>	(42,153)	31,461	10,444	11,183
<b>Plan fiduciary net position - beginning</b>	<u>339,222</u>	<u>307,761</u>	<u>297,317</u>	<u>286,134</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 297,069</u>	<u>\$ 339,222</u>	<u>\$ 307,761</u>	<u>\$ 297,317</u>
Net pension liability - ending (a) - (b)	<u>\$ 6,624</u>	<u>\$ (4,443)</u>	<u>\$ 308,892</u>	<u>\$ 394,325</u>
Plan fiduciary net position as a percentage of the total pension liability	97.8%	101.3%	49.9%	43.0%
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.

<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
6/30/2016	6/30/2015	6/30/2014
\$ 21,615	\$ 28,597	\$ 30,759
-	(45,458)	-
-	64,544	-
(90,660)	(88,883)	(87,140)
(69,045)	(41,200)	(56,381)
<u>765,834</u>	<u>807,034</u>	<u>863,415</u>
<u>\$ 696,789</u>	<u>\$ 765,834</u>	<u>\$ 807,034</u>
\$ 102,140	\$ 102,140	\$ 102,140
933	577	227
(90,660)	(88,883)	(87,141)
12,413	13,834	15,226
<u>273,721</u>	<u>259,887</u>	<u>244,661</u>
<u>\$ 286,134</u>	<u>\$ 273,721</u>	<u>\$ 259,887</u>
<u>\$ 410,655</u>	<u>\$ 492,113</u>	<u>\$ 547,147</u>

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

*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)
<b>General Pension Plan</b>					
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
<b>Police &amp; Firemen's Pension Plan</b>					
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
<b>Garfield Pension Plan</b>					
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

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

*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.		
	<b>Effects of Assumptions Changes and Experience Gains and Losses:</b>		
	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)	2.25%	2.25%	2.25%
Salary increases used to estimate future increases to pensions	n/a	n/a	n/a
Discount rate, net of investment expenses	4.50%	2.77%	2.50%
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 unfunded 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	2020	2019	2018	2017	2016	2015	2014
<b>General Pension Plan</b>	1.54%	0.64%	1.00%	0.50%	0.30%	0.30%	0.10%
<b>Police and Firemen's Pension Plan</b>	5.11%	5.51%	4.90%	11.80%	-1.20%	2.40%	3.90%
<b>Garfield Pension Plan</b>	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, 2020**

**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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Total OPEB Liability</b>				
Service cost	\$ 4,292,499	\$ 3,452,679	\$ 6,730,397	\$ 7,558,987
Interest	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	(28,723,614)	-	(2,816,969)	-
Changes in assumptions	(42,412,472)	(1,409,953)	8,715,168	(15,340,529)
Benefit payments	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
<b>Net change in the total OPEB liability</b>	<b>(67,373,950)</b>	<b>(17,489,649)</b>	<b>13,694,284</b>	<b>(7,214,880)</b>
<b>Total OPEB liability - beginning</b>	<b>187,676,917</b>	<b>205,166,566</b>	<b>191,472,282</b>	<b>198,687,162</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 120,302,967</b>	<b>\$ 187,676,917</b>	<b>\$ 205,166,566</b>	<b>\$ 191,472,282</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 12,720,085	\$ 6,714,785	\$ 13,599,120	\$ 13,218,475
Contributions - employee	642,475	532,288	765,475	278,850
Net investment income	709,908	1,170,454	632,089	227,394
Administrative expense	(89,764)	(81,950)	(49,169)	(11,250)
Benefit payments	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
Plan to Plan transfer (1)	-	(1,879,640)	-	-
<b>Net change in the total OPEB liability</b>	<b>6,229,575</b>	<b>(791,136)</b>	<b>8,085,986</b>	<b>7,215,824</b>
<b>Plan fiduciary net position - beginning</b>	<b>16,631,743</b>	<b>17,422,879</b>	<b>9,336,893</b>	<b>2,121,069</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 22,861,318</b>	<b>\$ 16,631,743</b>	<b>\$ 17,422,879</b>	<b>\$ 9,336,893</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 97,441,649</b>	<b>\$ 171,045,174</b>	<b>\$ 187,743,687</b>	<b>\$ 182,135,389</b>
Plan fiduciary net position as a percentage of the total OPEB liability	19.00%	8.86%	8.49%	4.88%
Covered payroll	\$ 50,016,647	\$ 49,511,523	\$ 65,359,713	\$ 66,774,795
Net OPEB liability as a percentage of covered payroll	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.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

**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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Contractually required contributions (CRC) (1)	\$ 7,753,129	\$ 7,247,073	\$ 6,861,529	\$ 6,497,645
Contributions in relation to the CRC	(7,753,129)	(7,247,073)	(6,861,529)	(6,497,645)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Annual money weighted rate of return, net of investment expense	3.48%	6.74%	6.30%	10.75%

\* Fiscal year 2017 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

**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:	6/30/2020	6/30/2019
<b>Total OPEB Liability</b>		
Service cost	\$ 2,053,367	\$ 1,939,517
Interest	850,944	764,597
Changes in benefit terms	-	21,995,467
Differences between actual and expected experience	(1,784,304)	-
Changes in assumptions	401,383	-
Benefit payments	(156,536)	(82,673)
<b>Net change in the total OPEB liability</b>	<u>1,364,854</u>	<u>24,616,908</u>
<b>Total OPEB liability - beginning</b>	<u>24,616,908</u>	<u>-</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 25,981,762</u>	<u>\$ 24,616,908</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,851,964	\$ -
Contributions - employee	425,213	82,673
Net investment income	170,322	-
Plan to Plan transfer (1)	-	1,879,640
Benefit payments	(156,536)	(82,673)
<b>Net change in the total OPEB liability</b>	<u>2,290,963</u>	<u>1,879,640</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,879,640</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 4,170,603</u>	<u>\$ 1,879,640</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 21,811,159</u>	<u>\$ 22,737,268</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.05%	7.64%
Covered payroll	\$ 16,699,113	\$ 17,404,407
Net OPEB liability as a percentage of covered payroll	130.61%	130.64%

(1) Transferred from the OPEB Plan.

\* Fiscal year 2019 was the 1st year of implementation.

**City of Richmond**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

**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:	6/30/2020	6/30/2019
Contractually required contributions (CRC) (1)	\$ 1,851,964	\$ 82,673
Contributions in relation to the CRC	(1,851,964)	(82,673)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>

**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.

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**SUPPLEMENTARY  
INFORMATION**

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## 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 fund 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

*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 fund 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.

**City of Richmond  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue Funds			
	State Gas Tax	Genreal Purpose	Paratransit	Employment
	Fund	Fund	Operations	and Training
	Fund	Fund	Fund	Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,948,003	\$ 563,977	\$ 481	\$ 2,132,220
Restricted cash and investments	-	-	-	6,593
Receivables:				
Accounts, net	182,924	3,457	230	46,076
Interest	2,516	1,617	-	-
Grants	-	874,365	-	730,941
Loans	-	-	-	-
<b>Total assets</b>	<b>2,133,443</b>	<b>1,443,416</b>	<b>711</b>	<b>2,915,830</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	115,073	448,122	26,487	370,788
Refundable deposits	-	-	-	-
Unearned revenue	-	98,609	-	50,000
<b>Total liabilities</b>	<b>115,073</b>	<b>546,731</b>	<b>26,487</b>	<b>420,788</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	802,113	-	103,798
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>802,113</b>	<b>-</b>	<b>103,798</b>
<b>Fund Balances:</b>				
Restricted	2,018,370	94,572	-	2,391,244
Assigned	-	-	-	-
Unassigned	-	-	(25,776)	-
<b>Total fund balances</b>	<b>2,018,370</b>	<b>94,572</b>	<b>(25,776)</b>	<b>2,391,244</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,133,443</b>	<b>\$ 1,443,416</b>	<b>\$ 711</b>	<b>\$ 2,915,830</b>

	Special Revenue Funds					
	Public Safety	Lighting and	Developer	Secured	Richmond	
	Fund	Landscaping	Impact Fees	Pension Override	Neighborhood	Rent Control
	Fund	Districts Fund	Fund	Fund	Corporation Fund	Fund
<b>ASSETS</b>						
Cash and investments	\$ 259,548	\$ 1,525,535	\$ 7,845,495	\$ -	\$ 33,608	\$ 511,065
Restricted cash and investments	-	-	-	-	124,772	-
Receivables:						
Accounts, net	-	1,496	-	-	-	5,612
Interest	446	2,048	11,019	-	71	1,086
Grants	55,948	-	-	-	-	-
Loans	-	-	-	-	779,013	-
<b>Total assets</b>	<b>315,942</b>	<b>1,529,079</b>	<b>7,856,514</b>	<b>-</b>	<b>937,464</b>	<b>517,763</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	2,408	52,939	100,601	-	-	20,665
Refundable deposits	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	229
<b>Total liabilities</b>	<b>2,408</b>	<b>52,939</b>	<b>100,601</b>	<b>-</b>	<b>-</b>	<b>20,894</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	1,496	-	-	779,013	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,496</b>	<b>-</b>	<b>-</b>	<b>779,013</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted	313,534	1,474,644	7,755,913	-	158,451	496,869
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>313,534</b>	<b>1,474,644</b>	<b>7,755,913</b>	<b>-</b>	<b>158,451</b>	<b>496,869</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 315,942</b>	<b>\$ 1,529,079</b>	<b>\$ 7,856,514</b>	<b>\$ -</b>	<b>\$ 937,464</b>	<b>\$ 517,763</b>

**City of Richmond  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue Funds		Debt Service Funds	
	Cost Recovery	Environmental and Community Investment	2005 Pension Obligation Bonds	General Debt Service
	Fund	Agreement Fund	Fund	Fund
<b>ASSETS</b>				
Cash and investments	\$ 962,896	\$ 19,054,693	\$ 30	\$ 7,969
Restricted cash and investments	-	-	11,315,256	52
Receivables:				
Accounts, net	1,652,741	-	-	-
Interest	6,203	20,001	-	11
Grants	1,223,898	-	-	-
Loans	-	-	-	-
<b>Total assets</b>	<b>3,845,738</b>	<b>19,074,694</b>	<b>11,315,286</b>	<b>8,032</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,545,465	4,374,529	-	-
Refundable deposits	553,752	-	-	-
Unearned revenue	320,093	-	-	-
<b>Total liabilities</b>	<b>2,419,310</b>	<b>4,374,529</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	735,058	-	-	-
<b>Total deferred inflows of resources</b>	<b>735,058</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	691,370	14,700,165	11,315,286	8,032
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>691,370</b>	<b>14,700,165</b>	<b>11,315,286</b>	<b>8,032</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,845,738</b>	<b>\$ 19,074,694</b>	<b>\$ 11,315,286</b>	<b>\$ 8,032</b>

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Civic Center Debt Service	General Capital Improvement	Measure C/J	Harbor Navigation	
	Fund	Fund	Fund	Fund	
	\$ 693,380	\$ 3,500,094	\$ 616,922	\$ 45,203	\$ 39,701,119
	438	89,332	-	-	11,536,443
	-	-	1,708,474	-	3,601,010
	341	-	950	61	46,370
	-	-	80,316	-	2,965,468
	-	-	-	-	779,013
	<b>694,159</b>	<b>3,589,426</b>	<b>2,406,662</b>	<b>45,264</b>	<b>58,629,423</b>
	-	62,773	709,736	-	7,829,586
	-	-	-	-	553,752
	<b>2,668,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,137,616</b>
	<b>2,668,685</b>	<b>62,773</b>	<b>709,736</b>	<b>-</b>	<b>11,520,954</b>
	-	-	80,316	-	2,501,794
	<b>-</b>	<b>-</b>	<b>80,316</b>	<b>-</b>	<b>2,501,794</b>
	-	3,526,653	1,616,610	-	46,561,713
	-	-	-	45,264	45,264
	<b>(1,974,526)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,000,302)</b>
	<b>(1,974,526)</b>	<b>3,526,653</b>	<b>1,616,610</b>	<b>45,264</b>	<b>44,606,675</b>
	<b>\$ 694,159</b>	<b>\$ 3,589,426</b>	<b>\$ 2,406,662</b>	<b>\$ 45,264</b>	<b>\$ 58,629,423</b>

**City of Richmond**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2020**

	Special Revenue Funds			
	State Gas Tax Fund	General Purpose Fund	Paratransit Operations Fund	Employment and Training Fund
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	426,030	-	-
Fines, forfeitures and penalties	-	10,829	-	-
Use of money and property	16,282	15,933	-	-
Intergovernmental	4,525,999	1,576,677	1,720,241	3,285,394
Charges for services	-	126,186	10,766	24,000
Rent	-	-	-	1,800
Other	-	1,500	(689)	63,411
<b>Total revenues</b>	<b>4,542,281</b>	<b>2,157,155</b>	<b>1,730,318</b>	<b>3,374,605</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	1,264,480	687,336	-
Public safety	-	706,362	-	-
Public works	1,981,121	251,258	-	-
Community development	-	21,229	-	4,260,598
Cultural and recreational	-	430,644	-	-
Housing and redevelopment	-	-	-	-
Capital outlay	-	45,977	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>1,981,121</b>	<b>2,719,950</b>	<b>687,336</b>	<b>4,260,598</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,561,160</b>	<b>(562,795)</b>	<b>1,042,982</b>	<b>(885,993)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Payment to refunded bonds escrow agent	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Transfers in	-	-	1,554,407	1,425,197
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,554,407</b>	<b>1,425,197</b>
<b>Net change in fund balances</b>	<b>2,561,160</b>	<b>(562,795)</b>	<b>2,597,389</b>	<b>539,204</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	(542,790)	657,367	(2,623,165)	1,852,040
End of year	\$ 2,018,370	\$ 94,572	\$ (25,776)	\$ 2,391,244

	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
<b>REVENUES:</b>						
Property taxes	\$ -	\$ 1,629,657	\$ -	\$ 10,544,746	\$ -	\$ -
Licenses, permits and fees	-	-	1,088,697	-	-	2,681,689
Fines, forfeitures and penalties	-	-	-	-	-	-
Use of money and property	16,282	15,933	-	-	-	-
Intergovernmental	4,525,999	1,576,677	1,720,241	3,285,394	766	11,537
Charges for services	-	126,186	10,766	24,000	-	-
Rent	-	-	-	1,800	-	-
Other	-	1,500	(689)	63,411	-	13,042
<b>Total revenues</b>	<b>4,542,281</b>	<b>2,157,155</b>	<b>1,730,318</b>	<b>3,374,605</b>	<b>766</b>	<b>2,706,268</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	1,264,480	687,336	-	34,312	-
Public safety	-	706,362	-	-	937,004	-
Public works	1,981,121	251,258	-	-	-	-
Community development	-	21,229	-	4,260,598	-	-
Cultural and recreational	-	430,644	-	-	-	-
Housing and redevelopment	-	-	-	-	18,701	2,264,735
Capital outlay	-	45,977	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,981,121</b>	<b>2,719,950</b>	<b>687,336</b>	<b>4,260,598</b>	<b>18,701</b>	<b>2,264,735</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,561,160</b>	<b>(562,795)</b>	<b>1,042,982</b>	<b>(885,993)</b>	<b>(17,935)</b>	<b>441,533</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Payment to refunded bonds escrow agent	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-
Transfers in	-	-	1,554,407	1,425,197	-	-
Transfers out	-	-	-	-	(9,573,430)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,554,407</b>	<b>1,425,197</b>	<b>(9,573,430)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,561,160</b>	<b>(562,795)</b>	<b>2,597,389</b>	<b>539,204</b>	<b>(17,935)</b>	<b>441,533</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	(542,790)	657,367	(2,623,165)	1,852,040	176,386	55,336
End of year	\$ 2,018,370	\$ 94,572	\$ (25,776)	\$ 2,391,244	\$ 158,451	\$ 496,869

**City of Richmond**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2020**

	Special Revenue Funds		Debt Service Funds	
	Cost Recovery Fund	Environmental and Community Investment Agreement Fund	2005 Pension Obligation Bonds Fund	General Debt Service Fund
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 11,968,145	\$ -
Licenses, permits and fees	6,777,043	-	-	-
Fines, forfeitures and penalties	69,612	-	-	-
Use of money and property	70,369	210,341	93,435	2,094
Intergovernmental	1,409,059	8,000,000	-	-
Charges for services	4,607,668	-	-	-
Rent	-	-	-	-
Other	1,576	-	-	-
<b>Total revenues</b>	<b>12,935,327</b>	<b>8,210,341</b>	<b>12,061,580</b>	<b>2,094</b>
<b>EXPENDITURES:</b>				
Current:				
General government	10,448,664	6,388,044	-	-
Public safety	23	32,059	-	-
Public works	2,260,550	228,968	-	-
Community development	-	511,053	-	-
Cultural and recreational	-	212,855	-	-
Housing and redevelopment	-	-	-	-
Capital outlay	1,682,683	1,340,756	-	-
Debt service:				
Principal	-	-	8,366,000	885,000
Interest and fiscal charges	-	-	2,785,844	360,291
<b>Total expenditures</b>	<b>14,391,920</b>	<b>8,713,735</b>	<b>11,151,844</b>	<b>1,245,291</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,456,593)</b>	<b>(503,394)</b>	<b>909,736</b>	<b>(1,243,197)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Payment to refunded bonds escrow agent	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Transfers in	1,028,209	-	-	1,245,925
Transfers out	(100,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>928,209</b>	<b>-</b>	<b>-</b>	<b>1,245,925</b>
<b>Net change in fund balances</b>	<b>(528,384)</b>	<b>(503,394)</b>	<b>909,736</b>	<b>2,728</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	1,219,754	15,203,559	10,405,550	5,304
End of year	\$ 691,370	\$ 14,700,165	\$ 11,315,286	\$ 8,032

Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Civic Center Debt Service Fund	General Capital Improvement Fund	Measure C/J Fund	
\$ -	\$ -	\$ -	\$ -	\$ 24,142,548
-	-	-	-	10,973,459
-	-	-	-	80,441
15,152	1,129	14,044	662	593,230
-	-	1,735,189	-	22,543,783
5,332,740	-	-	-	10,101,360
-	-	-	-	1,800
-	200,000	-	-	287,576
<b>5,347,892</b>	<b>201,129</b>	<b>1,749,233</b>	<b>662</b>	<b>68,724,197</b>
-	11,843	-	-	18,834,679
-	-	-	-	2,091,667
-	-	2,177,883	-	9,876,805
-	-	-	-	4,792,880
-	-	-	-	656,049
-	-	-	-	2,283,436
-	939,126	378,771	-	4,664,435
2,425,000	-	-	-	11,676,000
7,103,474	-	-	-	10,249,609
<b>9,528,474</b>	<b>950,969</b>	<b>2,556,654</b>	<b>-</b>	<b>65,125,560</b>
<b>(4,180,582)</b>	<b>(749,840)</b>	<b>(807,421)</b>	<b>662</b>	<b>3,598,637</b>
(77,315,000)	-	-	-	(77,315,000)
79,171,752	-	-	-	79,171,752
2,587,104	650,000	-	-	9,117,602
-	-	-	-	(9,673,430)
<b>4,443,856</b>	<b>650,000</b>	<b>-</b>	<b>-</b>	<b>1,300,924</b>
<b>263,274</b>	<b>(99,840)</b>	<b>(807,421)</b>	<b>662</b>	<b>4,899,561</b>
(2,237,800)	3,626,493	2,424,031	44,602	39,707,114
\$ (1,974,526)	\$ 3,526,653	\$ 1,616,610	\$ 45,264	\$ 44,606,675

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 16,282	\$ 16,282
Intergovernmental	4,747,540	4,747,540	4,525,999	(221,541)
<b>Total revenues</b>	<b>4,747,540</b>	<b>4,747,540</b>	<b>4,542,281</b>	<b>(205,259)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,280,396	2,114,293	1,981,121	133,172
Capital outlay	2,222,622	1,493,721	-	1,493,721
<b>Total expenditures</b>	<b>3,503,018</b>	<b>3,608,014</b>	<b>1,981,121</b>	<b>1,626,893</b>
<b>REVENUES OVER (UNDER)</b>	<b>1,244,522</b>	<b>1,139,526</b>	<b>2,561,160</b>	<b>1,421,634</b>
<b>EXPENDITURES</b>	<b>1,244,522</b>	<b>1,139,526</b>	<b>2,561,160</b>	<b>1,421,634</b>
<b>Net change in fund balances</b>	<b>\$ 1,244,522</b>	<b>\$ 1,139,526</b>	<b>2,561,160</b>	<b>\$ 1,421,634</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			(542,790)	
End of year			\$ 2,018,370	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Purpose Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 92,000	\$ 92,000	\$ 426,030	\$ 334,030
Fines, forfeitures and penalties	19,000	19,000	10,829	(8,171)
Use of money and property	-	-	15,933	15,933
Intergovernmental	3,165,660	3,500,103	1,576,677	(1,923,426)
Charges for services	-	-	126,186	126,186
Other	10,675	10,675	1,500	(9,175)
<b>Total revenues</b>	<b>3,287,335</b>	<b>3,621,778</b>	<b>2,157,155</b>	<b>(1,464,623)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	2,145,193	3,648,504	1,264,480	2,384,024
Public safety	702,054	1,136,548	706,362	430,186
Public works	352,518	247,176	251,258	(4,082)
Community development	-	14,623	21,229	(6,606)
Cultural and recreational	523,947	564,093	430,644	133,449
Capital outlay	-	35,000	45,977	(10,977)
<b>Total expenditures</b>	<b>3,723,712</b>	<b>5,645,944</b>	<b>2,719,950</b>	<b>2,925,994</b>
<b>REVENUES OVER (UNDER)</b>	<b>(436,377)</b>	<b>(2,024,166)</b>	<b>(562,795)</b>	<b>1,461,371</b>
<b>EXPENDITURES</b>	<b>(436,377)</b>	<b>(2,024,166)</b>	<b>(562,795)</b>	<b>1,461,371</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,524,800	-	(1,524,800)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,524,800</b>	<b>-</b>	<b>(1,524,800)</b>
<b>Net change in fund balances</b>	<b>\$ (436,377)</b>	<b>\$ (499,366)</b>	<b>(562,795)</b>	<b>\$ (63,429)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			657,367	
End of year			\$ 94,572	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Paratransit Operations Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 840,000	\$ 895,000	\$ 1,720,241	\$ 825,241
Charges for services	20,000	20,000	10,766	(9,234)
Other	-	-	(689)	(689)
<b>Total revenues</b>	<b>860,000</b>	<b>915,000</b>	<b>1,730,318</b>	<b>815,318</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,250,042	1,292,215	687,336	604,879
<b>Total expenditures</b>	<b>1,250,042</b>	<b>1,292,215</b>	<b>687,336</b>	<b>604,879</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(390,042)</b>	<b>(377,215)</b>	<b>1,042,982</b>	<b>1,420,197</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,554,407	1,554,407	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,554,407</b>	<b>1,554,407</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (390,042)</b>	<b>\$ 1,177,192</b>	<b>2,597,389</b>	<b>\$ 1,420,197</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			(2,623,165)	
End of year			<u>\$ (25,776)</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 5,362,068	\$ 8,314,318	\$ 3,285,394	\$ (5,028,924)
Charges for services	134,333	134,333	24,000	(110,333)
Rent	3,600	3,600	1,800	(1,800)
Other	642,030	642,030	63,411	(578,619)
<b>Total revenues</b>	<b>6,142,031</b>	<b>9,094,281</b>	<b>3,374,605</b>	<b>(5,719,676)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	7,567,228	10,498,474	4,260,598	6,237,876
<b>Total expenditures</b>	<b>7,567,228</b>	<b>10,498,474</b>	<b>4,260,598</b>	<b>6,237,876</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,425,197)</b>	<b>(1,404,193)</b>	<b>(885,993)</b>	<b>518,200</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,425,197	1,425,197	1,425,197	-
<b>Total other financing sources (uses)</b>	<b>1,425,197</b>	<b>1,425,197</b>	<b>1,425,197</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 21,004</b>	<b>539,204</b>	<b>\$ 518,200</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			1,852,040	
End of year			<u>\$ 2,391,244</u>	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Public Safety Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 5,161	\$ 5,161
Intergovernmental	360,335	360,335	291,224	(69,111)
Other	-	-	8,670	8,670
<b>Total revenues</b>	<u>360,335</u>	<u>360,335</u>	<u>305,055</u>	<u>(55,280)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	538,335	538,335	332,241	206,094
<b>Total expenditures</b>	<u>538,335</u>	<u>538,335</u>	<u>332,241</u>	<u>206,094</u>
<b>REVENUES OVER (UNDER)</b>	<u>(178,000)</u>	<u>(178,000)</u>	<u>(27,186)</u>	<u>150,814</u>
<b>EXPENDITURES</b>	<u>(178,000)</u>	<u>(178,000)</u>	<u>(27,186)</u>	<u>150,814</u>
<b>Net change in fund balances</b>	<u>\$ (178,000)</u>	<u>\$ (178,000)</u>	<u>(27,186)</u>	<u>\$ 150,814</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			340,720	
End of year			<u>\$ 313,534</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 17,896	\$ 17,896
Other	-	-	66	66
<b>Total revenues</b>	<u>1,604,453</u>	<u>1,604,453</u>	<u>1,647,619</u>	<u>43,166</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	2,396,913	2,664,296	2,174,284	490,012
<b>Total expenditures</b>	<u>2,396,913</u>	<u>2,664,296</u>	<u>2,174,284</u>	<u>490,012</u>
<b>REVENUES OVER (UNDER)</b>	<u>(792,460)</u>	<u>(1,059,843)</u>	<u>(526,665)</u>	<u>533,178</u>
<b>EXPENDITURES</b>	<u>(792,460)</u>	<u>(1,059,843)</u>	<u>(526,665)</u>	<u>533,178</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	626,760	626,760	626,760	-
<b>Total other financing sources (uses)</b>	<u>626,760</u>	<u>626,760</u>	<u>626,760</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (165,700)</u>	<u>\$ (433,083)</u>	<u>100,095</u>	<u>\$ 533,178</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			1,374,549	
End of year			<u>\$ 1,474,644</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 882,238	\$ 894,082	\$ 1,088,697	\$ 194,615
Use of money and property	-	-	118,429	118,429
<b>Total revenues</b>	<b>882,238</b>	<b>894,082</b>	<b>1,207,126</b>	<b>313,044</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	249,500	250,914	83,978	166,936
Public works	646,541	1,219,257	802,741	416,516
Cultural and recreational	526,034	529,454	12,550	516,904
Capital outlay	2,526,668	2,532,627	277,122	2,255,505
<b>Total expenditures</b>	<b>3,948,743</b>	<b>4,532,252</b>	<b>1,176,391</b>	<b>3,355,861</b>
<b>REVENUES OVER (UNDER)</b>	<b>(3,066,505)</b>	<b>(3,638,170)</b>	<b>30,735</b>	<b>3,668,905</b>
<b>EXPENDITURES</b>	<b>(3,066,505)</b>	<b>(3,638,170)</b>	<b>30,735</b>	<b>\$ 3,668,905</b>
<b>Net change in fund balances</b>	<b>\$ (3,066,505)</b>	<b>\$ (3,638,170)</b>	<b>30,735</b>	<b>\$ 3,668,905</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			7,725,178	
End of year			\$ 7,755,913	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 11,361,614	\$ 11,361,614	\$ 10,544,746	\$ (816,868)
<b>Total revenues</b>	<b>11,361,614</b>	<b>11,361,614</b>	<b>10,544,746</b>	<b>(816,868)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	34,312	34,312	34,312	-
Public safety	937,004	937,004	937,004	-
<b>Total expenditures</b>	<b>971,316</b>	<b>971,316</b>	<b>971,316</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>	<b>10,390,298</b>	<b>10,390,298</b>	<b>9,573,430</b>	<b>(816,868)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(10,390,298)	(10,390,298)	(9,573,430)	816,868
<b>Total other financing sources (uses)</b>	<b>(10,390,298)</b>	<b>(10,390,298)</b>	<b>(9,573,430)</b>	<b>816,868</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			-	
End of year			\$ -	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 752	\$ 752	\$ 766	\$ 14
<b>Total revenues</b>	<u>752</u>	<u>752</u>	<u>766</u>	<u>14</u>
<b>EXPENDITURES:</b>				
Current:				
Housing and redevelopment	15,000	15,000	18,701	(3,701)
<b>Total expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>18,701</u>	<u>(3,701)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(14,248)</u>	<u>(14,248)</u>	<u>(17,935)</u>	<u>(3,687)</u>
<b>Net change in fund balances</b>	<u>\$ (14,248)</u>	<u>\$ (14,248)</u>	<u>(17,935)</u>	<u>\$ (3,687)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			176,386	
End of year			<u>\$ 158,451</u>	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Rent Control Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 2,923,584	\$ 2,923,584	\$ 2,681,689	\$ (241,895)
Use of money and property	-	-	11,537	11,537
Other	-	-	13,042	13,042
<b>Total revenues</b>	<u>2,923,584</u>	<u>2,923,584</u>	<u>2,706,268</u>	<u>(217,316)</u>
<b>EXPENDITURES:</b>				
Current:				
Housing and redevelopment	2,445,227	2,434,110	2,264,735	169,375
<b>Total expenditures</b>	<u>2,445,227</u>	<u>2,434,110</u>	<u>2,264,735</u>	<u>169,375</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>478,357</u>	<u>489,474</u>	<u>441,533</u>	<u>(47,941)</u>
<b>Net change in fund balances</b>	<u>\$ 478,357</u>	<u>\$ 489,474</u>	<u>441,533</u>	<u>\$ (47,941)</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			55,336	
End of year			<u>\$ 496,869</u>	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Cost Recovery Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 7,093,347	\$ 7,226,008	\$ 6,777,043	\$ (448,965)
Fines, forfeitures and penalties	-	62,179	69,612	7,433
Use of money and property	-	-	70,369	70,369
Intergovernmental	6,097,109	10,870,109	1,409,059	(9,461,050)
Charges for services	3,425,959	5,975,259	4,607,668	(1,367,591)
Other	3,000	3,000	1,576	(1,424)
<b>Total revenues</b>	<b>16,619,415</b>	<b>24,136,555</b>	<b>12,935,327</b>	<b>(11,201,228)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	8,647,248	11,018,444	10,448,664	569,780
Public safety	-	-	23	(23)
Public works	2,455,150	2,832,617	2,260,550	572,067
Capital outlay	6,097,109	10,563,504	1,682,683	8,880,821
<b>Total expenditures</b>	<b>17,199,507</b>	<b>24,414,565</b>	<b>14,391,920</b>	<b>10,022,645</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(580,092)</b>	<b>(278,010)</b>	<b>(1,456,593)</b>	<b>(1,178,583)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	950,231	1,083,209	1,028,209	(55,000)
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>850,231</b>	<b>983,209</b>	<b>928,209</b>	<b>(55,000)</b>
<b>Net change in fund balances</b>	<b>\$ 270,139</b>	<b>\$ 705,199</b>	<b>(528,384)</b>	<b>\$ (1,233,583)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			1,219,754	
End of year			\$ 691,370	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 210,341	\$ 210,341
Intergovernmental	9,000,000	9,000,000	8,000,000	(1,000,000)
<b>Total revenues</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>8,210,341</b>	<b>(789,659)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	8,531,700	8,963,743	6,388,044	2,575,699
Public safety	164,943	164,943	32,059	132,884
Public works	353,800	362,122	228,968	133,154
Community development	500,000	514,446	511,053	3,393
Cultural and recreational	678,755	678,755	212,855	465,900
Capital outlay	3,125,261	3,110,815	1,340,756	1,770,059
<b>Total expenditures</b>	<b>13,354,459</b>	<b>13,794,824</b>	<b>8,713,735</b>	<b>5,081,089</b>
<b>REVENUES OVER (UNDER)</b>	<b>(4,354,459)</b>	<b>(4,794,824)</b>	<b>(503,394)</b>	<b>4,291,430</b>
<b>EXPENDITURES</b>	<b>(4,354,459)</b>	<b>(4,794,824)</b>	<b>(503,394)</b>	<b>4,291,430</b>
<b>Net change in fund balances</b>	<b>\$ (4,354,459)</b>	<b>\$ (4,794,824)</b>	<b>(503,394)</b>	<b>\$ 4,291,430</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			15,203,559	
End of year			\$ 14,700,165	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 11,968,145	\$ 11,968,145	\$ 11,968,145	\$ -
Use of money and property	-	-	93,435	93,435
<b>Total revenues</b>	<b>11,968,145</b>	<b>11,968,145</b>	<b>12,061,580</b>	<b>93,435</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	8,366,000	8,366,000	8,366,000	-
Interest and fiscal charges	4,896,100	4,896,100	2,785,844	2,110,256
<b>Total expenditures</b>	<b>13,262,100</b>	<b>13,262,100</b>	<b>11,151,844</b>	<b>2,110,256</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,293,955)</b>	<b>(1,293,955)</b>	<b>909,736</b>	<b>2,203,691</b>
<b>Net change in fund balances</b>	<b>\$ (1,293,955)</b>	<b>\$ (1,293,955)</b>	<b>909,736</b>	<b>\$ 2,203,691</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			10,405,550	
End of year			<u>\$ 11,315,286</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 2,094	\$ 2,094
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2,094</b>	<b>2,094</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	885,000	885,000	885,000	-
Interest and fiscal charges	360,126	360,126	360,291	(165)
<b>Total expenditures</b>	<b>1,245,126</b>	<b>1,245,126</b>	<b>1,245,291</b>	<b>(165)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,245,126)</b>	<b>(1,245,126)</b>	<b>(1,243,197)</b>	<b>1,929</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,245,925	1,245,925	1,245,925	-
<b>Total other financing sources (uses)</b>	<b>1,245,925</b>	<b>1,245,925</b>	<b>1,245,925</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 799</b>	<b>\$ 799</b>	<b>2,728</b>	<b>\$ 1,929</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			5,304	
End of year			<u>\$ 8,032</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 15,152	15,152
Charges for services	5,218,190	5,218,190	5,332,740	114,550
<b>Total revenues</b>	<b>5,218,190</b>	<b>5,218,190</b>	<b>5,347,892</b>	<b>129,702</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	2,425,000	2,425,000	2,425,000	-
Interest and fiscal charges	5,107,794	6,964,546	7,103,474	(138,928)
<b>Total expenditures</b>	<b>7,532,794</b>	<b>9,389,546</b>	<b>9,528,474</b>	<b>(138,928)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(2,314,604)</b>	<b>(4,171,356)</b>	<b>(4,180,582)</b>	<b>(9,226)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Payment to refunded bonds escrow agent	-	(77,315,000)	(77,315,000)	-
Proceeds from long-term debt	-	79,171,752	79,171,752	-
Transfers in	2,587,104	2,587,104	2,587,104	-
<b>Total other financing sources (uses)</b>	<b>2,587,104</b>	<b>4,443,856</b>	<b>4,443,856</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 272,500</b>	<b>\$ 272,500</b>	<b>263,274</b>	<b>\$ (9,226)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			(2,237,800)	
End of year			<u>\$ (1,974,526)</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1,129	\$ 1,129
Other	-	65,000	200,000	135,000
<b>Total revenues</b>	<b>-</b>	<b>65,000</b>	<b>201,129</b>	<b>136,129</b>
<b>EXPENDITURES:</b>				
Current:				
General government	209,201	219,241	11,843	207,398
Capital outlay	3,150,169	3,640,688	939,126	2,701,562
<b>Total expenditures</b>	<b>3,359,370</b>	<b>3,859,929</b>	<b>950,969</b>	<b>2,908,960</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(3,359,370)</b>	<b>(3,794,929)</b>	<b>(749,840)</b>	<b>3,045,089</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,150,000	1,150,000	650,000	(500,000)
<b>Total other financing sources (uses)</b>	<b>1,150,000</b>	<b>1,150,000</b>	<b>650,000</b>	<b>(500,000)</b>
<b>Net change in fund balances</b>	<b>\$ (2,209,370)</b>	<b>\$ (2,644,929)</b>	<b>(99,840)</b>	<b>\$ 2,545,089</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			3,626,493	
End of year			<u>\$ 3,526,653</u>	

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 14,044	\$ 14,044
Intergovernmental	5,532,657	5,532,657	1,735,189	(3,797,468)
<b>Total revenues</b>	<u>5,532,657</u>	<u>5,532,657</u>	<u>1,749,233</u>	<u>(3,783,424)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,868,737	2,412,209	2,177,883	234,326
Capital outlay	5,112,749	4,629,399	378,771	4,250,628
<b>Total expenditures</b>	<u>6,981,486</u>	<u>7,041,608</u>	<u>2,556,654</u>	<u>4,484,954</u>
<b>REVENUES OVER (UNDER)</b>	<u>(1,448,829)</u>	<u>(1,508,951)</u>	<u>(807,421)</u>	<u>701,530</u>
<b>EXPENDITURES</b>	<u>(1,448,829)</u>	<u>(1,508,951)</u>	<u>(807,421)</u>	<u>701,530</u>
<b>Net change in fund balances</b>	<u>\$ (1,448,829)</u>	<u>\$ (1,508,951)</u>	<u>(807,421)</u>	<u>\$ 701,530</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			2,424,031	
End of year			<u>\$ 1,616,610</u>	

**City of Richmond**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Harbor Navigation Fund**  
**For the year ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 662	\$ 662
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>662</u>	<u>662</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>662</u>	<u>\$ 662</u>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			44,602	
End of year			<u>\$ 45,264</u>	

## 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, 2020

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,921,578	\$ -	\$ 459,448	\$ 4,381,026
Restricted cash and investments	87,319	-	-	87,319
Receivables:				
Accounts, net	152,658	5,192	294,189	452,039
Interest	5,286	-	525	5,811
Total current assets	<u>4,166,841</u>	<u>5,192</u>	<u>754,162</u>	<u>4,926,195</u>
Noncurrent assets:				
Receivables:				
Advances to other funds	-	167,451	-	167,451
Capital assets:				
Nondepreciable	330,794	1,821,890	-	2,152,684
Depreciable	4,338,356	30,889,661	120,981	35,348,998
Less accumulated depreciation	<u>(3,064,704)</u>	<u>(29,802,035)</u>	<u>(120,981)</u>	<u>(32,987,720)</u>
Net capital assets	<u>1,604,446</u>	<u>2,909,516</u>	<u>-</u>	<u>4,513,962</u>
Total noncurrent assets	<u>1,604,446</u>	<u>3,076,967</u>	<u>-</u>	<u>4,681,413</u>
<b>Total assets</b>	<u>5,771,287</u>	<u>3,082,159</u>	<u>754,162</u>	<u>9,607,608</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	-	36,434	205,941	242,375
Deferred outflows of resources - OPEB	-	2,283	40,631	42,914
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>38,717</u>	<u>246,572</u>	<u>285,289</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	-	243,403	186	243,589
Interest payable	100,408	-	-	100,408
Due to other funds	-	287,320	-	287,320
Refundable deposits	87,319	1,200	-	88,519
Compensated absences - current	-	6,718	34,249	40,967
Long-term debt - current	<u>97,279</u>	<u>-</u>	<u>-</u>	<u>97,279</u>
<b>Total current liabilities</b>	<u>285,006</u>	<u>538,641</u>	<u>34,435</u>	<u>858,082</u>
Noncurrent liabilities:				
Advances from other funds	-	2,507,385	-	2,507,385
Compensated absences	-	8,172	11,978	20,150
Long-term debt	2,336,858	-	-	2,336,858
Net pension liability	-	345,659	1,953,810	2,299,469
Net OPEB liability	<u>-</u>	<u>59,626</u>	<u>1,061,350</u>	<u>1,120,976</u>
<b>Total noncurrent liabilities</b>	<u>2,336,858</u>	<u>2,920,842</u>	<u>3,027,138</u>	<u>8,284,838</u>
<b>Total liabilities</b>	<u>2,621,864</u>	<u>3,459,483</u>	<u>3,061,573</u>	<u>9,142,920</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	-	5,571	31,489	37,600
Deferred inflows of resources - OPEB	<u>-</u>	<u>29,153</u>	<u>518,924</u>	<u>548,077</u>
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>34,724</u>	<u>550,413</u>	<u>585,137</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	(829,691)	2,909,516	-	2,079,825
Restricted for debt service	87,319	-	-	87,319
Unrestricted	<u>3,891,795</u>	<u>(3,282,847)</u>	<u>(2,611,252)</u>	<u>(2,002,304)</u>
<b>Total net position</b>	<u>\$ 3,149,423</u>	<u>\$ (373,331)</u>	<u>\$ (2,611,252)</u>	<u>\$ 164,840</u>

**City of Richmond**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**For the year ended June 30, 2020**

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>				
Rental	\$ -	\$ -	\$ -	\$ -
Service charges	-	2,082,109	1,203,837	3,285,946
Lease income	564,988	5,452	-	570,440
<b>Total operating revenues</b>	<b>564,988</b>	<b>2,087,561</b>	<b>1,203,837</b>	<b>3,856,386</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	-	149,599	424,416	574,015
General and administrative	45,997	1,697,175	247,098	1,990,270
Depreciation	85,563	45,088	-	130,651
Other	-	-	276	276
<b>Total operating expenses</b>	<b>131,560</b>	<b>1,891,862</b>	<b>671,790</b>	<b>2,695,212</b>
<b>OPERATING INCOME (LOSS)</b>	<b>433,428</b>	<b>195,699</b>	<b>532,047</b>	<b>1,161,174</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	54,128	-	3,001	57,129
Grants	-	685,770	-	685,770
Interest expense	(109,885)	(73,491)	-	(183,376)
<b>Total nonoperating revenues (expenses)</b>	<b>(55,757)</b>	<b>612,279</b>	<b>3,001</b>	<b>559,523</b>
<b>Income (loss) before contributions and transfers</b>	<b>377,671</b>	<b>807,978</b>	<b>535,048</b>	<b>1,720,697</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers out	(86,778)	-	-	(86,778)
<b>Total contributions and transfers</b>	<b>(86,778)</b>	<b>-</b>	<b>-</b>	<b>(86,778)</b>
<b>Change in net position</b>	<b>290,893</b>	<b>807,978</b>	<b>535,048</b>	<b>1,633,919</b>
<b>NET POSITION:</b>				
Beginning of year	2,858,530	(1,181,309)	(3,146,300)	(1,469,079)
End of year	\$ 3,149,423	\$ (373,331)	\$ (2,611,252)	\$ 164,840

**City of Richmond**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the year ended June 30, 2020**

	Richmond Marina Fund	Storm Sewer Fund	Cable TV Fund	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 486,233	\$ 2,088,165	\$ 1,219,006	\$ 3,793,404
Payments to suppliers	(87,501)	(1,551,019)	(249,974)	(1,888,494)
Payments to employees	-	(159,552)	(545,939)	(705,491)
<b>Net cash provided by (used in) operating activities</b>	<b>398,732</b>	<b>377,594</b>	<b>423,093</b>	<b>1,199,419</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund receipts (payments)	-	(304,103)	-	(304,103)
Transfers out	(86,778)	-	-	(86,778)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(86,778)</b>	<b>(304,103)</b>	<b>-</b>	<b>(390,881)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Grant receipts	-	685,770	-	685,770
Acquisition of capital assets	-	(685,770)	-	(685,770)
Principal payments on capital debt	(93,090)	-	-	(93,090)
Interest paid	(113,724)	(73,491)	-	(187,215)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(206,814)</b>	<b>(73,491)</b>	<b>-</b>	<b>(280,305)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	57,520	-	2,652	60,172
<b>Net cash provided by (used in) investing activities</b>	<b>57,520</b>	<b>-</b>	<b>2,652</b>	<b>60,172</b>
<b>Net cash flows</b>	<b>162,660</b>	<b>-</b>	<b>425,745</b>	<b>588,405</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>				
	3,846,237	-	33,703	3,879,940
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 4,008,897</b>	<b>\$ -</b>	<b>\$ 459,448</b>	<b>\$ 4,468,345</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 433,428	\$ 195,699	\$ 532,047	\$ 1,161,174
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	(78,755)	604	15,169	(62,982)
Accounts payable and accrued liabilities	(43,185)	146,156	(2,600)	100,371
Refundable deposits	1,681	-	-	1,681
Compensated absences payable	-	(7,450)	3,314	(4,136)
Net pension liability and deferred outflows/inflows	-	6,610	37,362	43,972
Net OPEB liability and deferred outflows/inflows	-	(9,113)	(162,199)	(171,312)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 398,732</b>	<b>\$ 377,594</b>	<b>\$ 423,093</b>	<b>\$ 1,199,419</b>

## 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, 2020

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 36,577,220	\$ 1,162,002	\$ 129,134	\$ 686,261	\$ 38,554,617
Restricted cash and investments	-	1,232,707	-	-	1,232,707
Receivables:					
Accounts, net	304,780	-	70,032	-	374,812
Interest	62,784	1,664	998	-	65,446
Due from other funds	9,776,304	-	-	-	9,776,304
<b>Total current assets</b>	<b>46,721,088</b>	<b>2,396,373</b>	<b>200,164</b>	<b>686,261</b>	<b>50,003,886</b>
Noncurrent assets:					
Receivables:					
Advances to other funds	2,507,385	-	-	-	2,507,385
Capital assets:					
Nondepreciable	-	1,451,985	-	-	1,451,985
Depreciable	-	24,155,575	1,010,281	-	25,165,856
Less accumulated depreciation	-	(18,696,517)	(965,322)	-	(19,661,839)
Net capital assets	-	6,911,043	44,959	-	6,956,002
<b>Total noncurrent assets</b>	<b>2,507,385</b>	<b>6,911,043</b>	<b>44,959</b>	<b>-</b>	<b>9,463,387</b>
<b>Total assets</b>	<b>49,228,473</b>	<b>9,307,416</b>	<b>245,123</b>	<b>686,261</b>	<b>59,467,273</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources - pension	376,551	-	-	-	376,551
Deferred outflows of resources - OPEB	50,217	-	-	-	50,217
<b>Total deferred outflows of resources</b>	<b>426,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,768</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	165,718	170,468	3,614	-	339,800
Interest payable	-	10,901	-	-	10,901
Compensated absences - current	56,770	-	102,360	-	159,130
Claims payable - current	12,438,015	-	-	-	12,438,015
Long-term debt - current	-	242,335	-	-	242,335
<b>Total current liabilities</b>	<b>12,660,503</b>	<b>423,704</b>	<b>105,974</b>	<b>-</b>	<b>13,190,181</b>
Noncurrent liabilities:					
Compensated absences	83,060	-	48,625	-	131,685
Claims payable	30,802,352	-	-	-	30,802,352
Long-term debt	-	1,988,031	-	-	1,988,031
Net pension liability	3,572,429	-	-	-	3,572,429
Net OPEB liability	1,311,781	-	-	-	1,311,781
<b>Total noncurrent liabilities</b>	<b>35,769,622</b>	<b>1,988,031</b>	<b>48,625</b>	<b>-</b>	<b>37,806,278</b>
<b>Total liabilities</b>	<b>48,430,125</b>	<b>2,411,735</b>	<b>154,599</b>	<b>-</b>	<b>50,996,459</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources - pension	57,575	-	-	-	57,575
Deferred inflows of resources - OPEB	641,366	-	-	-	641,366
<b>Total deferred inflows of resources</b>	<b>698,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>698,941</b>
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	-	5,913,384	44,959	-	5,958,343
Unrestricted	526,175	982,297	45,565	686,261	2,240,298
<b>Total net position</b>	<b>\$ 526,175</b>	<b>\$ 6,895,681</b>	<b>\$ 90,524</b>	<b>\$ 686,261</b>	<b>\$ 8,198,641</b>

**City of Richmond**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**

**Internal Service Funds**  
**For the year ended June 30, 2020**

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Compensated Absences	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Service charges - internal	\$ 17,702,083	\$ 2,055,000	\$ 3,740,375	\$ 2,600,000	\$ 26,097,458
Service charges - external	-	-	1,480,412	-	1,480,412
<b>Total operating revenues</b>	<b>17,702,083</b>	<b>2,055,000</b>	<b>5,220,787</b>	<b>2,600,000</b>	<b>27,577,870</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	1,729,693	-	3,634,373	2,297,013	7,661,079
General and administrative	1,009,047	-	850,715	-	1,859,762
Maintenance	326,797	899,836	30,902	-	1,257,535
Depreciation	-	982,965	12,547	-	995,512
Claims losses	9,378,035	-	-	-	9,378,035
Other	8,887	-	-	-	8,887
<b>Total operating expenses</b>	<b>12,452,459</b>	<b>1,882,801</b>	<b>4,528,537</b>	<b>2,297,013</b>	<b>21,160,810</b>
<b>OPERATING INCOME (LOSS)</b>	<b>5,249,624</b>	<b>172,199</b>	<b>692,250</b>	<b>302,987</b>	<b>6,417,060</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain (loss) from retirement of capital assets	-	(36,876)	-	-	(36,876)
Interest income	732,648	21,532	-	-	754,180
Interest expense	-	(92,315)	-	-	(92,315)
<b>Total nonoperating revenues (expenses)</b>	<b>732,648</b>	<b>(107,659)</b>	<b>-</b>	<b>-</b>	<b>624,989</b>
<b>Income (loss) before contributions and transfers</b>	<b>5,982,272</b>	<b>64,540</b>	<b>692,250</b>	<b>302,987</b>	<b>7,042,049</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>					
Transfers in	-	676,018	-	-	676,018
Transfers out	-	-	(704,791)	-	(704,791)
<b>Total contributions and transfers</b>	<b>-</b>	<b>676,018</b>	<b>(704,791)</b>	<b>-</b>	<b>(28,773)</b>
<b>Change in net position</b>	<b>5,982,272</b>	<b>740,558</b>	<b>(12,541)</b>	<b>302,987</b>	<b>7,013,276</b>
<b>NET POSITION:</b>					
Beginning of year	(5,456,097)	6,155,123	103,065	383,274	1,185,365
End of year	\$ 526,175	\$ 6,895,681	\$ 90,524	\$ 686,261	\$ 8,198,641

**City of Richmond**  
**Combining Statement of Cash Flows**

**Internal Service Funds**  
**For the year ended June 30, 2020**

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Compensated Absences	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from interfund services	\$ 17,397,382	\$ 2,055,000	\$ 4,524,744	\$ 2,600,000	\$ 26,577,126
Payments to suppliers	(1,445,361)	(891,318)	(891,856)	-	(3,228,535)
Payments to employees	(1,820,638)	-	(3,639,461)	(2,297,013)	(7,757,112)
Insurance premiums and claims paid	(10,715,667)	-	-	-	(10,715,667)
<b>Net cash provided by (used in) operating activities</b>	<b>3,415,716</b>	<b>1,163,682</b>	<b>(6,573)</b>	<b>302,987</b>	<b>4,875,812</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Interfund receipts (payments)	926,786	-	-	-	926,786
Transfers in	-	676,018	-	-	676,018
Transfers out	-	-	(704,791)	-	(704,791)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>926,786</b>	<b>676,018</b>	<b>(704,791)</b>	<b>-</b>	<b>898,013</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	-	(1,655,285)	-	-	(1,655,285)
Principal payments on capital debt	-	(233,087)	-	-	(233,087)
Interest paid	-	(92,931)	-	-	(92,931)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>(1,981,303)</b>	<b>-</b>	<b>-</b>	<b>(1,981,303)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest	769,843	22,868	3,007	-	795,718
<b>Net cash provided by (used in) investing activities</b>	<b>769,843</b>	<b>22,868</b>	<b>3,007</b>	<b>-</b>	<b>795,718</b>
<b>Net cash flows</b>	<b>5,112,345</b>	<b>(118,735)</b>	<b>(708,357)</b>	<b>302,987</b>	<b>4,588,240</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>31,464,875</b>	<b>2,513,444</b>	<b>837,491</b>	<b>383,274</b>	<b>35,199,084</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 36,577,220</b>	<b>\$ 2,394,709</b>	<b>\$ 129,134</b>	<b>\$ 686,261</b>	<b>\$ 39,787,324</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 5,249,624	\$ 172,199	\$ 692,250	\$ 302,987	\$ 6,417,060
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	-	982,965	12,547	-	995,512
Changes in assets and liabilities:					
Receivables, net	(304,701)	-	(335)	-	(305,036)
Accounts payable and accrued liabilities	(100,630)	8,518	(10,239)	-	(102,351)
Unearned revenue	-	-	(695,708)	-	(695,708)
Compensated absences payable	41,212	-	(5,088)	-	36,124
Claims payable	(1,337,632)	-	-	-	(1,337,632)
Net pension liability and deferred outflows/inflows	68,314	-	-	-	68,314
Net OPEB liability and deferred outflows/inflows	(200,471)	-	-	-	(200,471)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,415,716</b>	<b>\$ 1,163,682</b>	<b>\$ (6,573)</b>	<b>\$ 302,987</b>	<b>\$ 4,875,812</b>

## 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.

### **OPEB Trust Funds**

*City OPEB Plan Fund* was established to account for the medical benefits for former employees of the City.

*RPOA OPEB Plan Fund* was established to account for the medical benefits of former City Police Officers.

### **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.

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**City of Richmond**  
**Combining Statement of Fiduciary Net Position**  
**Pension and OPEB Trust Funds**  
**June 30, 2020**

	Pension			City OPEB Plan
	General Pension	Police and Firemen's Pension	Garfield Pension	
<b>ASSETS</b>				
Restricted cash and investments	\$ 1,168,844	\$ 25,198	\$ 112,421	\$ -
Pension and OPEB plan cash and investments:				
Local Agency Investment Fund	-	-	184,484	-
Mutual fund investments	-	11,036,790	-	22,861,318
Interest receivable	1,647	390	164	-
<b>Total assets</b>	<u>1,170,491</u>	<u>11,062,378</u>	<u>297,069</u>	<u>22,861,318</u>
<b>NET POSITION:</b>				
Restricted for employees' pension and OPEB benefits	1,170,491	11,062,378	297,069	22,861,318
<b>Total net position</b>	<u>\$ 1,170,491</u>	<u>\$ 11,062,378</u>	<u>\$ 297,069</u>	<u>\$ 22,861,318</u>

RPOA OPEB Plan	Total
\$ -	\$ 1,306,463
-	184,484
4,170,603	38,068,711
-	2,201
<u>4,170,603</u>	<u>39,561,859</u>
<u>4,170,603</u>	<u>39,561,859</u>

**City of Richmond**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension and OPEB Trust Funds**  
**For the year ended June 30, 2020**

	Pension			
	General Pension	Police and Firemen's Pension	Garfield Pension	City OPEB Plan
<b>ADDITIONS:</b>				
Contributions to trust - employers	\$ 503,714	\$ 937,004	\$ -	\$ 13,362,559
Net investment income:				
Net increase (decrease) in fair value of investments	-	408,225	-	-
Interest income	23,723	256,791	6,913	709,908
Less investment management fees	-	(80,063)	-	(89,764)
<b>Total additions</b>	<b>527,437</b>	<b>1,521,957</b>	<b>6,913</b>	<b>13,982,703</b>
<b>DEDUCTIONS:</b>				
Pension and OPEB benefits	424,759	1,793,081	49,066	7,753,128
Payments in accordance with trust agreements	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total deductions</b>	<b>424,759</b>	<b>1,793,081</b>	<b>49,066</b>	<b>7,753,128</b>
<b>Change in net position</b>	<b>102,678</b>	<b>(271,124)</b>	<b>(42,153)</b>	<b>6,229,575</b>
<b>NET POSITION:</b>				
Beginning of year	1,067,813	11,333,502	339,222	16,631,743
End of year	\$ 1,170,491	\$ 11,062,378	\$ 297,069	\$ 22,861,318

RPOA OPEB	
Plan	Total
\$ 2,236,602	\$ 17,039,879
-	408,225
-	997,335
-	(169,827)
<b>2,236,602</b>	<b>18,275,612</b>
115,960	10,135,994
2,853	2,853
(173,174)	(173,174)
<b>(54,361)</b>	<b>9,965,673</b>
2,290,963	8,309,939
1,879,640	31,251,920
\$ 4,170,603	\$ 39,561,859

**City of Richmond**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2020**

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 13,385,178	\$ 13,385,178
Restricted cash and investments	2,444,759	22,619,625	25,064,384
Interest receivable	206	-	206
Grants receivable	-	82,961	82,961
Loans receivable	-	1,210,000	1,210,000
Prepays and other assets	-	5,940,847	5,940,847
<b>Total assets</b>	<b>2,444,965</b>	<b>43,238,611</b>	<b>45,683,576</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	40,581	236,441	277,022
Interest payable	-	977,931	977,931
Derivative instrument at fair value - liability	-	3,439,664	3,439,664
Long-term debt:			
Due within one year	-	17,136,022	17,136,022
Due in more than one year	-	61,506,216	61,506,216
<b>Total liabilities</b>	<b>40,581</b>	<b>83,296,274</b>	<b>83,336,855</b>
<b>NET POSITION:</b>			
Held in trust for other governments	2,404,384	(40,057,663)	(37,653,279)
<b>Total net position</b>	<b>\$ 2,404,384</b>	<b>\$ (40,057,663)</b>	<b>\$ (37,653,279)</b>

**City of Richmond**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2020**

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
<b>ADDITIONS:</b>			
Property taxes	\$ -	\$ 10,720,489	\$ 10,720,489
Net investment income:			
Interest income	14,509	356,897	371,406
Gain from sale of property	-	571,687	571,687
<b>Total additions</b>	<b>14,509</b>	<b>11,649,073</b>	<b>11,663,582</b>
<b>DEDUCTIONS:</b>			
Community development	-	2,320,523	2,320,523
Payments in accordance with trust agreements	582,578	-	582,578
Interest and fiscal charges	-	4,244,580	4,244,580
<b>Total deductions</b>	<b>582,578</b>	<b>6,565,103</b>	<b>7,147,681</b>
<b>Change in net position</b>	<b>(568,069)</b>	<b>5,083,970</b>	<b>4,515,901</b>
<b>NET POSITION:</b>			
Beginning of year	2,972,453	(45,141,633)	(42,169,180)
End of year	\$ 2,404,384	\$ (40,057,663)	\$ (37,653,279)

**City of Richmond**  
**Subcombining Statement of Fiduciary Net Position**  
**Successor Agency to the Richmond Community Redevelopment Agency**  
**June 30, 2020**

	Redevelopment				Bond Payments	Intrafund Eliminations	Total
	Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects			
<b>ASSETS</b>							
Cash and investments	\$ 6,214,659	\$ 20,465	\$ 7,150,054	\$ -	\$ -	\$ -	\$ 13,385,178
Restricted cash and investments	-	-	4,233,476	-	18,386,149	-	22,619,625
Grants receivable	-	-	82,961	-	-	-	82,961
Loans receivable	-	-	1,210,000	-	-	-	1,210,000
Prepays and other assets	-	-	5,940,847	-	-	-	5,940,847
<b>Total assets</b>	<u>6,214,659</u>	<u>20,465</u>	<u>18,617,338</u>	<u>-</u>	<u>18,386,149</u>	<u>-</u>	<u>43,238,611</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	-	20,465	215,976	-	-	-	236,441
Interest payable	-	-	-	-	977,931	-	977,931
Derivative instrument at fair value - liability	-	-	-	-	3,439,664	-	3,439,664
Long-term debt:							
Due within one year	-	-	-	-	17,136,022	-	17,136,022
Due in more than one year	-	-	-	-	61,506,216	-	61,506,216
<b>Total liabilities</b>	<u>-</u>	<u>20,465</u>	<u>215,976</u>	<u>-</u>	<u>83,059,833</u>	<u>-</u>	<u>83,296,274</u>
<b>NET POSITION:</b>							
Held in trust for successor agency	6,214,659	-	18,401,362	-	(64,673,684)	-	(40,057,663)
<b>Total net position</b>	<u>\$ 6,214,659</u>	<u>\$ -</u>	<u>\$ 18,401,362</u>	<u>\$ -</u>	<u>\$ (64,673,684)</u>	<u>\$ -</u>	<u>\$ (40,057,663)</u>

**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, 2020**

	Redevelopment			
	Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
<b>ADDITIONS:</b>				
Property taxes	\$ 10,720,489	\$ -	\$ -	\$ -
Net investment income:				
Interest income	-	-	86,736	1,394
Transfers from other funds	-	294,279	469,477	-
Gain from sale of property	-	-	571,687	-
<b>Total additions</b>	<b>10,720,489</b>	<b>294,279</b>	<b>1,127,900</b>	<b>1,394</b>
<b>DEDUCTIONS:</b>				
Community development	-	294,278	1,432,998	-
Interest and fiscal charges	-	-	-	-
Transfers to other city funds	12,622,746	-	33,451	72,248
<b>Total deductions</b>	<b>12,622,746</b>	<b>294,278</b>	<b>1,466,449</b>	<b>72,248</b>
<b>Change in net position</b>	<b>(1,902,257)</b>	<b>1</b>	<b>(338,549)</b>	<b>(70,854)</b>
<b>NET POSITION:</b>				
Beginning of year	8,116,916	(1)	18,739,911	70,854
End of year	\$ 6,214,659	\$ -	\$ 18,401,362	\$ -

	Bond Payments	Intrafund Eliminations	Total
Property taxes	\$ -	\$ -	\$ 10,720,489
Net investment income:			
Interest income	268,767	-	356,897
Transfers from other funds	11,964,689	(12,728,445)	-
Gain from sale of property	-	-	571,687
<b>Total additions</b>	<b>12,233,456</b>	<b>(12,728,445)</b>	<b>11,649,073</b>
Community development	593,247	-	2,320,523
Interest and fiscal charges	4,244,580	-	4,244,580
Transfers to other city funds	-	(12,728,445)	-
<b>Total deductions</b>	<b>4,837,827</b>	<b>(12,728,445)</b>	<b>6,565,103</b>
<b>Change in net position</b>	<b>7,395,629</b>	<b>-</b>	<b>5,083,970</b>
<b>NET POSITION:</b>			
Beginning of year	(72,069,313)	-	(45,141,633)
End of year	\$ (64,673,684)	\$ -	\$ (40,057,663)

## AGENCY FUNDS

### **Agency 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.

*Payroll Benefits Fund* accounts for accumulation of monies relating to employee and employer payroll liabilities.

*2006 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.

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**City of Richmond**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2020**

	Special Assessment	General Agency	Johnson Library	Senior Center	JJFA Reassessment
<b>ASSETS</b>					
Cash and investments	\$ 893,330	\$ 1,632,147	\$ 10,708	\$ 70,930	\$ 1,835,735
Restricted cash and investments	344,190	17,064	-	-	-
Accounts receivable	-	4,891	-	-	-
Interest receivable	1,166	2,219	15	98	2,496
Investment in reassessment bonds	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,238,686</b>	<b>\$ 1,656,321</b>	<b>\$ 10,723</b>	<b>\$ 71,028</b>	<b>\$ 1,838,231</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ -	\$ 3,096	\$ -	\$ 396	\$ -
Refundable deposits	-	1,653,225	10,723	70,632	-
Due to assessment district bondholders	1,238,686	-	-	-	1,838,231
<b>Total liabilities</b>	<b>\$ 1,238,686</b>	<b>\$ 1,656,321</b>	<b>\$ 10,723</b>	<b>\$ 71,028</b>	<b>\$ 1,838,231</b>

	Payroll Benefits	2006 A&B Reassessment District	Total Agency Funds
	\$ 3,389,826	\$ 1,011,657	\$ 8,844,333
	-	411,623	772,877
	440,009	-	444,900
	-	1,223	7,217
	-	6,777,294	6,777,294
	<b>\$ 3,829,835</b>	<b>\$ 8,201,797</b>	<b>\$ 16,846,621</b>
	3,829,835	\$ -	3,833,327
	-	-	1,734,580
	-	8,201,797	11,278,714
	<b>\$ 3,829,835</b>	<b>\$ 8,201,797</b>	<b>\$ 16,846,621</b>

**City of Richmond**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>Special Assessment</b>				
<b>ASSETS</b>				
Cash and investments	\$ 905,588	\$ 304,778	\$ (317,036)	\$ 893,330
Restricted cash and investments	346,088	-	(1,898)	344,190
Interest receivable	2,038	1,166	(2,038)	1,166
<b>Total assets</b>	<b>\$ 1,253,714</b>	<b>\$ 305,944</b>	<b>\$ (320,972)</b>	<b>\$ 1,238,686</b>
<b>LIABILITIES</b>				
Due to assessment district bondholders	\$ 1,253,714	\$ 305,944	\$ (320,972)	\$ 1,238,686
<b>Total liabilities</b>	<b>\$ 1,253,714</b>	<b>\$ 305,944</b>	<b>\$ (320,972)</b>	<b>\$ 1,238,686</b>
<b>General Agency</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,565,507	\$ 102,849	\$ (36,209)	\$ 1,632,147
Restricted cash and investments	16,269	795	-	17,064
Accounts receivable	4,891	-	-	4,891
Interest receivable	3,625	2,219	(3,625)	2,219
<b>Total assets</b>	<b>\$ 1,590,292</b>	<b>\$ 105,863</b>	<b>\$ (39,834)</b>	<b>\$ 1,656,321</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 33,990	\$ 3,096	\$ (33,990)	\$ 3,096
Refundable deposits	1,556,302	102,767	(5,844)	1,653,225
<b>Total liabilities</b>	<b>\$ 1,590,292</b>	<b>\$ 105,863</b>	<b>\$ (39,834)</b>	<b>\$ 1,656,321</b>
<b>Johnson Library</b>				
<b>ASSETS</b>				
Cash and investments	\$ 10,541	\$ 182	\$ (15)	\$ 10,708
Interest receivable	25	15	(25)	15
<b>Total assets</b>	<b>\$ 10,566</b>	<b>\$ 197</b>	<b>\$ (40)</b>	<b>\$ 10,723</b>
<b>LIABILITIES</b>				
Refundable deposits	\$ 10,566	\$ 197	\$ (40)	\$ 10,723
<b>Total liabilities</b>	<b>\$ 10,566</b>	<b>\$ 197</b>	<b>\$ (40)</b>	<b>\$ 10,723</b>

**City of Richmond**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>Senior Center</b>				
<b>ASSETS</b>				
Cash and investments	\$ 63,347	\$ 7,583	\$ -	\$ 70,930
Interest receivable	155	98	(155)	98
<b>Total assets</b>	<b>\$ 63,502</b>	<b>\$ 7,681</b>	<b>\$ (155)</b>	<b>\$ 71,028</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,923	\$ 396	\$ (2,923)	\$ 396
Refundable deposits	60,579	10,053	-	70,632
<b>Total liabilities</b>	<b>\$ 63,502</b>	<b>\$ 10,449</b>	<b>\$ (2,923)</b>	<b>\$ 71,028</b>
<b>JPFA Reassessment</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,870,972	\$ 42,460	\$ (77,697)	\$ 1,835,735
Restricted cash and investments	727,231	-	(727,231)	-
Interest receivable	4,447	2,496	(4,447)	2,496
Investment in reassessment bonds	850,000	-	(850,000)	-
<b>Total assets</b>	<b>\$ 3,452,650</b>	<b>\$ 44,956</b>	<b>\$ (1,659,375)</b>	<b>\$ 1,838,231</b>
<b>LIABILITIES</b>				
Due to assessment district bondholders	\$ 3,452,650	\$ 44,956	\$ (1,659,375)	\$ 1,838,231
<b>Total liabilities</b>	<b>\$ 3,452,650</b>	<b>\$ 44,956</b>	<b>\$ (1,659,375)</b>	<b>\$ 1,838,231</b>
<b>Payroll Benefits</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,764,622	\$ 391,313	\$ (3,766,109)	\$ 3,389,826
Accounts receivable	391,313	440,009	(391,313)	440,009
<b>Total assets</b>	<b>\$ 7,155,935</b>	<b>\$ 831,322</b>	<b>\$ (4,157,422)</b>	<b>\$ 3,829,835</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 7,155,935	\$ 831,322	\$ (4,157,422)	\$ 3,829,835
<b>Total liabilities</b>	<b>\$ 7,155,935</b>	<b>\$ 831,322</b>	<b>\$ (4,157,422)</b>	<b>\$ 3,829,835</b>

City of Richmond  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the year ended June 30, 2020

STATISTICAL  
SECTION (UNAUDITED)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>2006 A&amp;B Reassessment District</b>				
<b>ASSETS</b>				
Cash and investments	\$ 952,875	\$ 745,375	\$ (686,593)	\$ 1,011,657
Restricted cash and investments	257,622	154,001	-	411,623
Interest receivable	2,032	1,223	(2,032)	1,223
Investment in reassessment bonds	7,240,694	-	(463,400)	6,777,294
<b>Total assets</b>	<b>\$ 8,453,223</b>	<b>\$ 900,599</b>	<b>\$ (1,152,025)</b>	<b>\$ 8,201,797</b>
<b>LIABILITIES</b>				
Due to assessment district bondholders	\$ 8,453,223	\$ 900,599	\$ (1,152,025)	\$ 8,201,797
<b>Total liabilities</b>	<b>\$ 8,453,223</b>	<b>\$ 900,599</b>	<b>\$ (1,152,025)</b>	<b>\$ 8,201,797</b>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 12,133,452	\$ 1,594,540	\$ (4,883,659)	\$ 8,844,333
Restricted cash and investments	1,347,210	154,796	(729,129)	772,877
Accounts receivable	396,204	440,009	(391,313)	444,900
Interest receivable	12,322	7,217	(12,322)	7,217
Investment in reassessment bonds	8,090,694	-	(1,313,400)	6,777,294
<b>Total assets</b>	<b>\$ 21,979,882</b>	<b>\$ 2,196,562</b>	<b>\$ (7,329,823)</b>	<b>\$ 16,846,621</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 7,192,848	\$ 834,814	\$ (4,194,335)	\$ 3,833,327
Refundable deposits	1,627,447	113,017	(5,884)	1,734,580
Due to assessment district bondholders	13,159,587	1,251,499	(3,132,372)	11,278,714
<b>Total liabilities</b>	<b>\$ 21,979,882</b>	<b>\$ 2,199,330</b>	<b>\$ (7,332,591)</b>	<b>\$ 16,846,621</b>

**STATISTICAL SECTION**

This part of the City's Comprehensive Annual 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

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**CITY OF RICHMOND**  
**JUNE 30, 2020**

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***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:

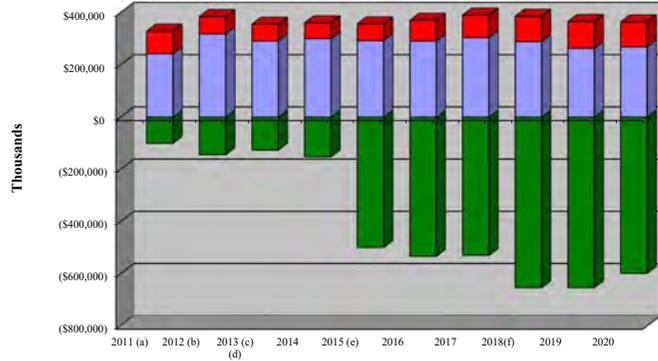
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

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**CITY OF RICHMOND**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



■ Net Investment in Capital Assets ■ Restricted ■ Unrestricted

	Fiscal Year Ended June 30				
	2011 (a)	2012 (b)	2013 (c) (d)	2014	2015 (e)
<b>Governmental activities</b>					
Net investment in capital assets	\$164,739,567	\$242,281,323	\$214,572,546	\$227,828,243	\$218,144,811
Restricted	78,105,002	57,989,820	55,396,056	50,461,923	54,578,939
Unrestricted	(83,013,306)	(118,620,471)	(119,231,699)	(148,161,106)	(479,961,080)
<b>Total governmental activities net position</b>	<b>\$159,831,263</b>	<b>\$181,650,672</b>	<b>\$150,736,903</b>	<b>\$130,129,060</b>	<b>(\$207,237,330)</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$78,162,970	\$76,731,871	\$76,966,448	\$72,911,000	\$74,922,303
Restricted	8,334,722	8,169,878	9,196,255	9,793,767	9,408,237
Unrestricted	(16,389,951)	(24,759,367)	(6,365,742)	(3,096,845)	(18,432,590)
<b>Total business-type activities net position</b>	<b>\$70,107,741</b>	<b>\$60,142,382</b>	<b>\$79,796,961</b>	<b>\$79,607,922</b>	<b>\$65,897,950</b>
<b>Primary government</b>					
Net investment in capital assets	\$242,902,537	\$319,013,194	\$291,538,994	\$300,739,243	\$293,067,114
Restricted	86,439,724	66,159,698	64,592,311	60,255,690	63,987,176
Unrestricted	(99,403,257)	(143,379,838)	(125,597,441)	(151,257,951)	(498,393,670)
<b>Total primary government net position</b>	<b>\$229,939,004</b>	<b>\$241,793,054</b>	<b>\$230,533,864</b>	<b>\$209,736,982</b>	<b>(\$141,339,380)</b>

	Fiscal Year Ended June 30				
	2016	2017	2018(f)	2019	2020
	\$228,292,389	\$233,619,046	\$221,336,363	\$211,717,676	\$205,374,054
	70,322,707	76,810,440	87,380,363	93,157,922	93,703,974
	(508,981,299)	(504,602,583)	(625,067,289)	(644,341,826)	(597,270,745)
	<b>(\$210,366,203)</b>	<b>(\$194,173,097)</b>	<b>(\$316,350,563)</b>	<b>(\$339,466,228)</b>	<b>(\$298,192,717)</b>
	\$63,405,228	\$71,000,240	\$68,213,687	\$52,161,380	\$64,270,898
	9,008,038	9,441,288	9,514,522	9,440,965	1,517,087
	(23,382,659)	(24,096,174)	(27,908,968)	(8,644,683)	(1,045,003)
	<b>\$49,030,607</b>	<b>\$56,345,354</b>	<b>\$49,819,241</b>	<b>\$52,957,662</b>	<b>\$64,742,982</b>
	\$291,697,617	\$304,619,286	\$289,550,050	\$263,879,056	\$269,644,952
	79,330,745	86,251,728	96,894,885	102,598,887	95,221,061
	(532,363,958)	(528,698,757)	(652,976,257)	(652,986,509)	(598,315,748)
	<b>(\$161,335,596)</b>	<b>(\$137,827,743)</b>	<b>(\$266,531,322)</b>	<b>(\$286,508,566)</b>	<b>(\$233,449,735)</b>

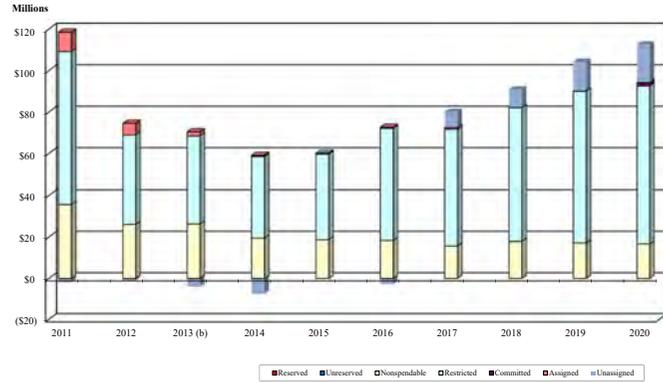
- (a) Balance was restated in fiscal year 2012. Years prior to 2011 have not been restated.
- (b) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.
- (c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
- (d) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.
- (e) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.
- (f) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

**CITY OF RICHMOND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30					Fiscal Year Ended June 30				
	2011	2012	2013 (b)	2014	2015 (c)	2016	2017	2018 (d)	2019	2020
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$17,127,696	\$32,549,754	\$35,272,517	\$36,119,297	\$28,879,074	\$32,197,941	\$34,851,005	\$45,715,329	\$45,626,305	\$43,495,871
Public Safety	101,613,767	100,403,365	97,136,602	102,664,551	102,732,652	107,380,286	108,919,259	114,932,219	116,621,006	108,947,688
Public Works	41,004,033	42,747,958	46,011,618	46,403,830	43,363,799	44,410,102	41,558,084	48,617,290	49,893,124	45,051,479
Community Development	7,685,733	5,845,968	4,909,158	4,618,101	4,771,875	5,003,045	3,290,142	4,589,328	5,791,630	4,115,214
Cultural and Recreational	14,647,978	14,583,687	12,129,962	10,808,931	10,492,020	11,021,226	10,996,526	14,280,985	15,074,312	10,409,881
Housing and Redevelopment	15,234,912	19,708,765	2,816,094	1,984,908	2,751,290	2,053,898	7,449,423	3,442,239	2,576,897	2,807,611
Interest and Fiscal Charges	23,108,139	19,633,486	15,411,831	19,439,248	17,219,905	18,902,831	16,387,887	16,127,479	15,380,005	14,896,558
Total Governmental Activities Expenses	220,712,258	235,532,983	213,687,782	222,038,866	210,210,615	220,967,329	219,452,326	247,704,869	251,063,279	229,724,302
<b>Business-Type Activities:</b>										
Richmond Housing Authority	27,246,056	30,980,229	28,992,229	29,771,151	28,049,474	26,385,133	26,241,916	30,978,813	36,766,319	5,834,686
Port of Richmond	7,033,016	7,868,918	9,337,252	9,530,693	9,923,282	11,132,997	10,102,104	10,257,553	8,811,486	7,744,773
Municipal Sewer	14,193,822	14,655,752	16,298,623	16,964,175	15,965,608	16,446,626	17,720,735	21,696,370	19,259,997	21,767,690
Richmond Marina	343,734	1,681,461	2,666,918	253,190	235,054	237,129	230,621	327,442	273,929	241,445
Storm Sewer	2,670,397	2,744,755	2,815,541	3,210,678	3,282,406	2,465,929	2,320,723	1,661,808	1,965,353	1,945,353
Cable TV	961,059	1,037,142	990,802	890,846	948,426	2,114,436	1,028,185	1,697,155	973,747	671,790
Total Business-Type Activities Expenses	52,448,084	58,977,277	59,366,917	59,955,181	58,404,250	58,782,250	57,644,284	66,619,141	67,728,931	38,225,737
Total Primary Government Expenses	\$273,160,342	\$294,510,260	\$273,054,699	\$281,994,047	\$268,614,865	\$279,749,579	\$277,096,610	\$314,324,010	\$318,792,210	\$267,950,039
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$8,155,496	\$8,496,532	\$11,596,612	\$16,917,113	\$11,107,654	\$12,468,525	\$15,543,381	\$16,838,782	\$15,310,347	\$13,211,033
Public Safety	5,177,825	5,075,588	5,400,290	6,217,749	10,466,292	7,271,472	8,932,212	8,147,458	7,124,227	6,631,900
Public Works	3,741,601	2,596,312	3,090,211	4,160,804	3,609,577	3,936,242	4,796,586	6,529,172	5,118,216	7,792,157
Community Development	135,215	361,106	234,836	405,604	1,385,689	1,069,767	615,388	1,748,222	1,603,581	827,055
Cultural and Recreational	1,151,374	1,118,777	516,499	584,475	475,091	1,128,267	1,252,192	1,545,399	2,200,702	1,111,472
Housing and Redevelopment						42,040		1,878,958	2,189,703	
Operating Grants and Contributions	17,934,341	11,259,829	9,703,416	8,434,018	9,231,039	20,994,534	16,083,370	20,556,989	20,514,833	25,354,387
Capital Grants and Contributions	20,016,974	17,238,057	11,360,153	14,530,908	21,097,186	17,534,992	14,008,833	10,471,376	5,778,572	9,787,273
Total Government Activities Program Revenues	56,312,826	46,146,801	41,902,017	71,280,471	57,372,528	64,445,839	61,231,962	67,716,356	59,840,181	59,915,277
<b>Business-Type Activities:</b>										
Charges for Services:										
Richmond Housing Authority	1,916,352	2,354,197	2,619,669	2,638,834	1,917,602	1,851,337	3,067,020	1,740,399	3,329,072	841,319
Port of Richmond	6,329,914	7,745,580	9,043,026	10,201,751	9,480,367	10,581,419	10,182,777	10,580,246	10,629,229	10,454,061
Municipal Sewer	17,342,216	17,565,632	17,733,454	18,569,191	19,033,406	20,767,925	22,447,439	24,476,967	27,934,684	27,934,684
Richmond Marina	220,858	259,777	466,921	456,956	488,201	517,108	540,567	537,438	602,591	564,988
Storm Sewer	1,697,475	1,800,536	1,842,001	1,849,064	1,845,648	1,966,537	1,992,758	2,088,110	1,942,171	2,087,561
Cable TV	1,099,919	1,022,100	1,320,552	1,228,864	1,376,194	1,320,486	1,339,104	1,281,952	1,240,754	1,203,837
Operating Grants and Contributions	23,332,167	22,742,102	22,323,336	21,953,401	22,112,391	21,951,328	22,636,922	26,098,804	28,666,300	4,027,791
Capital Grants and Contributions	2,685,479	3,775,002	10,087,538	1,679,398	2,189,724	2,155,686	969,910	1,155,536	2,170,137	322,164
Total Business-Type Activities Program Revenue	54,624,440	57,664,926	65,436,497	58,591,459	58,443,533	60,101,764	61,496,983	65,909,924	73,057,221	47,436,405
Total Primary Government Program Revenues	\$110,937,266	\$115,811,727	\$117,338,514	\$130,871,930	\$115,817,061	\$124,547,603	\$122,728,945	\$132,626,280	\$132,897,402	\$107,351,682
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(\$164,399,432)	(\$189,386,182)	(\$171,785,765)	(\$150,788,395)	(\$152,838,087)	(\$156,521,490)	(\$158,230,364)	(\$179,908,513)	(\$191,223,098)	(\$169,809,025)
Business-Type Activities	2,176,356	6,099,580	11,534,477	12,687,222	89,283	1,310,514	3,852,699	7,098,212	5,328,290	9,210,668
Total Primary Government Net Expense	(\$162,223,076)	(\$191,098,533)	(\$160,251,288)	(\$138,101,173)	(\$152,748,804)	(\$155,210,976)	(\$154,377,665)	(\$180,697,730)	(\$185,894,808)	(\$160,598,357)
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property Taxes:										
Current Collections	\$61,155,694	\$52,219,777	47,207,734	42,226,820	45,129,392	51,302,638	56,588,547	59,441,796	60,592,022	63,004,942
Sales Taxes	23,025,923	27,788,339	29,865,548	29,627,711	33,155,376	40,877,125	41,620,189	44,474,973	47,659,481	44,537,156
Utility User Taxes	45,007,806	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
Documentary Transfer Taxes		2,765,842	2,957,834	3,461,473	4,818,936	6,187,096	7,452,985	6,486,347	8,001,672	8,101,672
Other Taxes	3,361,146	3,784,986	3,289,518	3,592,218	3,099,511	5,734,802	5,329,465	6,144,968	6,227,213	15,834,939
Use of Money and Property	8,877,982	(22,064,295)	11,331,823	(1,164,987)	(4,752,198)	1,198,266	12,230,256	7,000,785	(6,825,744)	2,946,978
Unrestricted Intergovernmental	2,427,575	4,752,245	4,814	1,806,532	4,312	49,448	49,448	58,842	4,705,047	5,842,784
Miscellaneous	6,723,228	7,917,715	3,461,402	3,229,898	2,151,042	4,258,061	5,138,724	4,195,794	1,980,973	1,992,600
Gain From Sale of Capital Assets				174,874	268,927	262,667	64,651	39,226	71,779	82,036
Pensions Stabilization Revenue	2,728,314	2,544,175	2,549,922	998,839	954,202	913,860	885,938			
Developer Revenue Sharing	101,739	55,958								
Transfers	(85,629)	1,030,428	(590,394)		178,487	600,000	86,778	86,778	(220,947)	86,778
Special/Extraordinary Items:										
Swap Termination						(16,321,171)				
Transfer of Loans to Housing Successor								1,208,259		
Assets Transferred To/Liabilities Assumed By		84,426,106 (a)	(5,328,244)			14,968,712				
Housing Successor/Successor Agency										
Total Government Activities	153,323,778	211,205,591	143,188,306	130,180,552	137,110,165	153,392,617	174,413,470	175,217,523	168,107,433	179,405,736
<b>Business-Type Activities:</b>										
Taxes:										
Property Taxes										
Use of Money and Property	1,657,791	(5,331,300)	4,054,073	(185,246)	(563,129)	(3,076,857)	3,548,826	3,431,293	(1,015,459)	770,319
Settlement										
Other	609,031									
Special Item	85,629	(1,030,428)	590,394		(178,487)	(14,510,000)	(86,778)	(86,778)	220,947	(86,778)
Extraordinary Items			9,023,704	1,359,929		(600,000)				
Total Business-Type Activities	2,352,451	(6,361,728)	13,668,171	(1,174,683)	(741,616)	(18,186,857)	3,462,048	3,344,515	(994,512)	683,541
Total Primary Government	\$155,676,229	\$204,843,863	\$156,856,477	\$129,005,869	\$136,368,549	\$135,205,760	\$177,875,518	\$178,562,038	\$167,312,921	\$180,089,277
<b>Change in Net Position</b>										
Governmental Activities	(\$11,075,654)	\$21,819,409	(\$28,597,459)	(\$20,607,843)	(\$15,727,922)	(\$3,128,873)	\$16,193,106	(\$4,770,990)	(\$23,115,665)	\$9,596,711
Business-Type Activities	4,528,807	(8,974,079)	19,722,251	(130,019)	(702,313)	(16,867,343)	7,314,747	2,635,296	4,533,778	9,894,309
Total Primary Government	(\$6,546,847)	\$13,845,330	(\$8,597,708)	(\$20,738,255)	(\$16,430,235)	(\$19,996,216)	\$23,507,852	(\$2,135,692)	(\$18,581,887)	\$19,490,920

(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.

**CITY OF RICHMOND**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



	Fiscal Year-Ended June 30									
	2011	2012	2013 (b)	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$28,021,103	\$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
Committed										1,500,000
Assigned	380,999	377,181	219,646	56,786	23,934	4,460	10,013	72,506	63,180	113,249
Unassigned	12,077,471	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
<b>Total General Fund</b>	<u>\$40,479,573</u>	<u>\$37,358,353</u>	<u>\$36,825,337</u>	<u>\$27,541,828</u>	<u>\$28,681,736</u>	<u>\$29,397,395</u>	<u>\$35,416,890</u>	<u>\$35,630,923</u>	<u>\$36,768,554</u>	<u>\$38,646,231</u> (a)
<b>All Other Governmental Funds</b>										
Nonspendable	\$7,666,605	\$174,067			\$484	\$550				
Restricted	73,538,765	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
Committed										
Assigned	8,925,705	5,147,206	1,714,260	428,766	430,083	431,867	782,617	43,906	44,602	45,264
Unassigned	(13,944,936)	(11,929,823)	(14,357,112)	(15,499,990)	(9,755,130)	(13,824,433)	(12,190,380)	(8,539,781)	(5,403,755)	(2,080,302)
<b>Total all other governmental funds</b>	<u>\$76,186,139</u>	<u>\$36,279,890</u>	<u>\$29,494,607</u>	<u>\$23,995,127</u>	<u>\$31,693,039</u>	<u>\$40,360,231</u>	<u>\$44,644,243</u>	<u>\$55,239,478</u>	<u>\$67,506,239</u>	<u>\$73,925,889</u> (a)

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(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.

**CITY OF RICHMOND**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,					Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Property taxes	\$57,113,666	\$51,964,005	\$48,518,328	\$43,559,305	\$46,498,061	\$52,714,540	\$58,042,766	\$60,963,189	\$66,816,032	\$68,285,321
Sales taxes	23,025,923	27,788,339	29,865,548	29,627,711	33,131,486	40,877,125	41,620,189	44,474,973	47,659,481	44,537,156
Utility user fees	50,007,806	50,984,315	48,398,349	48,033,706	48,299,958	43,365,249	44,966,489	46,079,755	45,905,937	45,552,523
Other taxes	7,824,181	6,550,828	6,247,352	7,053,691	9,918,447	11,628,519	12,566,579	12,413,127	14,020,347	15,619,151
Licenses, permits and fees	7,495,563	9,393,833	11,830,426	7,713,634	12,409,625	12,235,483	16,577,695	21,552,883	18,865,730	15,385,538
Developer revenue sharing	101,739	55,958								
Fines, forfeitures and penalties	474,889	536,510	617,509	821,411	1,353,518	901,838	1,065,421	1,001,927	964,255	815,910
Use of money and property	1,031,746	932,393	557,936	153,958	225,529	212,787	422,324	746,525	1,302,922	1,302,020
Intergovernmental	38,605,526	36,121,561	19,995,922	17,078,035	19,228,997	14,440,543	19,913,858	20,137,593	17,691,976	24,284,779
Private grants						12,971,138	5,000,000	9,000,000	9,000,000	
Charges for services	9,425,484	9,204,016	9,350,051	20,022,968	13,607,840	13,462,270	15,947,909	17,045,201	16,625,733	16,807,806
Pension stabilization revenue	2,728,314	2,544,175	2,549,922	998,839	954,202	915,860	885,938			
Rent	960,661	793,144	708,626	681,141	708,626	768,753	839,821	852,940	988,741	892,579
Other	6,686,908	7,142,854	2,703,133	2,845,117	1,977,688	4,300,150	5,472,719	4,418,779	2,999,947	1,998,535
<b>Total Revenues</b>	<b>205,482,406</b>	<b>204,011,931</b>	<b>181,315,617</b>	<b>178,617,001</b>	<b>188,414,464</b>	<b>208,794,255</b>	<b>223,321,708</b>	<b>238,686,892</b>	<b>242,841,101</b>	<b>235,481,318</b>
<b>Expenditures</b>										
Current:										
General government	15,053,928	30,303,614	33,251,610	32,005,878	29,786,089	31,819,369	36,973,645	44,009,256	42,470,628	47,122,400
Public safety	94,269,101	87,286,248	87,573,539	91,676,955	90,219,981	94,774,545	95,479,682	96,546,035	99,824,574	100,037,206
Public works	23,144,011	25,555,928	26,065,996	26,363,885	25,806,437	25,690,663	30,327,553	35,016,495	37,133,097	34,207,196
Community development	7,655,697	5,643,542	4,709,478	4,357,885	4,586,333	4,843,687	6,374,607	8,057,638	5,126,848	5,189,613
Cultural and recreational	14,559,213	12,183,399	11,175,362	10,223,708	10,021,481	10,551,337	10,786,210	11,347,436	12,713,460	11,482,027
Housing and redevelopment	11,767,304	6,267,418	3,089,640	2,266,265	2,625,533	3,038,135	7,672,540	1,942,637	3,436,988	3,544,492
SERAF	2,083,288									
Capital outlay	27,189,722	28,721,772	15,704,486	14,365,888	8,178,649	8,566,563	3,667,134	10,000,595	5,774,234	4,871,461
Debt service:										
Principal repayment	14,879,506	14,312,544	8,691,629	6,775,769	7,842,830	9,148,909	9,966,416	11,032,933	12,518,807	12,552,283
Interest and fiscal charges	14,559,340	11,393,091	7,504,922	10,989,996	13,407,604	12,503,442	11,471,169	10,785,342	10,026,887	10,431,652
Swap termination payment						28,554,000				
<b>Total Expenditures</b>	<b>225,161,110</b>	<b>221,667,556</b>	<b>197,766,662</b>	<b>199,026,229</b>	<b>192,474,937</b>	<b>229,490,650</b>	<b>212,718,962</b>	<b>228,738,367</b>	<b>229,025,523</b>	<b>229,438,330</b>
Excess (deficiency) of revenues over (under) expenditures	(19,678,704)	(17,655,625)	(16,451,045)	(20,409,228)	(4,060,473)	(20,696,395)	10,602,746	9,948,525	13,815,578	6,042,988
<b>Other Financing Sources (Uses)</b>										
Transfers in	62,507,821	38,456,022	21,145,031	20,145,264	12,879,975	12,124,166	18,770,780	14,472,164	19,215,848	18,336,677
Transfers out	(55,482,457)	(33,437,663)	(19,666,470)	(20,859,344)	(13,815,569)	(12,091,206)	(19,251,041)	(14,868,906)	(19,688,813)	(18,221,126)
Sale of property	188,489		53,618	174,874	268,927	262,667	181,022	39,226	71,779	82,036
Payment to escrow for debt refunding										(77,315,000)
Issuance of long-term debt	14,721,130	3,214,243	2,621,558	6,165,445	11,175,436	28,390,000				79,171,752
Bond issuance premium		109,701	106,740		82,880	1,393,619				
<b>Total other financing sources (uses)</b>	<b>21,746,494</b>	<b>8,530,792</b>	<b>4,260,477</b>	<b>5,626,239</b>	<b>10,591,649</b>	<b>30,079,246</b>	<b>(299,239)</b>	<b>(357,516)</b>	<b>(401,186)</b>	<b>2,054,339</b>
<b>Special and Extraordinary Items</b>										
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency		(33,902,636) (b)								
Transfer of loans to housing successor			745,119					1,208,259		
Interfund advance restructuring										
<b>Total Special and Extraordinary Items</b>		<b>(33,902,636)</b>	<b>745,119</b>					<b>1,208,259</b>		
<b>Net Change in fund balances</b>	<b>\$2,067,790</b>	<b>(\$43,027,469)</b>	<b>(\$11,445,449)</b>	<b>(\$14,782,989)</b>	<b>\$6,531,176</b>	<b>\$9,382,851</b>	<b>\$10,303,507</b>	<b>\$10,799,268</b>	<b>\$13,414,392</b>	<b>\$8,097,327</b>
Debt service as a percentage of noncapital expenditures	14.5%	12.9%	8.7%	9.5%	11.6%	9.7%	10.4%	9.7%	10.4%	10.3%

NOTE:  
(a) Debt service in 2010 includes the current refunding of the 2007 Tax Allocation Bonds of \$64,275,000.  
(b) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

**CITY OF RICHMOND**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(In Thousands)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>ASSESSED VALUE <sup>(1)</sup></b>										
Land	\$3,427,021	\$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
Improvements	6,721,515	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
Total Real Property	10,148,536	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
Personal Property	671,258	681,204	795,573	53,195	460,661	669,634	585,832	558,957	558,468	561,7157
<b>TOTAL</b>	<b>\$10,819,794</b>	<b>\$11,423,644</b>	<b>\$13,280,654</b>	<b>\$10,453,101</b>	<b>\$12,429,550</b>	<b>\$13,539,643</b>	<b>\$14,322,848</b>	<b>\$14,906,514</b>	<b>\$16,111,060</b>	<b>\$16,720,799</b>
<b>EXEMPTIONS <sup>(2)</sup></b>										
Homesteads <sup>(3)</sup>	\$110,280	\$107,571	\$104,144	\$100,680	\$98,456	\$96,539	\$95,052	\$94,266	\$93,219	\$91,907
Other <sup>(4)</sup>	473,917	495,344	519,976	527,179	587,350	641,475	688,713	760,841	809,325	912,222
<b>TOTAL</b>	<b>\$584,197</b>	<b>\$602,915</b>	<b>\$624,120</b>	<b>\$627,859</b>	<b>\$685,806</b>	<b>\$738,014</b>	<b>\$783,765</b>	<b>\$855,107</b>	<b>\$902,544</b>	<b>\$1,024,129</b>
<b>ASSESSED VALUE</b>										
(Net of Exemptions)	\$10,235,597	\$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
<b>Less:</b>										
<b>Redevelopment Tax</b>										
<b>Increment <sup>(5)</sup></b>	1,594,287	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
<b>NET ASSESSED</b>										
<b>VALUE</b>	<b>\$8,641,310</b>	<b>\$9,242,647</b>	<b>\$11,098,301</b>	<b>\$8,230,209</b>	<b>\$9,943,913</b>	<b>\$10,745,818</b>	<b>\$11,290,341</b>	<b>\$11,514,846</b>	<b>\$12,342,193</b>	<b>\$12,521,376</b>
<b>NET INCREASE</b>										
<b>(DECREASE)</b>	(\$1,375,916)	\$601,337	\$1,855,654	(\$2,868,092)	\$1,713,704	\$801,905	\$544,523	\$224,505	\$827,347	\$179,183
<b>% OF INCREASE</b>										
<b>(DECREASE)</b>	-13.74%	6.96%	20.08%	-25.84%	20.82%	8.06%	5.07%	1.99%	7.19%	1.45%
<b>Total Direct Tax Rates</b>	0.41395%	0.40618%	0.41948%	0.41930%	0.43781%	0.43675%	0.43919%	0.43540%	0.43473%	0.43473%

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<sup>(1)</sup> 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 \$18100 of the assessed value, excluding the tax rate for debt service.

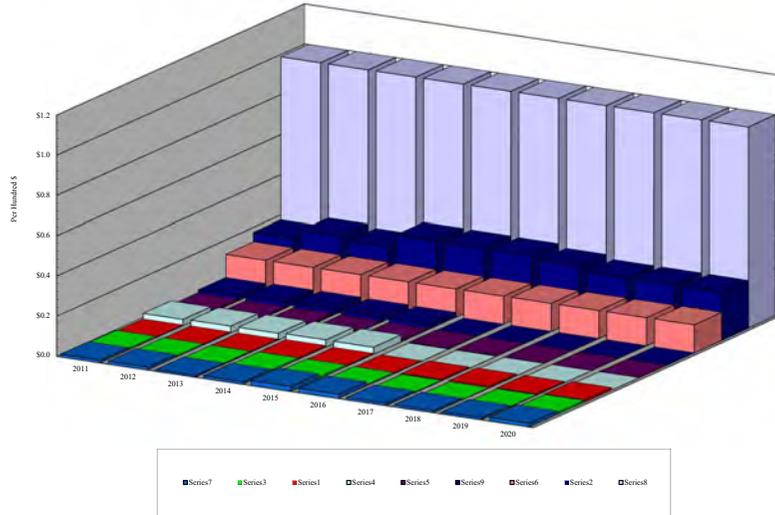
<sup>(2)</sup> Exemptions are summarized as follows:  
(a) Homesteaders' exemption arises from Article XIII(25) which reimburses local governments for revenues lost through the homesteaders' exemption in Article XIII(7)(b).  
(b) Other exemptions are revenues lost to the City because of provisions of California Constitution, Article XIII(3).

<sup>(3)</sup> Tax increments are allocations made to the Redevelopment Agency under authority of California Constitution, Article XVI.

<sup>(4)</sup> 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  
HLL reports

**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	Oriada Elementary	West Contra Costa Unified	Contra Costa Community College	Total Direct & Overlapping Tax Rates (3)
2011	\$1.00000	\$0.14000	\$0.00310	\$0.00840	\$0.03110	\$0.00670	\$0.02440	\$0.18690	\$0.01330	\$1.41390
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

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	\$1.14840	\$0.41395
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

**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

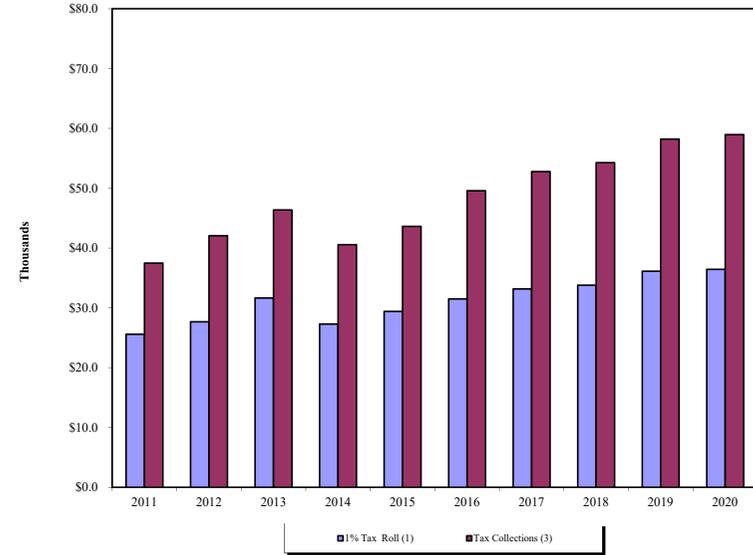
**CITY OF RICHMOND**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	Type of Business	2019-2020			2010-2011		
		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	\$ 3,517,628,287	1	22.41%	\$ 2,368,792,445	1	23.14%
Guardian KW Hilltop LLC	Residential	205,312,523	2	1.31%	101,836,626	2	0.99%
LIPT Giant Road Inc.	Industrial	87,476,030	3	0.56%			
Kaiser Foundation Hospitals	Industrial	80,463,351	4	0.51%	62,318,978	4	0.61%
Richmond Essex, LP	Residential	80,178,274	5	0.51%	47,662,859	6	0.47%
2995 Atlas Road Associates LLC	Industrial	55,208,158	6	0.35%			
Phillips 66 Company	Industrial	51,489,972	7	0.33%			
Pacific Atlantic Terminals LLC	Industrial	50,194,885	8	0.32%			
2930 Technology Court	Institutional	49,872,776	9	0.32%			
KM Phoenix Holdings LLC	Industrial	49,701,789	10	0.32%			
Richmond Associates LLC	Commercial				64,675,878	3	0.63%
Berlex Laboratories, Inc.	Industrial				61,445,753	5	0.60%
Cherokee Simeon Venture I LLC	Commercial				47,660,777	7	0.47%
DDRM Hilltop Plaza LP	Commercial				46,000,000	8	0.45%
Lennar Emerald Marina Shores	Residential				44,443,000	9	0.43%
Foss Maritime Company	Unsecured				42,695,763	10	0.42%
<b>Subtotal</b>		<b>\$ 4,227,526,045</b>		<b>26.93%</b>	<b>\$2,887,532,079</b>		<b>28.21%</b>

Total Net Assessed Valuation:  
 Fiscal Year 2019-2020 \$ 15,696,670,000  
 Fiscal Year 2010-2011 \$ 10,235,597,000

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)**

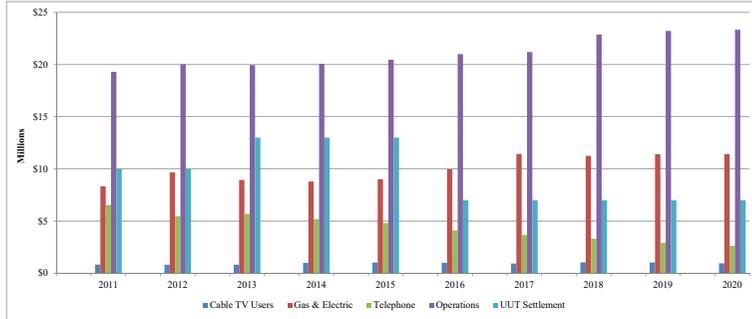


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2011	\$ 25,573	\$ 11,900	\$ 37,473	100%
2012	27,669	14,377	42,046	100%
2013	31,638	14,718	46,356	100%
2014	27,289	13,267	40,556	100%
2015	29,392	14,225	43,617	100%
2016	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%

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**



**CITY OF RICHMOND  
UTILITY USERS TAX DIRECT RATES  
ON CHARGES FOR SERVICES  
LAST TEN FISCAL YEARS (A)**

	2015	2016	2017	2018	2019	2020
Cable TV Users	5%	5%	5%	5%	5%	5%
Gas & Electric	10%	10%	10%	10%	10%	10%
Telephone	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Operations	(B)	(B)	(B)	(B)	(B)	(B)
UUT Settlement	(C)	(C)	(C)	(C)	(C)	(C)

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cable TV Users	\$824,723	\$810,755	\$809,972	\$983,465	\$1,016,552	\$988,547	\$924,912	\$1,036,854	\$1,025,549	\$951,147
Gas & Electric	8,336,362	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
Telephone	6,539,983	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
Operations	19,306,738	20,039,558	19,956,689	20,079,108	20,471,979	21,094,080	21,209,540	22,384,443	23,230,610	23,351,283
UUT Settlement	10,000,000	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
Prepaid Wireless						312,852	730,939	608,042	335,153	211,927
Combined (A)										
	\$45,007,806	\$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

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)

NOTES:

- (A) Historical information prior to 2015 is not available.
- (B) Based on the Cap Provision in the City of Richmond Municipal Code Section 13.52.100 - Maximum Tax Payable of the Richmond Municipal Code.
- (C) 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 (A)**

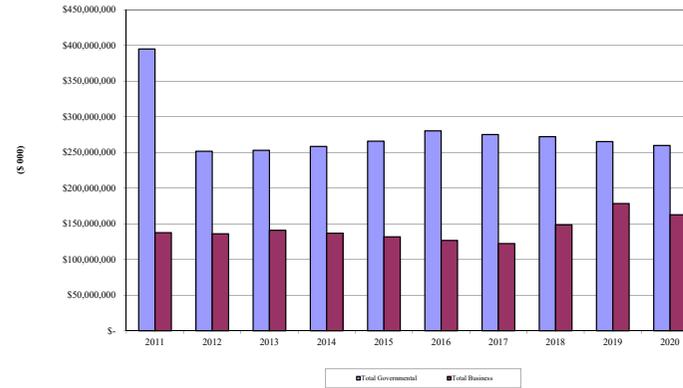
<u>Taxpayer</u>	<u>Type of Business (B)</u>
Chevron	Cap & Settlement
PG&E	Gas & Electricity
Marin Clean Energy	Gas & Electricity
Comcast	Cable & Telecommunications
Pacific Bell Telephone Co	Cable & Telecommunications
GTE Mobilnet of California LTD	Telecommunications
GTE Mobilnet of California LTD	Telecommunications
Constellation New Energy	Gas & Electricity
Sprint Spectrum	Telecommunications
T-Mobile	Telecommunications

**NOTES:**

- (A) Information for 2010 is not available.
- (B) 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
2011	\$ 125,899,530	\$ 153,589,314	\$ 87,906,545	\$ 20,723,084	\$ 7,022,284	\$ 395,140,757
2012	(B)	155,060,554	87,526,545	625,646	(B)	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

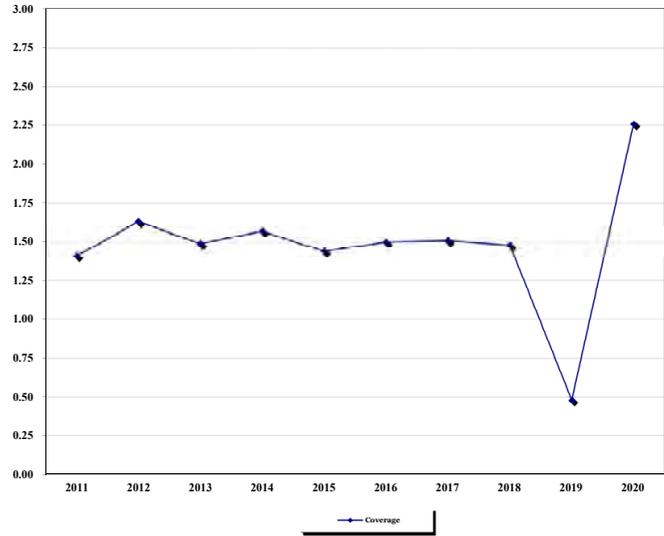
Business-Type Activities							
Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2011	\$ 84,893,408	\$ 48,683,747	\$ 4,016,617	\$ 137,593,772	\$ 532,734,529	21.12%	5,043
2012	84,246,892	48,252,294	3,516,009	136,015,195	387,761,012	15.26%	3,697
2013	90,096,593 (C)	47,834,187	3,007,372	140,938,152	394,044,747	15.06%	3,733
2014	89,012,056	44,944,399	2,935,889	136,892,344	395,388,085	14.54%	3,725
2015	86,867,520	41,984,610	2,861,189	131,713,319	397,592,479	14.68%	3,737
2016	84,637,983	39,354,875	2,783,127	126,775,985	407,153,594	14.84%	3,689
2017	82,313,447	36,588,791	3,401,553	122,303,791	397,503,753	14.21%	3,556
2018	111,698,772	33,587,707	3,316,308	148,602,787	420,825,611	14.41%	3,765
2019	144,811,738	30,331,623	3,227,227	178,370,588	443,672,604	14.65%	4,028
2020	141,391,552	17,940,892	3,435,667	162,768,111	422,592,885	13.04%	3,800

Notes: Debt amounts exclude any premiums, discounts, or other amortization amounts.

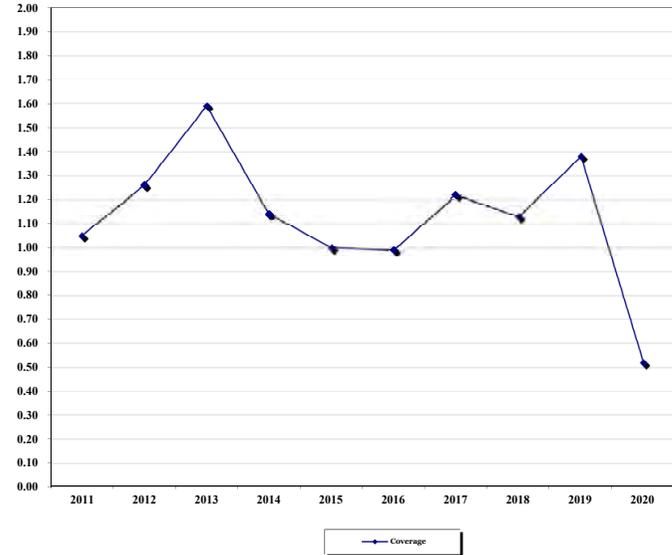
- (A) See Demographic Statistics for personal income and population data.
- (B) Due to the dissolution of the Redevelopment Agency, the Tax Allocation Bonds and the Loans and Notes Payable that were related to the Redevelopment Agency were transferred to the Successor Agency as of February 1, 2012 and 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**



**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	
2011	\$ 17,399,624	\$ 9,154,788	\$ 8,244,836	\$ 905,000	\$ 4,943,042	\$ 5,848,042	1.41
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 (3)
2020	28,589,996	13,183,065	15,406,931	3,420,186	3,386,178	6,806,364	2.26

- 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

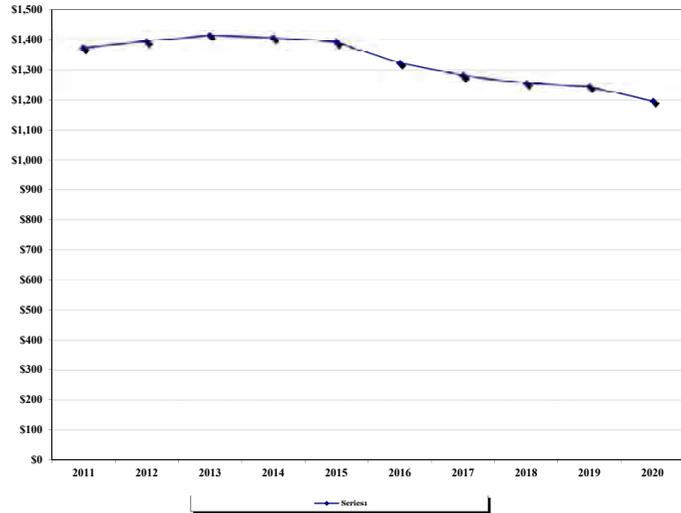
Source: City of Richmond Annual Financial Statements

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 6,357,466	\$ 2,035,968	\$ 4,321,498	\$ 405,000	\$ 3,728,541	\$ 4,133,541	1.05
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

- 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**

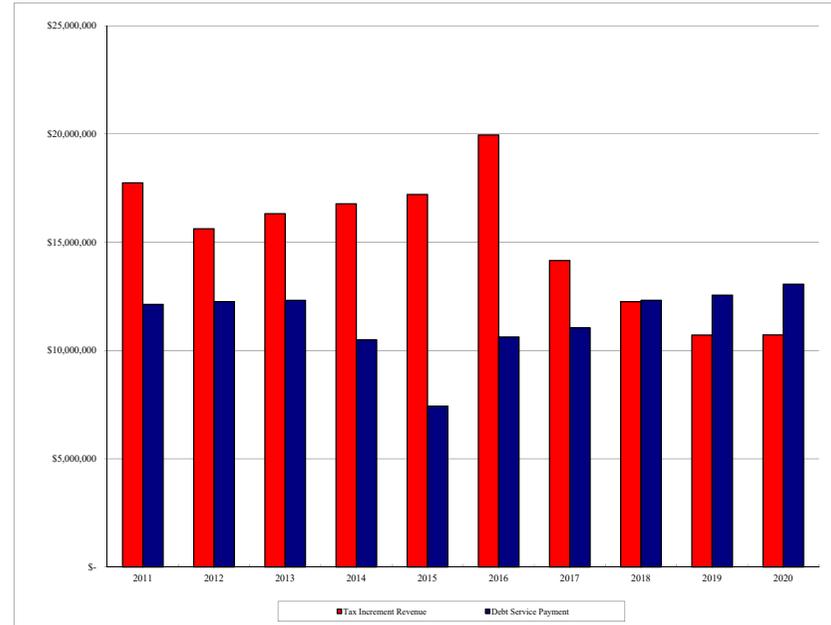


Fiscal Year	Bonds Outstanding	Restricted Cash and Investments (2)	Net Bonds Outstanding	Net Assessed Value of Property	Ratio of General Bonded Debt to Net Assessed Value of Property	Net General Bonded Debt per Capita
2011	\$ 153,589,314	\$ 8,314,362	\$ 145,274,952	\$ 8,641,310,346	1.68%	\$ 1,375
2012	155,060,554	8,617,952	146,442,602	9,242,647,000	1.58%	1,396
2013	156,483,676	7,054,942	149,428,734	11,098,301,000	1.35%	1,416
2014	157,555,624	8,089,647	149,465,977	8,230,209,000	1.82%	1,408
2015	156,491,679	8,148,121	148,343,558	9,943,913,000	1.49%	1,394
2016	155,070,539	8,936,523	146,134,016	10,745,818,000	1.36%	1,324
2017	153,058,033	9,777,863	143,280,170	11,290,341,000	1.27%	1,282
2018	150,485,289	9,844,431	140,640,858	12,342,193,000	1.14%	1,258
2019	147,275,826	10,041,550	137,234,276	12,521,376,000	1.10%	1,246
2020	144,339,640	11,315,256	133,024,384	12,521,376,000	1.06%	1,196

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			Coverage
		Principal	Interest	Total	
2011	\$ 17,743,295	\$ 6,225,000	\$ 5,905,703	\$ 12,130,703	1.46
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

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, 2020**

2019-2020 Assessed Valuation: \$15,788,577,893

	Total Debt June 30, 2020	% Applicable (1)	City's Share of Debt June 30, 2020
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Bay Area Rapid Transit District	\$1,282,740,000	1.962%	\$25,167,359
Contra Costa Community College District	513,955,000	7.340%	37,724,297
West Contra Costa Unified School District	1,244,226,187	47.012%	584,935,615
West Contra Costa Healthcare District Parcel Tax Obligations	51,577,000	43.968%	22,677,375
East Bay Regional Park District	155,835,000	3.129%	4,876,077
City of Richmond Community Facilities District No. 1998-1	2,175,000	100%	2,175,000
City of Richmond 1915 Act Bonds	6,450,000	100%	6,450,000
California Statewide Community Development Authority 1915 Act Bonds	1,553,879	100%	1,553,879
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><b>685,559,602</b></u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Contra Costa County General Fund Obligations	\$232,484,653	7.315%	17,006,252
Contra Costa County Pension Obligation Bonds	85,690,000	7.315%	6,268,224
Alameda-Contra Costa Transit District Certificates of Participation	11,655,000	5.959%	694,521
West Contra Costa Unified School District Certificates of Participation	8,160,000	47.012%	3,836,179
City of Richmond General Fund Obligations	108,500,000	100%	108,500,000
City of Richmond Pension Obligations Bonds	69,195,217	100%	69,195,217
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<u><b>205,500,393</b></u>
Less: Contra Costa County general fund obligations supported by revenue funds			6,761,158
City of Richmond obligations supported by port revenues			16,375,000
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<u><b>182,364,235</b></u>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</b>	<b>\$58,866,070</b>	<b>100%</b>	<b>58,866,070</b>
<b>TOTAL GROSS DIRECT DEBT</b>			<u><b>\$177,695,217</b></u>
<b>TOTAL NET DIRECT DEBT</b>			<u><b>\$161,320,217</b></u>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<u><b>\$772,230,848</b></u>
<b>TOTAL NET OVERLAPPING DEBT</b>			<u><b>\$765,469,690</b></u>
<b>GROSS COMBINED TOTAL DEBT</b>			<u><b>\$949,926,065</b></u> (2)
<b>NET COMBINED TOTAL DEBT</b>			<u><b>\$926,789,907</b></u>

- (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 tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:  
Total Net Overlapping Tax and Assessment Debt 4.34%

Ratios to Adjusted Assessed Valuation:  
Gross Combined Direct Debt (\$177,695,217) 1.13%  
Net Combined Direct Debt (\$161,320,217) 1.02%  
Combined Total Debt 6.02%  
Net Combined Total Debt 5.87%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$3,175,293,684):  
Total Overlapping Tax Increment Debt 1.85%

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, 2020**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property \$15,696,670,000

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$588,625,125

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

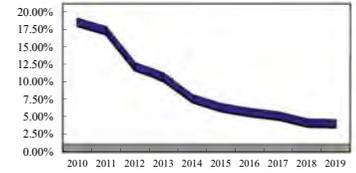
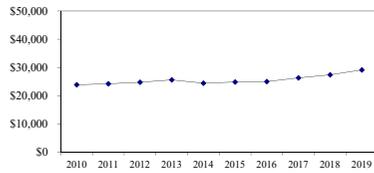
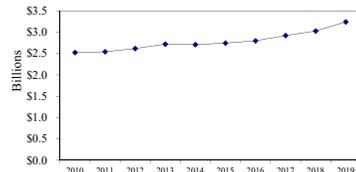
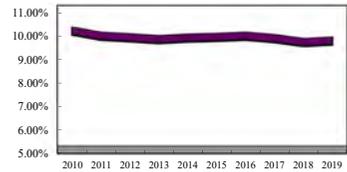
LEGAL BONDED DEBT MARGIN \$588,625,125

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
2010	\$383,834,888	\$0	\$383,834,888	0.00%
2011	405,777,338	0	405,777,338	0.00%
2012	474,620,025	0	474,620,025	0.00%
2013	368,446,575	0	368,446,575	0.00%
2014	440,390,400	0	440,390,400	0.00%
2015	480,061,088	0	480,061,088	0.00%
2016	507,715,613	0	507,715,613	0.00%
2017	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%

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
2010	105,630	2,522,550,000	23,881	17.9%	1,049,025	10.07%
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%

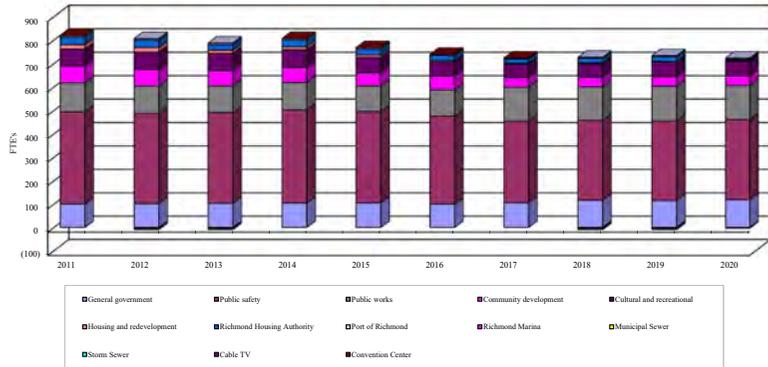
Source: HdL, Coren & Cone

CITY OF RICHMOND  
Principal Employers  
Current Year and Nine Years Ago

Employer	2019-2020			2010-2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Chevron Refinery	3,506	1	3.6%	1,950	1	1.8%
West Contra Costa Unified School District	1,658	2	1.7%	1,500	2	1.4%
Social Security Administration	1,259	3	1.3%			
Amazon.com Services	1,807	4	1.8%			
The Permanente Medical Group	1,051	5	1.1%			
U.S. Postal Service	1,047	6	1.1%			
Contra Costa County	844	7	0.9%			
City of Richmond	757	8	0.8%	911	3	0.9%
Kaiser Foundation Hospitals	578	9	0.6%	786	4	0.7%
Blue Apron, Inc.	513	10	0.5%			
Sunpower Corporation				600	5	0.6%
Inovis, Inc.				499	6	0.5%
Richmond Health Center				350	7	0.3%
Macy's				300	8	0.3%
California Autism Foundation, Inc.				270	9	0.3%
Galaxy Desserts				250	10	0.2%
Subtotal	13,020		13.3%	7,416		7.0%
Total City Day Population	98,229			105,630		

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										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function</b>										
General government	100.2	101.7	102.9	104.4	105.2	99.8	105.4	116.5	114.7	118.7
Public safety	394.0	386.0	388.0	398.0	390.0	375.5	349.0	341.0	340.0	342.0
Public works	123.0	116.0	113.0	116.0	109.0	112.0	144.0	143.0	148.0	145.0
Community development	72.0	71.0	66.0	64.0	56.0	59.5	41.0	40.0	41.0	42.0
Cultural and recreational	72.2	73.8	73.2	76.8	66.0	59.0	57.0	59.1	61.7	61.7
Housing and redevelopment	19.0	19.6	13.0	12.0	10.0	5.9	3.8	3.8	3.8	3.8
Richmond Housing Authority and RHA Properties	32.0	32.0	25.0	29.0	25.0	23.0	19.0	19.0	20.0	5.3
Port of Richmond	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	4.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1.0)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1.0)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1.0)
Cable TV	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3.0)
Convention Center	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3.0)
<b>Total</b>	<b>818.4</b>	<b>806.1</b>	<b>787.1</b>	<b>806.2</b>	<b>767.2</b>	<b>738.7</b>	<b>723.2</b>	<b>726.4</b>	<b>733.2</b>	<b>722.5</b>

**CITY OF RICHMOND**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function/Program</b>										
Public safety:										
Fire:										
Fire calls for service	12,237	12,770	12,868	12,988	13,670	14,497	14,372	14,375	13,900	14,318
Primary fire inspections conducted	5,055	1,071	2,716	3,000	1,569	1,134	1,160	5,378	3,929	2,919
Number of firefighters	83	85	93	85	94	91	90	91	90	89
Number of firefighters and civilians per thousand population	1.2	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	1.7	1.8	1.8	1.7	1.8	1.7	1.6	1.6	1.6	1.6
Number of sworn officers	188	191	195	186	196	185	182	178	178	178
Water										
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	250	160

Source: City of Richmond

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**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function/Program</b>										
<b>Public safety:</b>										
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
<b>Public works</b>										
Miles of streets	280	280	280	280	280	280	280	280	280	290
Street lights	7,000	7,000	7,000	6,543	8,343	8,543	9,000	9,000	9,000	7,801
Urban Forest (trees) (a)	41,293	41,562	26,000	21,609	22,009	35,620	35,782	36,231	36,499	36,766
<b>Culture and recreation:</b>										
<b>Community services:</b>										
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
<b>Water</b>										
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153
<b>Wastewater</b>										
Miles of sanitary sewers	183	183	183	183	183	183	183	183	230	189
Miles of storm sewers	310	310	310	310	310	310	310	310	310	198
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 D

### SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

*The following is a brief summary of certain provisions of the Trust Agreement not previously discussed in this Official Statement. Such summary is not intended to be definitive, and reference is made to the Trust Agreement in its entirety for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined in this Official Statement have the meanings ascribed to such terms in the Trust Agreement.*

#### DEFINITIONS

“Act” means Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

“Additional Refunding Bonds” means Refunding Bonds issued on a parity with the Series 2014 Refunding Bonds subject to the provisions of the Trust Agreement under the captions “—Additional Refunding Bonds” and “—Conditions to Issuance of Additional Refunding Bonds.”

“Authorized Successor Agency Representative” means the City Manager acting as Chief Executive Officer of the Successor Agency, the Finance Director of the City acting as Treasurer of the Successor Agency, and any other officer of the Successor Agency duly authorized to act as an Authorized Successor Agency Representative for purposes of the Trust Agreement by the Successor Agency or written authorization of an officer of the Successor Agency.

“Bond Insurance Late Payment Rate” means, with respect to the Series 2021 Insured Obligations, the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the applicable Series 2021 Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such other bank, banking association or trust company as the Series 2021 Bond Insurer, in its sole and absolute discretion, shall designate. Interest at the Bond Insurance Late Payment Rate on any amount owing to the Series 2021 Bond Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Bond Register” means the registration books for the ownership of Refunding Bonds maintained by the Trustee pursuant to the provisions of the Trust Agreement under the caption “—Bond Registration Books.”

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

“Code” means the Internal Revenue Code of 1986, as amended.

“Consultant” means a consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the Successor Agency to perform acts, prepare certificates or otherwise carry out the duties provided for a Consultant in the Trust Agreement. Such consultant, consulting firm, engineer, architect, engineering firm or architectural firm shall be nationally recognized within its profession for works of the character required. Such accountants or

accounting firm shall be Independent Certified Public Accountants licensed to practice in the State of California. Any financial consultant or firm of such consultants shall be an Independent Financial Consultant. Any consultant or firm of consultants recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies shall be an Independent Redevelopment Consultant.

“Costs of Issuance Fund” means the fund by that name established pursuant to the provisions of the Trust Agreement and thereafter any such Costs of Issuance Fund established in connection with the issuance of Additional Refunding Bonds.

“County” means Contra Costa County.

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

“Debt Service Reserve Account” means any Debt Service Reserve Account, and any account thereof, established pursuant to the provisions of the Trust Agreement under the caption “—Funds.”

“Defeasance Securities” means, to the extent permitted by State law, the following obligations which may be used as permitted investments to defease Outstanding Refunding Bonds:

- (1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation).
- (2) U.S. Treasury Certificates, Notes and Refunding Bonds (including State and Local Government Series – “SLGs”).
- (3) Direct obligations of the Department of Treasury of the United States of America.
- (4) The interest component of Resolution Funding Corporation (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.
- (5) Pre-refunded municipal Refunding Bonds rated “AAA” by Standard & Poor’s. If the issue is rated solely by Standard & Poor’s, the pre-refunded Refunding Bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal Refunding Bonds.
- (6) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.
  - a. U.S. Export-Import Bank (Eximbank): Direct obligations or fully guaranteed certificates of beneficial ownership
  - b. Farmers Home Administration (FmHA): Certificates of beneficial ownership
  - c. Federal Financing Bank

- d. General Services Administration: Participation certificates
- e. U.S. Maritime Administration: Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development; Project Notes; Local Authority Refunding Bonds; New Communities Debentures; U.S. Public Housing Notes and Refunding Bonds.

“Delivery Date” means, with respect to the Series 2021 Refunding Bonds, February 9, 2021.

“Depository” means any bank or trust company organized under the laws of any state of the United States (including the Trustee and its affiliates), or any national banking association which is willing and able to accept the office on reasonable and customary terms, authorized by law to act in accordance with the provisions of the Trust Agreement.

“EMMA” means the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board.

“Event of Default” shall have the meaning set forth in the section regarding events of default in the Trust Agreement.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement, dated as of February 1, 2021, by and among the Successor Agency and the Trustee, supplementing and amending the Master Trust Agreement, as the same may be amended and supplemented.

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

“Former Agency” means the Richmond Community Redevelopment Agency.

“Fund” means any fund created by the provisions of the Trust Agreement under the caption “—Funds.”

“Holder” or “Owner” means any person who shall be the registered owner of any Outstanding Refunding Bond as set forth in the Bond Register.

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

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- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Successor Agency;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Successor Agency; and

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

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Successor Agency and who, or each of whom:

- (1) is in fact independent and not under the domination of the Successor Agency;
- (2) does not have any substantial interest, direct or indirect, with the Successor Agency; and
- (3) is not connected with the Successor Agency as a member, officer or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

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

- (1) is in fact independent and not under the domination of the Successor Agency;
- (2) does not have any substantial interest, direct or indirect, with the Successor Agency; and
- (3) is not connected with the Successor Agency as a member, officer or employee of the Successor Agency, but who may be regularly retained to make annual or other reports to the Successor Agency.

“Interest Payment Date” means, with respect to the Series 2021 Refunding Bonds, a date on which interest is due on the Series 2021 Refunding Bonds, being March 1 and September 1 of each year to which reference is made, commencing on September 1, 2021.

“Investment” means any Permitted Investment and any other investment held under the Trust Agreement that does not constitute a Permitted Investment.

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

“Master Trust Agreement” means the Trust Agreement, dated as of April 1, 2014, between the Successor Agency and the Trustee, as the same may be amended and supplemented.

“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 Successor Agency.

“Outstanding,” when used as of any particular time with reference to Refunding Bonds, means (subject to the provisions of the Trust Agreement under the caption “—Disqualified Refunding Bonds”) all Refunding Bonds except

- (1) Refunding Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Refunding Bonds paid or deemed to have been paid within the meaning of the provisions of the Trust Agreement under the caption “—Discharge of Refunding Bonds”; and
- (3) Refunding Bonds in lieu of or in substitution for which other Refunding Bonds shall have been executed, issued and delivered by the Successor Agency pursuant to the Trust Agreement.

“Oversight Board” means the Contra Costa County Countywide Oversight Board.

“Permitted Investments” means to the extent permitted by State law, the following obligations:

- (1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the next paragraph).
- (2) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- (3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America.
  - a. U.S. Export-Import Bank (Eximbank): 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 Refunding Bonds; New Communities Debentures; U.S. Public Housing Notes and Refunding Bonds.
  - g. Government National Mortgage Association (GNMA)
  - h. Federal Housing Administration Debentures (FHA)
- (4) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America; provided that stripped securities are only permitted if they have been stripped by the agency itself:

- a. Senior debt obligations rated not lower than the rating on obligations described in paragraph (3) above then maintained in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
  - b. Senior debt obligations of the Federal Home Loan Bank System.
  - c. Senior debt obligations of the Student Loan Marketing Association.
  - d. Obligations of the Resolution Funding Corporation (REFCORP).
  - e. Consolidated systemwide bonds and notes of the Farm Credit System.
- (5) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AA-Am-G; AAA-m; or AA-m including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services.
- (6) Certificates of deposit secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- (7) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.
- (8) Guaranteed Investment Contracts collateralized by:
- a. U.S. Treasury Obligations;
  - b. U.S. Department of Housing and Urban Development public housing agency bonds;
  - c. Federal Housing Administration debentures;
  - d. Government National Mortgage Association (GNMA) guaranteed mortgage backed securities or participation certificates;
  - e. RefCorp debt obligations; or
  - f. SBA-guaranteed participation certificates and guaranteed pool certificates.
- (9) Commercial paper which is rated at the time of purchase, "A-1" or better by S&P.
- (10) Pre-refunded municipal obligations rated "AAA" by Standard & Poor's Corporation meeting the following requirements:
- a. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given *irrevocable* instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

- b. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
- c. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest and premium, if any, due and to become due on the municipal obligations (“Verification”);
- d. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;
- e. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and
- f. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

- (11) California Asset Management Program (CAMP).
- (12) Federal funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee and its affiliates, which has an unsecured, uninsured and unguaranteed obligation rating of “A-1” or “A” or better by S&P.
- (13) Funds invested in the Local Agency Investment Fund (as that term is defined in Section 16429.1 of the California Government Code, as such section may be amended or recodified from time to time) to the extent deposits and withdrawals may be made by the Trustee.

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

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

“Pledge Statute” means California Health & Safety Code section 34177.5(g).

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

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

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

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

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

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

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

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

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

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

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

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

“Redemption Price” means, with respect to any redemption of a Refunding Bond prior to its maturity, the amount to be paid upon such redemption of the Refunding Bond as set forth in, or determined in accordance with, the Trust Agreement.

“Refunding Bonds” means the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2014A and Series 2014B authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with Article II thereof and any Additional Refunding Bonds.

“Reserve Account Requirement” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial offering price to the public of the Refunding Bonds as determined under the Code, or (ii) the greatest amount of Debt Service in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Refunding Bond is due, or (iii) 125% of the sum of the Debt Service for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Debt Service is due, divided by the number of such Fiscal Years, all as computed and determined by the Successor Agency and specified in writing to the Trustee.

“Reserve Financial Guaranty” means a policy of municipal bond insurance or surety bond issued by a financial guaranty insurer or a letter of credit issued by a bank or other institution if the obligations insured by such insurer or issued by such bank or other institution, as the case may be, have ratings at the time of issuance of such policy or surety bond or letter of credit in one of the two the highest rating categories (without regard to qualifiers) by Standard & Poor’s and, if rated by A.M. Best & Company, also in one of the two highest rating categories (without regard to qualifiers) by A.M. Best & Company.

“Reserve Policy Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its Prime Rate (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the applicable Series 2021 Refunding Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Reserve Policy Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event

JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Series 2021 Bond Insurer in its sole and absolute discretion shall specify.

“ROPS” means the Recognized Obligation Payment Schedule filed by the Successor Agency pursuant to Section 34177 of the Law.

“RPTTF” means the Redevelopment Property Tax Trust Fund established by the County Auditor pursuant to Section 34182 of the Law.

“Security Documents” means with respect to the Series 2021 Refunding Bonds, the Trust Agreement, as supplemented and amended by the First Supplemental Trust Agreement.

“Serial Refunding Bonds” means Refunding Bonds for which no sinking fund payments are provided.

“Senior Obligations” means the senior and subordinate bond and loan obligations outstanding after the issuance of the Refunding Bonds (but excluding the Refunding Bonds), including the Richmond Redevelopment Agency Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A (Non-Callable CABs), the Loan Agreement by and between the Former Agency and the Authority, dated as of August 1, 2003, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003B (Taxable), the Loan Agreement (Non-Housing) by and between the Former Agency and the Authority, dated as of October 1, 2004, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2004A (Taxable), the Loan Agreement (Housing) by and between the Former Agency and the Authority, dated as of October 1, 2004, relating to the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2004A (Taxable), and the Richmond Community Redevelopment Agency Housing Set Aside Subordinate Tax Allocation Bonds (Merged Project Areas) (Taxable) 2007 Series B.

“Series 2014A Debt Service Reserve Account” means the Series 2014A Debt Service Reserve Account, and any account thereof, established pursuant to the provisions of the Trust Agreement under the caption “—Funds.”

“Series 2014A Refunding Bonds” means the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2014A (Tax-Exempt) issued pursuant to the Trust Agreement.

“Series 2014A Reserve Account Requirement” means an amount as defined in the Trust Agreement, as such amount may be reduced pursuant to the provisions of the Trust Agreement under the caption “—Special Fund.”

“Series 2021 Bond Insurer” means Build America Mutual Assurance Company, or any successor thereto as issuer of the Series 2021A Policy, the Series 2021B Policy, the Series 2021A Reserve Policy, and the Series 2021B Reserve Policy.

“Series 2021 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Delivery Date, by and among the Successor Agency and Willdan Financial Services, as dissemination agent, relating to the Series 2021 Refunding Bonds, as the same may be amended and supplemented.

“Series 2021 Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency and related to the authorization, execution and delivery of the First Supplemental Trust Agreement, the bond purchase agreement(s), the Series 2021 Continuing Disclosure Agreement and the sale of the Series 2021 Refunding 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 Series 2021 Refunding Bonds, fees of the Successor Agency and any other cost, charge or fee in connection with the original execution and delivery of the Series 2021 Refunding Bonds.

“Series 2021 Insured Obligations” means the applicable Series 2021A Insured Obligations and Series 2021B Insured Obligations.

“Series 2021 Refunding Bonds” means, collectively, the Series 2021A Refunding Bonds and the Series 2021B Refunding Bonds.

“Series 2021A Debt Service Reserve Account” means the Series 2021A Debt Service Reserve Account, and any account thereof, established pursuant to the First Supplemental Trust Agreement.

“Series 2021A Insured Obligations” means the Series 2021A Refunding Bonds, maturing on September 1, 2025 through September 1, 2036, inclusive.

“Series 2021A Policy” means the Municipal Bond Insurance Policy issued by the Series 2021 Bond Insurer that guarantees the scheduled payment of principal and interest on the Series 2021A Insured Obligations when due.

“Series 2021A Refunding Bonds” means the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021A (Tax-Exempt), authorized pursuant to the First Supplemental Trust Agreement.

“Series 2021A Reserve Account Requirement” means the initial amount as defined in the First Supplemental Trust Agreement, and as of any subsequent date of recalculation pursuant to provisions described under the caption “—Special Fund,” an amount equal to the least of (i) 10% of the principal amount of the Series 2021A Refunding Bonds (or 10% of the issue price if the Series 2021A Refunding Bonds are sold with more than 2% original issue discount or premium as determined under the Code), or (ii) the greatest amount of Debt Service with respect to the Series 2021A Refunding Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Series 2021A Refunding Bond is due, or (iii) 125% of the sum of the Debt Service with respect to the Series 2021A Refunding Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Debt Service with respect to the Series 2021A Refunding Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Successor Agency and specified in writing to the Trustee.

“Series 2021A Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Series 2021 Bond Insurer for the Series 2021A Refunding Bonds in an amount of \$1,464,094.62 or 100% of the proportionate share of the Series 2021A Debt Service Reserve Account Requirement. The Series 2021A Reserve Policy constitutes a Reserve Financial Guaranty.

“Series 2021B Debt Service Reserve Account” means the Series 2021B Debt Service Reserve Account, and any account thereof, established pursuant to the First Supplemental Trust Agreement.

“Series 2021B Insured Obligations” means the Series 2021B Refunding Bonds maturing on September 1, 2023.

“Series 2021B Policy” means the Municipal Bond Insurance Policy issued by the Series 2021 Bond Insurer that guarantees the scheduled payment of principal and interest on the Series 2021B Insured Obligations when due.

“Series 2021B Refunding Bonds” means the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021B (Taxable), authorized pursuant to the First Supplemental Trust Agreement.

“Series 2021B Reserve Account Requirement” means the initial amount as defined in the First Supplemental Trust Agreement, and as of any subsequent date of recalculation pursuant to provisions described under the caption “—Special Fund,” an amount equal to the least of (i) 10% of the principal amount of the Series 2021B Refunding Bonds (or 10% of the issue price if the Series 2021B Refunding Bonds are sold with more than 2% original issue discount or premium as determined under the Code), or (ii) the greatest amount of Debt Service with respect to the Series 2021B Refunding Bonds in any Fiscal Year during the period commencing with the Fiscal Year in which the determination is being made and terminating with the last Fiscal Year in which any Series 2021B Refunding Bond is due, or (iii) 125% of the sum of the Debt Service with respect to the Series 2021B Refunding Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating with the last Fiscal Year in which any Debt Service with respect to the Series 2021B Refunding Bonds is due, divided by the number of such Fiscal Years, all as computed and determined by the Successor Agency and specified in writing to the Trustee.

“Series 2021B Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Series 2021 Bond Insurer for the Series 2021B Refunding Bonds in an amount of \$266,500 or 100% of the proportionate share of the Series 2021B Debt Service Reserve Account Requirement. The Series 2021B Reserve Policy constitutes a Reserve Financial Guaranty.

“Sinking Fund Account” means the Sinking Fund Account established under the Trust Agreement.

“Special Fund” means the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds Special Fund established pursuant to the provisions of Trust Indenture under the caption “—Funds.”

“State” means the State of California.

“Successor Agency” means the Successor Agency to the Richmond Community Redevelopment Agency, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“Successor Agency Refunding Revenues” means, for any period of time, moneys deposited from time to time in the RPTTF established pursuant to subdivision (c) of Section 34172 of the Law, as provided in subdivision (a) of Section 34183 of the Law excluding (i) Senior Obligations payable

during such period; and (ii) amounts, if any, payable to a taxing entity pursuant to Section 33607.5 and 33607.7 of the Law during such period.

If, and to the extent, that the provisions of Health & Safety Code Section 34172 or paragraph (2) of subdivision (a) of Section 34183 are invalidated by a final judicial decision, then Successor Agency Refunding Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Successor Agency and the Trustee amendatory of the Trust Agreement or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

“Tax-Exempt Bond” means Refunding Bonds the interest on which is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“Tax Certificate” means the Tax Certificate delivered by the Successor Agency at the time of the issuance and delivery of any series of Refunding Bonds, as the same may be amended or supplemented in accordance with its terms.

“Tax Revenues” means the amounts deposited in the Redevelopment Property Tax Trust Fund under Section 34183(a) of the Law.

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

“Trust Agreement” means the Trust Agreement, dated as of April 1, 2014, between the Successor Agency and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

“Trustee” means MUFJ Union Bank, N.A., as successor to Union Bank, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the provisions of the Trust Agreement under the caption “—Compliance with Trust Agreement.”

“Written Request of the Successor Agency” means an instrument in writing signed by or on behalf of the Successor Agency by the City Manager acting as Chief Executive Officer of the Successor Agency, the Finance Director of the City acting as Treasurer of the Successor Agency, or by any other officer of the Successor Agency duly authorized by the governing board of the Successor Agency to sign documents on its behalf under the Trust Agreement.

## **THE TRUST AGREEMENT**

### **Additional Refunding Bonds**

Subject to the provisions of the Trust Agreement under the caption “—Conditions to Issuance of Additional Refunding Bonds,” the Successor Agency may issue one or more series of Additional Refunding Bonds, authenticated and delivered as permitted by the Law and subject to the limits set forth in Section 34177.5 of the Law. Each series of Additional Refunding Bonds shall be issued (i) on a parity basis for the refunding of bonds, debt or other obligations of the Successor Agency, or (ii) on a subordinate basis. Interest and principal on any series of Additional Refunding Bonds issued by the Successor Agency on a subordinate basis shall be payable on the same dates as the Refunding Bonds.

### **Conditions to Issuance of Additional Refunding Bonds**

The Successor Agency may, at any time and from time to time, issue one or more series of Additional Refunding Bonds provided that the Successor Agency has provided to the Trustee a certificate prepared by the Successor Agency, or at the Successor Agency’s option, by a Consultant, showing that the Tax Revenues (based on the assessed valuation of taxable property in the Project Area as shown on the most recent equalized assessment roll and the most recently established tax rates preceding the date of the Successor Agency’s adoption of the issuing instrument providing for the issuance of such Additional Refunding Bonds) expected to be received during the current Fiscal Year and in each Fiscal Year thereafter in which such Additional Refunding Bonds are Outstanding shall be in an amount equal to at least one hundred thirty five percent (135%) of the total Debt Service on all outstanding Senior Obligations and Outstanding Refunding Bonds and any unsubordinated loans, advances or indebtedness payable from Tax Revenues.

### **Pledge of Successor Agency Refunding Revenues**

Pursuant to the Pledge Statute and subject to the provisions of the Trust Agreement permitting application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, to secure the payment of all the Outstanding Refunding Bonds, and the interest payments becoming due, and to secure the performance and observance of all of the covenants, agreements and conditions contained in the Outstanding Refunding Bonds and the Trust Agreement, the Successor Agency irrevocably grants a lien on and a security interest in, and pledges, the Successor Agency Refunding Revenues and all money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement, whether held by the Successor Agency or the Trustee, to the Trustee for the benefit of the Owners of the Outstanding Refunding Bonds, but excluding all moneys in the Rebate Fund established pursuant to the Tax Certificate (including within such exclusion investment income retained in the Rebate Fund) and the Costs of Issuance Fund. The lien on and security interest in and pledge of the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement shall constitute a first pledge of and charge and lien upon the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement, shall immediately attach and be effective, binding, and enforceable against the Successor Agency, its successors, purchasers of any of the Successor Agency Refunding Bonds or such money in the Special Fund or in the funds or accounts so specified and provided for in the Trust Agreement, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Trust Agreement, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Successor Agency Refunding Revenues and such money in the Special Fund and in the funds or accounts so specified and provided for in the Trust Agreement and without the need for any physical delivery, recordation, filing or further act.

## **Funds**

To ensure the payment when due and payable, whether at maturity or upon redemption or upon acceleration, of the principal of, Redemption Price, if any, and interest on the Refunding Bonds, there are established the following funds and accounts under the Trust Agreement, to be held and maintained by the Trustee and applied as provided in the Trust Agreement for so long as any of the Refunding Bonds are Outstanding:

(a) the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds Special Fund (the “Special Fund”), comprised of an Interest Account, a Principal Account, a Sinking Fund Account, a Series 2014A Debt Service Reserve Account, a Series 2021A Debt Service Reserve Account and a Series 2021B Debt Service Reserve Account; and

(b) the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds Redemption Fund (the “Redemption Fund”).

## **Filing of ROPS and Receipt and Deposit of Successor Agency Refunding Revenues**

The Successor Agency shall timely file each ROPS pursuant to the Law. The ROPS for the six month fiscal period commencing January 1 of each year shall include, in addition to the other amounts required to be included thereon pursuant to the Law, the sum of (i) the difference, if any, between the amount of Debt Service payable on the Refunding Bonds on the next succeeding March 1 and September 1 and the amounts then on deposit in the Interest Account, Principal Account and Sinking Fund Account plus (ii) the amount, if any, required to be deposited in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account pursuant to the Trust Agreement. The ROPS for the six month fiscal period commencing July 1 of each year shall include, in addition to the other amounts required to be included thereon pursuant to the Law, the sum of (i) the difference, if any, between the amount then on deposit in the Interest Account established pursuant to the Trust Agreement and the amount of interest and principal payable on the Refunding Bonds on September 1 of such fiscal period plus (ii) the amount, if any, required to be deposited in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account pursuant to the Trust Agreement.

For avoidance of doubt, the 2021-22 ROPS for the six month fiscal period commencing July 1, 2021 shall include, in addition to the other amounts required to be included thereon pursuant to the Law, the sum of (i) the difference, if any, between the amount then on deposit in the Interest Account, Principal Account and Sinking Fund Account and the amount of interest and principal payable on the Series 2021 Refunding Bonds on September 1, 2021 plus (ii) the amount, if any, required to be deposited in the Series 2021A Debt Service Reserve Account and the Series 2021B Debt Service Reserve Account pursuant to the First Supplemental Trust Agreement. The 2021-22 ROPS for the six-month period commencing January 1, 2022 shall comply with the Master Trust Agreement and the First Supplemental Trust Agreement with respect to the Series 2021 Refunding Bonds.

Promptly upon receipt thereof, the Successor Agency shall transfer to the Trustee for deposit in the Special Fund the Successor Agency Refunding Revenues; provided that the Successor Agency shall not be obligated to deposit in the Special Fund in any Fiscal Year an amount of Successor Agency Refunding Revenues which, together with other available amounts then in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, the Principal Account, the Sinking Fund Account and the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account in such

Fiscal Year pursuant to this section. Any Successor Agency Refunding Revenues received during any Fiscal Year following deposit in the Special Fund of an amount equal to the aggregate amount required to be transferred to the Interest Account, the Principal Account, the Sinking Fund Account and the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account and the Series 2021B Debt Service Reserve Account in such Fiscal Year pursuant to the provisions to the Trust Agreement shall be released from the pledge and lien thereunder and may be used for any lawful purposes of the Successor Agency.

The Successor Agency covenants and agrees that all Successor Agency Refunding Revenues deposited in the Special Fund will be accounted for through, and held in trust in the Special Fund, and the Successor Agency shall have no beneficial right or interest in any of such money, except only as provided in the Trust Agreement. All such Successor Agency Refunding Revenues shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Trust Agreement, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Successor Agency.

### **Special Fund**

Special Fund. (a) All moneys in the Special Fund shall be set aside by the Trustee when and as received in the following respective special accounts within the Special Fund. All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized by the provisions of the Trust Agreement regarding “—Special Fund.”

(1) Interest Account. The Trustee shall set aside from the Special Fund and deposit in the Interest Account an amount of money which, together with any money contained therein equals the aggregate amount of the Debt Service constituting interest becoming due and payable on all Outstanding Refunding Bonds on the next succeeding Interest Payment Date.

All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Refunding Bonds as the same shall become due and payable.

(2) Principal Account. The Trustee shall set aside from the Special Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Refunding Bonds on the next succeeding Principal Payment Date. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Refunding Bonds as they shall become due and payable.

(3) Sinking Fund Account. The Trustee shall set aside from the Special Fund and deposit in the Sinking Fund Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of sinking fund installments becoming due and payable with respect to all Outstanding Refunding Bonds which are Term Refunding Bonds on the next succeeding Principal Payment Date. All moneys in the Sinking Fund Account shall be used by the Trustee to redeem the Outstanding Refunding Bonds in accordance with the Trust Agreement. In the event that Refunding Bonds which are Term Refunding Bonds purchased or redeemed at the option of the Successor Agency are deposited with the Trustee for the credit of the Sinking Fund Account not less than forty-five (45) days prior to the due date for any sinking fund installment for such Bonds, such deposit shall satisfy (to the extent of 100% of the principal amount of such Bonds) any obligation of the Successor Agency to make a payment with respect to such sinking fund installments. Any Refunding Bond so deposited with the Trustee shall be cancelled and shall no longer be deemed to be Outstanding for any purpose. Upon making the deposit with the Trustee of Refunding Bonds which are Term Refunding Bonds as provided in

this paragraph, the Successor Agency may specify the dates and amounts of sinking fund installments for such Refunding Bonds as to which the Successor Agency's obligations to make a payment with respect to sinking fund installments for such Refunding Bonds shall be satisfied.

(4) Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account. (i) The Trustee shall set aside from the Special Fund and deposit in the Series 2021A Debt Service Reserve Account an amount of money (or other authorized deposit of security, as provided in paragraph (vi) below) equal to the Series 2021A Reserve Account Requirement for the Series 2021A Refunding Bonds then Outstanding. The Series 2021A Debt Service Reserve Account shall be replenished in the following priority: (i) principal and interest on any Reserve Financial Guaranty shall be paid from first available Successor Agency Refunding Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2021A Reserve Account Requirement to the required level, after taking into account the amounts available under any Reserve Financial Guaranty shall be deposited from next available Successor Agency Refunding Revenues. No deposit need be made in the Series 2021A Debt Service Reserve Account so long as there shall be on deposit therein an amount equal to the Series 2021A Reserve Account Requirement of the Series 2021A Refunding Bonds then Outstanding. If on any date on which the principal or Redemption Price of, or interest on, the Series 2021A Refunding Bonds is due, the amount in the applicable account in the Special Fund available for each such payment is less than the amount of the principal and Redemption Price of and interest on the Series 2021A Refunding Bonds due on such date, the Trustee shall apply amounts from the Series 2021A Debt Service Reserve Account to the extent necessary to make good the deficiency.

(ii) The Trustee shall set aside from the Special Fund and deposit in the Series 2021B Debt Service Reserve Account an amount of money (or other authorized deposit of security, as provided in paragraph (vi) below) equal to the Series 2021B Reserve Account Requirement for the Series 2021B Refunding Bonds then Outstanding. The Series 2021B Debt Service Reserve Account shall be replenished in the following priority: (i) principal and interest on any Reserve Financial Guaranty shall be paid from first available Successor Agency Refunding Revenues on a pro rata basis; and (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2021B Reserve Account Requirement to the required level, after taking into account the amounts available under any Reserve Financial Guaranty shall be deposited from next available Successor Agency Refunding Revenues. No deposit need be made in the Series 2021B Debt Service Reserve Account so long as there shall be on deposit therein an amount equal to the Series 2021B Reserve Account Requirement of the Series 2021B Refunding Bonds then Outstanding. If on any date on which the principal or Redemption Price of, or interest on, the Series 2021B Refunding Bonds is due, the amount in the applicable account in the Special Fund available for each such payment is less than the amount of the principal and Redemption Price of and interest on the Series 2021B Refunding Bonds due on such date, the Trustee shall apply amounts from the Series 2021B Debt Service Reserve Account to the extent necessary to make good the deficiency.

(iii) Except as provided in paragraph (vi) below, if on the last Business Day of any month the amount on deposit in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable, shall exceed the Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement, such excess shall be applied to the reimbursement of each drawing on any Reserve Financial Guaranty deposited in or credited to such funds and to the payment of interest or other amounts due with respect to such Reserve Financial Guaranty and any remaining moneys shall be deposited in the Interest Account.

(iv) Whenever the amount in the Series 2021A Debt Service Reserve Account (excluding any Reserve Financial Guaranty) or the Series 2021B Debt Service Reserve Account (excluding any Reserve Financial Guaranty), together with the pro rata amount in the Special Fund, is sufficient to pay in full all of the respective Outstanding Series 2021A Refunding Bonds or the Outstanding Series 2021B Refunding

Bonds, as applicable, in accordance with their terms (including principal or Redemption Price and interest thereon), the funds on deposit in the Series 2021A Debt Service Reserve Account, if any, or the Series 2021B Debt Service Reserve Account, if any, as applicable, shall be transferred to the Special Fund.

(v) In the event of the refunding of one or more Series 2021A Refunding Bonds or Series 2021B Refunding Bonds (or portions thereof), as applicable, the Trustee shall, upon the Written Request of the Successor Agency (upon which the Trustee shall be entitled to conclusively rely), withdraw from the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable, any or all of the amounts on deposit therein (excluding any Reserve Financial Guaranty) and deposit such amounts with itself as Trustee, or the escrow agent for the respective Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds, to be refunded, as applicable, to be held for the payment of the principal or Redemption Price, if any, of, and interest on, the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds (or portions thereof) being refunded; provided that a Written Request of the Successor Agency for such withdrawal shall not be made unless (a) immediately thereafter the respective Series 2021A Refunding Bonds or Series 2021B Refunding Bonds (or portions thereof) being refunded shall be deemed to have been paid pursuant to the provisions of the Trust Agreement regarding discharge of refunding bonds, and (b) the amount remaining in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account after such withdrawal, taking into account any deposits to be made in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account in connection with such refunding, shall not be less than the applicable Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement, as adjusted by any reduction in the respective Series 2021A Reserve Account Requirement calculated for the Series 2021A Debt Service Reserve Account or the Series 2021B Reserve Account Requirement calculated for the Series 2021B Debt Service Reserve Account in connection with such refunding. The Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, shall automatically and irrevocably be reduced in the same proportion, as each reduction in the respective Series 2021A Reserve Account Requirement or Series 2021B Reserve Account Requirement, and in the event of the refunding of a portion of one or more Series 2021A Refunding Bonds or Series 2021B Refunding Bonds, a pro-rata portion of the cash and investments in the Series 2021A Debt Service Reserve Account or Series 2021B Debt Service Reserve Account, if any, may be withdrawn, so long as the Series 2021A Reserve Policy or the Series 2021B Reserve Policy never equals more the proportionate share of the Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement, as applicable, represented by each such Series 2021A Reserve Policy or Series 2021B Reserve Policy.

(vi) In lieu of the deposits and transfers to the Series 2021A Debt Service Reserve Account or Series 2021B Debt Service Reserve Account required by the First Supplemental Trust Agreement, the Successor Agency may cause to be deposited in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, a Reserve Financial Guaranty or Reserve Financial Guaranties in an amount equal to the difference between the respective Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement and the sums, if any, then on deposit in the Series 2021A Debt Service Reserve Account or Series 2021B Debt Service Reserve Account or being deposited in such Fund concurrently with such Reserve Financial Guaranty or Guaranties. Subject to the terms of the First Supplemental Trust Agreement, the Trustee shall draw upon or otherwise take such action as is necessary in accordance with the terms of any Reserve Financial Guaranty to receive payments with respect to any Reserve Financial Guaranty (including the giving of notice as required thereunder): (i) on any date on which moneys shall be required to be withdrawn from the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account and applied to the payment of principal or Redemption Price of, or interest on, the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds and such withdrawal cannot be met by amounts on deposit in the applicable accounts in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, if any; (ii) on the first Business Day which is at least ten (10) days prior to the

expiration date of any Reserve Financial Guaranty, in an amount equal to the deficiency which would exist in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account if the Reserve Financial Guaranty expired, unless a substitute Reserve Financial Guaranty with an expiration date not earlier than 180 days after the expiration date of the expiring Reserve Financial Guaranty is acquired prior to such date or the Successor Agency deposits funds in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account on or before such date such that the amount in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account on such date (without regard to such expiring Reserve Financial Guaranty) is at least equal to the Series 2021A Debt Service Reserve Account Requirement or the Series 2021A Debt Service Reserve Account Requirement, as applicable.

If, upon the deposit of a Reserve Financial Guaranty into the Series 2021A Debt Service Reserve Account or Series 2021B Debt Service Reserve Account pursuant to this paragraph (vi), there shall be any amount in the Series 2021A Debt Service Reserve Account in excess of the Series 2021A Reserve Account Requirement or the Series 2021B Debt Service Reserve Account in excess of the Series 2021B Reserve Account Requirement, as applicable, such excess amount may, if directed in writing by the Successor Agency, be applied to the cost of acquiring such Reserve Financial Guaranty and, to the extent not so applied, shall be transferred to the Interest Account or, with a favorable Opinion of Bond Counsel, as otherwise directed in writing by the Successor Agency.

If at any time obligations insured or issued by a Reserve Financial Guaranty provider with respect to the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds, as applicable, shall no longer maintain the required ratings set forth in the definition of “Reserve Financial Guaranty” in the Trust Agreement, the Successor Agency shall have no obligation to provide or cause to be provided cash or a substitute Reserve Financial Guaranty meeting such requirements, to the extent necessary to satisfy the Series 2021A Reserve Account Requirement or the Series 2021B Reserve Account Requirement, as applicable. Further, the Successor Agency shall have no obligation to replace the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, or to deposit any cash in the Series 2021A Reserve Account or Series 2021B Reserve Account, as applicable, if at any time that the Series 2021A Refunding Bonds or the Series 2021B Refunding Bonds, as applicable, are Outstanding, amounts are not available under the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, other than in connection with a draw on the applicable Series 2021A Reserve Policy or the Series 2021B Reserve Policy.

(vii) [Reserved].

(viii) The Successor Agency may at its sole discretion at the time of issuance of any Additional Refunding Bonds or at any time thereafter by Supplemental Trust Agreement provide for the establishment of a Debt Service Reserve Account as additional security for Additional Refunding Bonds. Any Debt Service Reserve Account so established by the Successor Agency shall be available to secure Additional Refunding Bonds as the Successor Agency shall determine and shall specify in the Supplemental Trust Agreement establishing such Debt Service Reserve Account or, if the Supplemental Agreement establishes a pooled Reserve Account Requirement that is applicable to an initial series of Refunding Bonds together with any one or more subsequently issued eligible series of Additional Refunding Bonds with the same pooled Reserve Account Requirement, as shall be set forth in subsequent Supplemental Trust Agreements. Any Reserve Account Requirement established by the Successor Agency shall be held by the Trustee and shall comply with the requirements set forth in this section of the Trust Agreement.

Pursuant to the terms of this subsection (viii), amounts on deposit in the Series 2021A Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Series 2021A

Refunding Bonds and amounts on deposit in the Series 2021B Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Series 2021B Refunding Bonds, as provided in the First Supplemental Trust Agreement. Pursuant to the Trust Agreement under the caption “—Special Fund,” amounts on deposit in the Series 2014A Debt Service Reserve Account shall be pledged solely to secure the payment of debt service due on the Series 2014A Refunding Bonds.

(5) Surplus. After making the deposits required in paragraphs (1) through (4) above, in any Fiscal Year, the Trustee shall transfer any amount remaining on deposit in the Special Fund to the Successor Agency to be used for any lawful purpose of the Successor Agency.

(b) In the event that on any date upon which the Successor Agency is to make a payment from Successor Agency Refunding Revenues pursuant to the provisions of the Trust Agreement regarding “—Special Fund; Interest Account, Principal Account and/or Sinking Fund Account,” and the amount of available Successor Agency Refunding Revenues is not sufficient to make such payment, then the Successor Agency shall apply the available Successor Agency Refunding Revenues to the payments required by the provisions of the Trust Agreement regarding “—Special Fund; Interest Account, Principal Account and/or Sinking Fund Account” ratably (based on the respective amounts to be paid), without any discrimination or preferences.

(c) In the event that on any date upon which the Successor Agency is to make a payment or deposit from Successor Agency Refunding Revenues pursuant to the provisions of the Trust Agreement regarding “—Special Fund; Series 2014A Debt Service Reserve Account, Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account,” and the amount of available Successor Agency Refunding Revenues is not sufficient to make such payment or deposit, then the Successor Agency, after making the payments required by the provisions of the Trust Agreement regarding “—Special Fund; Interest Account, Principal Account and/or Sinking Fund Account,” shall apply the available Successor Agency Refunding Revenues to the payments required by the provisions of the Trust Agreement regarding “—Special Fund; Series 2014A Debt Service Reserve Account, Series 2021A Debt Service Reserve Account and Series 2021B Debt Service Reserve Account,” ratably (based on the respective amounts to be paid), without any discrimination or preferences.

### **Redemption Fund**

From the moneys paid by the Successor Agency, the Trustee shall, on or before each date fixed for redemption, deposit in the Redemption Fund an amount equal to the Redemption Price of the Refunding Bonds to be redeemed. Said moneys shall be set aside in said Fund and shall be applied on or after the redemption date to the payment of the Redemption Price of the Refunding Bonds to be redeemed and, except as otherwise provided in this Section, shall be used only for that purpose. If, after all of the Refunding Bonds designated for redemption have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Redemption Fund, said moneys shall be transferred to the Interest Account; provided, however, that if said moneys are part of the proceeds of refunding bonds said moneys shall be applied as provided in the instrument authorizing the issuance of such refunding bonds.

### **Depositories**

The Trustee shall hold all moneys deposited with it pursuant to the Trust Agreement or may deposit such moneys with one or more Depositories in trust. All moneys deposited under the provisions of the Trust Agreement with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Trust Agreement, and each of the Funds established by the Trust Agreement shall be a trust fund for the purposes thereof.

## **Deposits**

(a) All moneys held under the Trust Agreement may be placed on demand or time deposit, if and as directed by the Successor Agency, provided that such deposits shall permit the moneys so held to be available for use at the time when reasonably expected to be needed. The Trustee shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Trust Agreement. Any such deposit may be made in the commercial banking department of the Trustee or its affiliates which may honor checks and drafts on such deposit with the same force and effect as if it were not the Trustee. All moneys held by the Trustee, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Successor Agency and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when reasonably expected to be needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

(b) All moneys held under the Trust Agreement by the Trustee shall be (1) either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses (a) through (c), inclusive, of the definition of "Permitted Investments" contained in the Trust Agreement having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) held in such other manner as may then be required by applicable Federal or State laws and regulations and applicable state laws and regulations of the state in which such Fiduciary is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal amount or Redemption Price of, or interest on, any Bonds or to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

(c) All moneys deposited with a Fiduciary shall be credited to the particular Fund to which such moneys belong.

## **Investment of Certain Funds**

Moneys held in the Special Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Funds. Moneys held in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Reserve Account shall be invested and reinvested by the Trustee to the fullest extent practicable in securities described in clauses (1), (2), (3), (4), (5), (6) and (7) of the definition of "Permitted Investments" contained in the Trust Agreement which mature, or which may be drawn upon, not later than such times as shall be necessary to provide moneys when reasonably expected to be needed for payments to be made from such Account, but, except for investments which permit the Trustee to make withdrawals without penalty, at any time upon not more than two Business Days notice, to provide moneys for payments to be made from such Account, not later than five years from the time of such investment. The Trustee shall make all such investments of moneys held by it and shall sell or otherwise liquidate any such investment and take all actions necessary to draw funds under any such investment, including the giving of necessary notices of the drawing of any moneys under any investment, in each case in accordance with directions of an Authorized Successor Agency Representative, which directions shall be consistent with the Trust Agreement and applicable law, and which directions shall be written. In the absence of any such written investment directions, the Trustee

shall, unless otherwise provided in this section, invest such moneys in the money market funds described in clause (5) of the definition of “Permitted Investments.”

Except as otherwise provided in a Supplemental Trust Agreement, interest or other income (net of that which (i) represents a return of accrued interest paid in connection with the purchase of any investment or (ii) is required to effect the amortization of any premium paid in connection with the purchase of any investment) earned on any moneys or investments in the Funds created under the Trust Agreement shall be paid into the Interest Account.

In making any investment in any Permitted Investments with moneys in any Fund established under the Trust Agreement, the Trustee may combine such moneys with moneys in any other Fund but solely for the purposes of making such investment in such Investments and provided that any amount so combined shall be separately accounted for. The Trustee may act as principal or agent in the acquisition or disposition of investments.

Nothing in the Trust Agreement shall prevent any Permitted Investments acquired as investments of moneys in any Fund from being issued or held in book-entry form on the books of the Department of the Treasury or the Federal Reserve System of the United States.

The Trustee shall furnish the Successor Agency periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Successor Agency. Upon the Successor Agency’s election, such statements will be delivered via the Trustee’s online service and upon electing such service, paper statements will be provided only upon request. The Successor Agency waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Successor Agency further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

### **Sale of Investments**

Obligations purchased as an investment of moneys in any Fund shall be deemed at all times to be a part of such Fund and any profit realized from the liquidation of such investment shall be credited to such Fund and any loss resulting from the liquidation of such investment shall be charged to the respective Fund.

Except as otherwise provided in the Trust Agreement, the Trustee may sell at the best price reasonably obtainable, or present for redemption, any obligation purchased as an investment whenever it shall be directed by the Successor Agency so to do or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. Any obligation purchased as an investment may be credited on a pro-rata basis to more than one Fund and need not be sold in order to provide for the transfer of amounts from one Fund to another, provided that such obligation is an appropriate Permitted Investment for the purposes of the Fund to which it is to be transferred. The Trustee shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

### **Compliance with Trust Agreement**

The Successor Agency shall punctually pay the Refunding Bonds in strict conformity with the terms of the Trust Agreement and the Refunding Bonds, and shall faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and shall not fail to make any payment required by the Trust Agreement for any

cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of any party to observe or perform any agreement, condition, covenant or term contained in any contract or agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with any such contract or agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of any party or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

### **Against Encumbrances**

The Successor Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Successor Agency Refunding Revenues, except as provided in the Trust Agreement, and will not issue any bond, note, or other evidence of indebtedness payable from or secured by the Successor Agency Refunding Revenues on a basis which is: (i) in any manner prior or superior to the lien on, pledge of and security interest in the Successor Agency Refunding Revenues securing the Outstanding Refunding Bonds pursuant to the Trust Agreement; or (ii) except for Additional Refunding Bonds with respect to the Successor Agency Refunding Revenues, in any manner on a parity with the lien on, pledge of and security interest in the Successor Agency Refunding Revenues securing the Outstanding Refunding Bonds pursuant to the Trust Agreement.

### **Extension or Funding of Claims for Interest**

In order to prevent any claims for interest after maturity, the Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Refunding Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such claim for interest so extended or funded shall not be entitled, in case of default under the Trust Agreement, to the benefits of the Trust Agreement, except subject to the prior payment in full of the principal of all of the Refunding Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

### **Payment of Claims**

The Successor Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Successor Agency Refunding Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Refunding Bonds; provided that nothing contained in the Trust Agreement shall require the Successor Agency to make any such payments so long as the Successor Agency in good faith shall contest the validity of any such claims.

### **Books and Accounts; Financial Statements**

The Successor Agency will keep proper books of record and accounts, separate from all other records and accounts of the Successor Agency. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than ten per cent (10%) of the aggregate principal amount of the Refunding Bonds then Outstanding or their respective representatives authorized in writing.

The Successor Agency will prepare and file with the Trustee, annually as soon as practicable, but in any event not later than the earlier of two hundred forty (240) days after the close of each Fiscal Year or within thirty (30) days of availability, so long as any Refunding Bonds are Outstanding, an audited financial statement relating to the Successor Agency Refunding Revenues and all other funds or accounts established pursuant to the Trust Agreement for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such fund during such Fiscal Year and the balances in each such fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Successor Agency and the Trustee have complied with the provisions of the Trust Agreement as it relates to such funds. The Trustee, at the expense of the Successor Agency, will furnish a copy of such audited financial statement to any Owner upon written request. The Trustee shall provide such statements with regard to any funds held by the Trustee under the Trust Agreement to the Successor Agency as the Successor Agency may reasonably require to comply with the terms of this section. The Trustee shall have no duty to review any financial statements filed with it under the Trust Agreement.

### **Protection of Security and Rights of Owners**

The Successor Agency will preserve and protect the security of the Refunding Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Refunding Bonds by the Successor Agency, such Refunding Bonds shall be incontestable by the Successor Agency.

### **Payment of Taxes and Other Charges**

Subject to the provisions of the Trust Agreement under the caption “—Further Assurances,” the Successor Agency will pay and discharge all taxes, service charges, assessments and other governmental charges that may thereafter be lawfully imposed upon the Successor Agency or any properties owned by the Successor Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing contained in the Trust Agreement shall require the Successor Agency to make any such payments so long as the Successor Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

### **Filing of ROPS and Successor Agency Refunding Revenues**

The Successor Agency shall timely file all ROPS as required by the Law and shall comply with all requirements of the Law to insure the allocation and payment to the Successor Agency of the Successor Agency Refunding Revenues.

### **Further Assurances**

The Successor Agency shall adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Trust Agreement, and for the better assuring and confirming unto the Owners of the Refunding Bonds of the rights and benefits provided in the Trust Agreement.

### **Tax Covenants**

The Successor Agency covenants it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the Tax-exempt status of interest on any Tax-Exempt Bond under Section 103 of the Code. Without limiting the generality of the foregoing, the

Successor Agency shall comply with the requirements of the Tax Certificate, if any, delivered in connection with the issuance of each series of Tax-Exempt Bonds.

In the event that at any time the Successor Agency is of the opinion that, in order to comply with its obligations under subsection (a) of this section, it is necessary or helpful to restrict or limit the yield on the investment of any moneys in any of the funds held by the Trustee pursuant to the Trust Agreement, the Successor Agency shall so instruct the Trustee in writing, and cause the Trustee to take such action as may be necessary in accordance with such instructions.

(a) Notwithstanding any provisions of this section, if the Successor Agency shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this section or a Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds under Section 103 of the Code, the Successor Agency and the Trustee may conclusively rely on such opinion in complying with the requirements of this section and of the applicable Tax Certificate, and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

(b) The covenants in this section shall survive payment in full or discharge of the Tax-Exempt Bonds.

#### **Petition for Final and Conclusive Determination**

Pursuant to Section 34177.5(i) of the Health and Safety Code of the State within ten (10) days of the Delivery Date, the Successor Agency shall petition the Department of Finance of the State to confirm that its determination that the Series 2021 Refunding Bonds approved in the ROPS constitute enforceable obligations is final and conclusive, and that it has finally and conclusively approved of subsequent payments made pursuant to the Series 2021 Refunding Bonds.

#### **Continuing Disclosure**

The Successor Agency covenants and agrees to comply with the Series 2021 Continuing Disclosure Agreement as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Trust Agreement, failure of the Successor Agency to comply with the requirements of the Series 2021 Continuing Disclosure Agreement, as it may from time to time be amended or supplemented, shall not be considered an Event of Default and the Trustee shall have no right to accelerate amounts due under the Trust Agreement as a result thereof; provided, however, that the Trustee and the Owners of not less than 25% in principal amount of the Outstanding Series 2021 Refunding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations in this Section with respect to the Series 2021 Continuing Disclosure Agreement.

#### **The Trustee – Resignation and Removal of Trustee**

The Successor Agency may at any time, unless there exists any event of default as defined in the provisions of the Trust Agreement regarding “—Events of Default,” shall, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; and shall have the qualifications required the Trust Agreement.

The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required the Trust Agreement.

The Series 2021 Bond Insurer shall receive prior written notice of any name change of the Trustee for the Series 2021 Insured Obligations or the resignation, removal or substitution of the Trustee. Without limiting the generality of the foregoing, no resignation, removal or substitution of the Trustee shall take effect until a successor, meeting the requirements above or acceptable to the Series 2021 Bond Insurer, shall be qualified and appointed. The Series 2021 Bond Insurer shall have the right to direct the replacement of the Trustee upon the occurrence of an Event of Default on the Series 2021 Insured Obligations to the extent the Series 2021 Bond Insurer determines in its sole discretion that there exists or could exist a conflict of interest.

### **Amendment of the Trust Agreement**

(a) The Trust Agreement and the rights and obligations of the Successor Agency and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Refunding Bonds then Outstanding, exclusive of Refunding Bonds disqualified subject to the provisions of the Trust Agreement under the caption “—Disqualified Refunding Bonds,” are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Refunding Bond without the express written consent of the Holder of such Refunding Bond, or (3) reduce the percentage of Refunding Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee or the Successor Agency without their prior written assent thereto, respectively.

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

—

(i) to add to the agreements and covenants required by the Trust Agreement to be performed by the Successor Agency other agreements and covenants thereafter to be performed by the Successor Agency, or to surrender any right or power reserved by the Trust Agreement to or conferred therein on the Successor Agency;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which the Successor Agency may deem desirable or necessary and not inconsistent therewith;

(iii) to provide for the issuance of subsequent series of Refunding Bonds; or

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

### **Disqualified Refunding Bonds**

Refunding Bonds owned or held by or for the account of the Successor Agency shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Refunding Bonds as provided in the article of the Trust Agreement regarding Amendment of the Trust Agreement, and shall not be entitled to consent to or take any other action provided in such article.

### **Endorsement or Replacement of Refunding Bonds After Amendment**

After the effective date of any action taken as provided in the Trust Agreement, the Successor Agency may determine that the Refunding Bonds may bear a notation by endorsement in form approved by the Successor Agency as to such action, and in that case upon demand of the Holder of any Outstanding Refunding Bonds and presentation of his Refunding Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Refunding Bond. If the Successor Agency shall so determine, new Refunding Bonds so modified as, in the opinion of the Successor Agency, 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 Refunding Bond, a new Refunding Bond or Refunding Bonds shall be exchanged at the office of the Trustee without cost to each Holder for its Refunding Bond or Refunding Bonds then Outstanding upon surrender of such Outstanding Refunding Bonds.

### **Amendment by Mutual Consent**

The provisions of the article of the Trust Agreement regarding Amendment of the Trust Agreement shall not prevent any Holder from accepting any amendment as to the particular Refunding Bonds held by him, provided that due notation thereof is made on such Refunding Bonds and such acceptance has no effect on the rights or obligations of the Series 2021 Bond Insurer with respect to the Series 2021 Insured Obligations.

### **Consent of the Series 2021 Bond Insurer**

The Series 2021 Bond Insurer's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Successor Agency shall send copies of all amendments or supplements to the Series 2021 Bond Insurer and the rating agencies which have assigned a rating to the Series 2021 Insured Obligations.

(a) Any amendments or supplements to the Security Documents shall require the prior written consent of the Series 2021 Bond Insurer with the exception of amendments or supplements (i) (1) to cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or (2) to grant or confer upon the Holders of the Series 2021 Refunding Bonds any additional rights, remedies, powers authority or security that may lawfully be granted to or conferred upon the Holders of the Series 2021 Refunding Bonds, or (3) to add to the conditions, limitations and restrictions on the issuance of Refunding Bonds under the provisions of the transaction documents other conditions, limitations and restrictions thereafter to be observed, or (4) to add to the covenants and agreements of the Successor Agency in the transaction documents other covenants and agreements thereafter to be observed by the Successor Agency or to surrender any right or power therein reserved to or conferred upon the Successor Agency; and (ii) any amendments or supplements to provide for the issuance of a subsequent series of Refunding Bonds in compliance with the terms of the

Trust Agreement and the First Supplemental Trust Agreement (unless otherwise specified in the First Supplemental Trust Agreement).

(b) Whenever any of the Security Documents require the consent of holders of the Series 2021 Insured Obligations, the Series 2021 Bond Insurer's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Security Documents that adversely affects the rights or interests of the Series 2021 Bond Insurer shall be subject to the prior written consent of the Series 2021 Bond Insurer.

### **Events of Default**

Each of the following shall constitute an Event of Default under the Trust Agreement:

(1) if default shall be made in the payment of the principal or Redemption Price of or sinking fund installment for, or interest on, any Outstanding Refunding Bond, when and as the same shall become due and payable, whether on an Interest Payment Date, at maturity, by call for redemption, or otherwise;

(2) if default shall be made by the Successor Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in the Trust Agreement or in the Outstanding Refunding Bonds contained, and such default shall continue for a period of 120 days after written notice thereof to the Successor Agency by the Trustee or by the Owners of not less than 10% in principal amount of the Refunding Bonds Outstanding to the Successor Agency and the Trustee; provided, however, if such default is such that it can be corrected by the Successor Agency but not within the applicable period specified above, it shall not constitute an Event of Default if corrective action is instituted by the Successor Agency within thirty (30) days of the Successor Agency's receipt of the notice of the default required by this paragraph and diligently pursued until the default is corrected; or

(3) the Successor Agency shall have declared Bankruptcy.

### **Grace Period for Payment Defaults**

No grace period shall be permitted for payment defaults on the Series 2021 Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Series 2021 Bond Insurer.

### **Accounting and Examination of Records After Default**

(a) The Successor Agency covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Successor Agency shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The Successor Agency covenants that if an Event of Default shall have happened and shall not have been remedied, the Successor Agency, upon demand of the Trustee, shall account, as if it were the trustee of an express trust, for all Successor Agency Refunding Revenues and other moneys, securities and funds pledged or held under the Trust Agreement for such period as shall be stated in such demand.

### **Application of Successor Agency Refunding Revenues and Other Moneys After Default**

(a) Notwithstanding anything to the contrary contained in the Trust Agreement, including the article of the Trust Agreement regarding the establishment of funds and application thereof, the Successor

Agency covenants that if an Event of Default shall happen and shall not have been remedied, the Successor Agency, upon the demand of the Trustee, shall cause to be paid over to the Trustee by the first Business Day of each month, all Successor Agency Refunding Revenues with respect to the preceding month.

(b) During the continuance of an Event of Default, the Trustee shall apply all Successor Agency Refunding Revenues received by the Trustee pursuant to any right given or action taken under the provisions of the article of the Trust Agreement regarding Events of Default and Remedies of Holders, which are held by the Trustee pursuant and subject to the terms and conditions of the Trust Agreement, as follows and in the following order of priority:

First: To the payment of the principal and Redemption Price of and interest on the Outstanding Refunding Bonds; provided however, that in the event the amount of Successor Agency Refunding Revenues available to the Trustee is not sufficient to make all the payments required by this clause, the Trustee shall apply the available Successor Agency Refunding Revenues to the payment of the principal and redemption price of and interest on all Outstanding Refunding Bonds then due and payable ratably (based on the respective amounts to be paid), without any discrimination on preferences.

Second: To the transfer to the Series 2014A Debt Service Reserve Account for the Series 2014A Refunding Bonds, the Series 2021A Debt Service Reserve Account for the Series 2021A Refunding Bonds, and the Series 2021B Debt Service Reserve Account for the Series 2021B Refunding Bonds the amount, if any, necessary so that the amount on deposit in the Series 2014A Debt Service Reserve Account, the Series 2021A Debt Service Reserve Account, and the Series 2021B Debt Service Account shall equal the respective Series 2014A Reserve Account Requirement, Series 2021A Reserve Account Requirement, and Series 2021B Reserve Account Requirement.

(c) If and whenever all overdue installments of interest on all Outstanding Refunding Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable for the account of the Successor Agency under the Trust Agreement, including the principal and Redemption Price of all Outstanding Refunding Bonds and unpaid interest on all Outstanding Refunding Bonds which shall then be payable, shall be paid for by the account of the Successor Agency, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Trust Agreement and the Outstanding Refunding Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over all unexpended Successor Agency Refunding Revenues in the hands of the Trustee (except Successor Agency Refunding Revenues deposited or pledged, or required by the terms of the Trust Agreement to be deposited or pledged, with the Trustee), and thereupon the Successor Agency and the Trustee shall be restored, respectively, to their former positions and rights under the Trust Agreement. No such payment by the Trustee nor such restoration of the Successor Agency and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Trust Agreement or impair any right consequent thereon.

(d) The Trustee may in its discretion establish special record dates for the determination of the Owners of Refunding Bonds for various purposes of the Trust Agreement, including without limitation, payment of defaulted interest and giving direction to the Trustee.

## **Application of Amounts on Deposit in the Special Fund After Default**

Unless the “Bond Insurer” for the Series 2014A Refunding Bonds otherwise directs and subject to the provisions under the caption “Consent of Series 2021 Bond Insurer Upon Default” hereof, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Special Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Refunding Bonds.

## **Right to Accelerate Upon Default**

Notwithstanding anything contrary in the Trust Agreement or in the Refunding Bonds, upon the occurrence of an Event of Default, the Trustee shall, at the direction of the Owners of a majority in principal amount of Outstanding Refunding Bonds (other than Bonds owned by or on behalf of the Successor Agency), by written notice to the Successor Agency, declare the principal of the Outstanding Refunding Bonds to be immediately due and payable, whereupon the principal of the Refunding Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable.

## **Consent of the Series 2021 Bond Insurer for Acceleration**

The Series 2021 Bond Insurer’s prior written consent is required as a condition precedent to and in all instances of acceleration, as described under “Right to Accelerate Upon Default” above.

## **Appointment of Receiver**

If an Event of Default shall happen and shall not have been remedied, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Refunding Bonds under the Trust Agreement, the Trustee shall be entitled to make application for the appointment of a receiver or custodian of the Successor Agency Refunding Revenues, pending such proceedings, with such power as the court making such appointment shall confer.

## **Series 2021 Bond Insurer Approval in the Event of Insolvency**

Subject to the provisions of the Trust Agreement, to the extent the Successor Agency enters into any reorganization or liquidation plan with respect to the Successor Agency, it must be acceptable to the Series 2021 Bond Insurer. In the event of any reorganization or liquidation of the Successor Agency, the Series 2021 Bond Insurer shall have the right to file a claim, object to and vote on behalf of all holders of the Series 2021 Insured Obligations absent a continuing failure by the Series 2021 Bond Insurer to make a payment under the Series 2021A Policy or the Series 2021B Policy. The Successor Agency shall provide the Series 2021 Bond Insurer with immediate written notice of any insolvency event that causes the Successor Agency to be unable to pay its obligations as and when they become due. In the event of a receivership or out-of-court restructuring, the Series 2021 Bond Insurer shall have the right to negotiate and speak on behalf of and bind the bondholders and any agreements reached must be acceptable to the Series 2021 Bond Insurer.

## **Enforcement Proceedings**

(a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, upon the written request of the Owners of not less than a majority in principal amount of the Refunding Bonds at the time Outstanding shall proceed, to protect and enforce its rights and the rights of the Owners of the Outstanding Refunding Bonds by a suit or suits

in equity or at law, whether for damages or the specific performance of any covenant contained in the Trust Agreement, to enforce the security interest in, pledge of and lien on the Successor Agency Refunding Revenues granted pursuant to the Trust Agreement, or in aid of the execution of any power granted in the Trust Agreement or any remedy granted under applicable provisions of the laws of the State, or for an accounting by the Successor Agency as if the Successor Agency were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Trust Agreement.

(b) All rights of action under the Trust Agreement may be prosecuted and enforced by the Trustee without the possession of any of the Refunding Bonds or the production thereof in the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust.

(c) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Trust Agreement, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Trust Agreement and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

(d) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of a majority in principal amount of the Refunding Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Trust Agreement by any acts which may be unlawful or in violation of the Trust Agreement, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Refunding Bonds.

(e) If the Trustee or any Owner or Owners of Outstanding Refunding Bonds have instituted any proceeding to enforce any right or remedy under the Trust Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner or Owners, then and in every such case the Successor Agency, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions under the Trust Agreement, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

### **Restriction on Owner's Action**

(a) Except as otherwise provided in paragraph (b) of this section no Owner of any Refunding Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Trust Agreement or the execution of any trust under the Trust Agreement or for any remedy under the Trust Agreement unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the article of the Trust Agreement regarding Events of Default and Remedies of Holders, and the Owners of at least 25% in principal amount of the Refunding Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Trust Agreement or by the applicable laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Refunding Bonds

shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Trust Agreement, or to enforce any right under the Trust Agreement, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the ratable benefit of all Owners of the Outstanding Refunding Bonds.

(b) Nothing in the Trust Agreement or in the Refunding Bonds contained shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay on the respective due dates thereof and at the places therein expressed, but solely from the Successor Agency Refunding Revenues and the other moneys pledged under the Trust Agreement, the principal amount, or Redemption Price if applicable, of the Refunding Bonds, and the interest thereon, to the respective Owners thereof, or affect or impair the right, which is also absolute and unconditional, of any Owner to institute suit for the enforcement of any such payment.

### **Remedies Not Exclusive**

No remedy by the terms of the Trust Agreement conferred upon or reserved to the Trustee or the Owners of the Refunding Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or existing at law or in equity or by statute whether effective on or after the effective date of the Trust Agreement. The assertion or employment of any right or remedy, under the Trust Agreement or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

### **Effect of Waiver and Other Circumstances**

(a) No delay or omission of the Trustee or any Owner of a Refunding Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the article of the Trust Agreement regarding Events of Default and Remedies of Holders to the Trustee or to the Owners of the Refunding Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Refunding Bonds.

(b) The Owners of not less than sixty percent in principal amount of the Refunding Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Refunding Bonds, waive any Event of Default and its consequences. No such waiver shall extend to any subsequent or Event of Default or impair any right consequent thereon unless the provisions of this subsection (b) have been satisfied with respect to such subsequent Event of Default.

### **Consent of Series 2021 Bond Insurer Upon Default**

Subject to the provisions described under the caption “Application of Amounts on Deposit in the Special Fund After Default” above, anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an Event of Default, monetary or nonmonetary, the Series 2021 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2021 Insured Obligations or the Trustee for the benefit of the holders of the Series 2021 Insured Obligations under any Security Document. No monetary or nonmonetary default or Event of Default may be waived without the Series 2021 Bond Insurer’s written consent.

## **Series 2021 Bond Insurer as Owner**

Upon the occurrence and continuance of a default or an Event of Default, the Series 2021 Bond Insurer shall be deemed to be the sole and exclusive owner of the outstanding Series 2021 Insured Obligations for all purposes under the Security Documents, including, without limitation, for purpose of approvals, consents, exercising remedies and approving agreements relating to the Series 2021 Insured Obligations.

## **Notice of Default**

The Trustee shall, within thirty (30) days after obtaining knowledge thereof, mail written notice of the occurrence of any Event of Default of which the Trustee has knowledge to the “Bond Insurer” for the Series 2014A Refunding Bonds, the Series 2021 Bond Insurer and each Owner of Bonds then Outstanding at such Owner’s address, if any, appearing in the Bond Register.

## **Discharge of Refunding Bonds**

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

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

money is to be available for the payment of the principal of and redemption premiums, if any, on such Refunding Bonds.

### **Unclaimed Money**

Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Refunding Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Refunding Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Refunding Bonds have become due and payable, shall at the Written Request of the Successor Agency be repaid by the Trustee to the Successor Agency 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 Refunding Bonds.

### **Defeasance and the Series 2021 Bond Insurer**

The investments in any defeasance escrow relating to Series 2021 Insured Obligations shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by the Series 2021 Bond Insurer.

At least three (3) Business Days prior to any defeasance with respect to the Series 2021 Insured Obligations, the Successor Agency shall deliver to the Series 2021 Bond Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Series 2021 Insured Obligations, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to the Series 2021 Bond Insurer and shall be in form and substance satisfactory to the Series 2021 Bond Insurer. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel substantially to the effect that such substitution will not adversely affect the exclusion (if interest on the Series 2021 Insured Obligations is excludable) from gross income of the holders of the Series 2021 Insured Obligations of the interest on the Series 2021 Insured Obligations for federal income tax purposes and the prior written consent of Series 2021 Bond Insurer, which consent will not be unreasonably withheld.

(b) The Successor Agency will not exercise any prior optional redemption of Series 2021 Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Series 2021 Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Successor Agency shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without written notice to and the prior written consent of the Series 2021 Bond Insurer.

## **Series 2021 Bond Insurer Terms and Provisions**

Books and Records. The Successor Agency and the Trustee shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions and all funds and accounts by or maintained pursuant to the Security Documents, which shall at all times during normal business hours and upon reasonable notice be subject to inspection by the Series 2021 Bond Insurer or its agents or representatives who have been duly authorized in writing.

The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the Series 2021 Bond Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the Series 2021 Bond Insurer may reasonably request.

Meet and Confer; ROPS Denial. The Successor Agency shall provide the Series 2021 Bond Insurer with copies of all ROPS submitted to the Department of Finance of the State (“DOF”) and any and all correspondence that relates to the payment or security for the Series 2021 Refunding Bonds received from the DOF upon receipt. Documents posted by DOF under their existing procedures on the DOF website shall meet this requirement. In the event that the Successor Agency is a party to a meet and confer with the DOF that relates to the payment or security for the Series 2021 Insured Obligations or costs associated with the Series 2021A Policy or the Series 2021B Policy, the Successor Agency shall notify the Series 2021 Bond Insurer and, if the subject of the meet and confer could impact the payment of or security for the Series 2021 Insured Obligations or costs associated with the Series 2021A Policy or the Series 2021B Policy, the Series 2021 Bond Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as the Series 2021 Bond Insurer determines in its discretion. In the event the Successor Agency receives a ROPS denial, whether relating to the Series 2021 Insured Obligations or not, and such denial could delay the receipt of tax revenues necessary to pay debt service, costs associated with the Series 2021A Policy or the Series 2021B Policy, or Series 2021 Bond Insurer Reimbursement Amounts (defined below) relating to the Series 2021 Insured Obligations, the Successor Agency agrees to cooperate in good faith with the Series 2021 Bond Insurer and the Series 2021 Bond Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the DOF and to discuss such matters with the DOF directly.

Additional Debt. The Successor Agency shall not issue or incur any bonds, indebtedness or other obligations payable or secured on a parity basis with the Series 2021 Insured Obligations except for refunding bonds issued to generate debt service savings. Any additional subordinate debt shall be payable on the same dates as the Series 2021 Insured Obligations and shall be in all respects, including security and payment, subordinate and junior to the Series 2021 Insured Obligations and the replenishment of the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable, including the reimbursement of all amounts due and payable to the Series 2021 Bond Insurer relating to the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable.

ROPS. Subject to the terms of the Trust Agreement and the First Supplemental Trust Agreement, the Successor Agency shall take all actions required under California Health and Safety Code Section 34171 *et seq.* to include scheduled debt service on the Series 2021 Insured Obligations (including, without limitation, any mandatory redemption payments), as well as any amount required under the Security Documents to replenish the Series 2021A Debt Service Reserve Account and the Series 2021B Debt Service Reserve Account and to reimburse the Series 2021 Bond Insurer in connection with the Series 2021A Policy, the Series 2021B Policy, the Series 2021A Reserve Policy, and the Series 2021B Reserve Policy, in the ROPS so as to enable the Contra Costa County Auditor-Controller (the “County Auditor-Controller”) to distribute from the RPTTF to the Successor Agency for distribution to the Trustee

for deposit into the Special Fund, amounts required for the Successor Agency to pay principal of, and interest on, the Series 2021 Insured Obligations and to meet its other obligations, including all amounts due and payable to the Series 2021 Bond Insurer. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and DOF, the amounts to be held by the Successor Agency as a reserve until the next ROPS period, as contemplated by California Health and Safety Code Section 34171(d)(1)(A), that are necessary to provide for the payment of principal and interest under the First Supplemental Trust Agreement when the next property tax allocation is projected to be insufficient to pay all obligations due under the First Supplemental Trust Agreement for the next payment due in the ROPS period.

In the event the Successor Agency fails to provide the Oversight Board for approval, or provide DOF with an Oversight Board-approved ROPS, by the statutory deadlines relating to the Series 2021 Insured Obligations for any period, the Successor Agency designates the Series 2021 Bond Insurer as its attorney in fact with the power to make such a request relating to the Series 2021 Insured Obligations. The Successor Agency agrees, to the extent permitted by law, to amend any ROPS filing for any period during which amounts owed to the Series 2021 Bond Insurer with respect to the Series 2021A Policy, the Series 2021B Policy, the Series 2021A Reserve Policy, and/or the Series 2021B Reserve Policy are not included on such ROPS.

Consent Required for Last and Final ROPS. The Successor Agency shall not, without the prior written consent of the Series 2021 Bond Insurer, approve or submit for approval by the Oversight Board or the DOF any last and final ROPS.

Deposit of Successor Agency Refunding Revenues. Without limiting the generality of the provisions described under the caption “Filing of ROPS and Receipt and Deposit of Successor Agency Refunding Revenues” above, and the provisions of the First Supplemental Trust Agreement, the Successor Agency agrees to deposit all amounts distributed from the RPTTF by the County Auditor-Controller to the Special Fund within fifteen (15) days of receipt with the Trustee for the Series 2021 Insured Obligations to pay debt service on the Series 2021 Insured Obligations. The Successor Agency may take into account any funds on deposit with the Trustee for the payment of the Series 2021 Insured Obligations in the ROPS period covered by the deposit. The Successor Agency agrees that to the extent there exists an Event of Default under the Master Trust Agreement or the City declares a fiscal emergency, it shall take all steps necessary to cause an amount of RPTTF equal to the amount requested on the ROPS for such period to be deposited directly from the RPTTF to the Trustee, to the extent that the County Auditor-Controller agrees to comply with such procedure.

Notices and Other Information to be Given to the Series 2021 Bond Insurer. The Successor Agency will identify the Series 2021 Bond Insurer as a “notice party” and, except to the extent such information is filed on EMMA, will further provide the Series 2021 Bond Insurer with all notices and other information it is obligated to provide (i) under the Series 2021 Continuing Disclosure Agreement and (ii) to the holders of the Series 2021 Insured Obligations or the Trustee under the Security Documents. The Series 2021 Bond Insurer will receive copies of all notices and amendments relating to the Series 2021 Insured Obligations.

Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in the First Supplemental Trust Agreement to the contrary, (1) if at any time prior to or following an Insurer Default, the Series 2021 Bond Insurer has made payment under the Series 2021A Policy or the Series 2021B Policy, as applicable, to the extent of such payment the Series 2021 Bond Insurer shall be treated like any other holder of the Series 2021 Insured Obligations for all purposes, including giving of consents, and (2) if the Series 2021 Bond Insurer has not made any payment under the Series 2021A Policy or the Series 2021B Policy, as applicable, the Series 2021 Bond Insurer shall have

no further consent rights until the particular Insurer Default is no longer continuing or the Series 2021 Bond Insurer makes a payment under the Series 2021A Policy or the Series 2021B Policy, as applicable, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “Insurer Default” means: (A) the Series 2021 Bond Insurer has failed to make any payment under the Series 2021A Policy or the Series 2021B Policy, as applicable, when due and owing in accordance with its terms; or (B) the Series 2021 Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2021A Policy or the Series 2021B Policy, as applicable, or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Series 2021 Bond Insurer (including without limitation under the New York Insurance Law).

The Series 2021 Bond Insurer As Third Party Beneficiary. The Series 2021 Bond Insurer is recognized as and shall be deemed to be an irrevocable third-party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

Payment Procedure Under the Series 2021A Policy and the Series 2021B Policy. In the event that principal and/or interest due on the Series 2021 Insured Obligations shall be paid by the Series 2021 Bond Insurer pursuant to the Series 2021A Policy or the Series 2021B Policy, as applicable, the corresponding Series 2021 Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Successor Agency, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Successor Agency to the registered owners shall continue to exist and shall run to the benefit of the Series 2021 Bond Insurer and the Series 2021 Bond Insurer shall be subrogated to the rights and remedies of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Series 2021 Insured Obligations.

In the event that on the second (2<sup>nd</sup>) Business Day prior to any payment date on the Series 2021 Insured Obligations, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2021 Insured Obligations due on such payment date, the Trustee shall promptly notify the Series 2021 Bond Insurer or its designee on the same Business Day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, Trustee shall notify the Series 2021 Bond Insurer or its designee immediately upon receipt of payment.

In addition, if the Trustee has received written notice that any holder of the Series 2021 Insured Obligations has been required to disgorge payments of principal of or interest on the Series 2021 Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Trustee shall notify the Series 2021 Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Series 2021 Bond Insurer.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2021 Insured Obligations as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Series 2021 Insured Obligations, the Trustee shall (i) execute and deliver to the Series 2021 Bond Insurer, in form satisfactory to the Series 2021 Bond Insurer, an instrument appointing the Series 2021 Bond Insurer as agent and attorney-in-fact for such holders of the Series 2021 Insured Obligations in any legal proceeding related to the payment and assignment to the Series 2021 Bond Insurer of the claims for interest on the Series 2021 Insured Obligations, (ii) receive as designee of the respective holders (and not as paying agent) in accordance with the tenor of the Series 2021A Policy or Series 2021B Policy payment from the Series 2021 Bond Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2021 Insured Obligations, the Trustee shall (i) execute and deliver to the Series 2021 Bond Insurer, in form satisfactory to the Series 2021 Bond Insurer, an instrument appointing the Series 2021 Bond Insurer as agent and attorney-in-fact for such holder of the Series 2021 Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to the Series 2021 Bond Insurer of the Series 2021 Insured Obligations surrendered to the Series 2021 Bond Insurer, (ii) receive as designee of the respective holders (and not as paying agent) in accordance with the tenor of the Series 2021A Policy or Series 2021B Policy payment therefore from the Series 2021 Bond Insurer, and (iii) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on the Series 2021 Insured Obligations paid by the Series 2021 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of the Series 2021 Insured Obligations registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2021 Insured Obligation to the Series 2021 Bond Insurer, registered in the name directed by the Series 2021 Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2021 Insured Obligation shall have no effect on the amount of principal or interest payable by the Successor Agency on any Series 2021 Insured Obligation or the subrogation or assignment rights of the Series 2021 Bond Insurer.

Payments with respect to claims for interest on and principal of Series 2021 Insured Obligations disbursed by the Trustee from proceeds of the Series 2021A Policy or Series 2021B Policy shall not be considered to discharge the obligation of the Successor Agency with respect to such Series 2021 Insured Obligations, and the Series 2021 Bond Insurer shall become the owner of such unpaid Series 2021 Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Successor Agency and the Trustee agree for the benefit of the Series 2021 Bond Insurer that:

(a) They recognize that to the extent the Series 2021 Bond Insurer makes payments directly or indirectly (*e.g.*, by paying through the Trustee), on account of principal of or interest on the Series 2021 Insured Obligations, the Series 2021 Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Successor Agency, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Series 2021 Insured Obligations.

(b) They will accordingly pay to the Series 2021 Bond Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Series 2021 Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of

and interest on the Series 2021 Insured Obligations to holders, and will otherwise treat the Series 2021 Bond Insurer as the owner of such rights to the amount of such principal and interest.

Additional Payments. The Successor Agency agrees unconditionally that it will pay or reimburse the Series 2021 Bond Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Series 2021 Bond Insurer may pay or incur, including, but not limited to, fees and expenses of the Series 2021 Bond Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Series 2021 Bond Insurer spent in connection with the actions described in the preceding sentence. The Successor Agency agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Bond Insurance Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Series 2021 Bond Insurer until the date the Series 2021 Bond Insurer is paid in full.

Notwithstanding anything in the Security Documents to the contrary, the Successor Agency agrees to pay to the Series 2021 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2021 Bond Insurer under the Series 2021A Policy or Series 2021B Policy ("Series 2021 Bond Insurer Policy Payment"); and (ii) interest on such Series 2021 Bond Insurer Policy Payments from the date paid by the Series 2021 Bond Insurer until payment thereof in full by the Successor Agency, payable to the Series 2021 Bond Insurer at the Bond Insurance Late Payment Rate per annum (collectively, "Series 2021 Bond Insurer Reimbursement Amounts") compounded semiannually. The Successor Agency covenants and agrees that the Series 2021 Bond Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Series 2021 Insured Obligations on parity with debt service due on the Series 2021 Insured Obligations.

Debt Service Reserve Accounts. The prior written consent of the Series 2021 Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account. Amounts on deposit in the Series 2021A Debt Service Reserve Account shall be applied solely to payment of debt service due on the Series 2021A Refunding Bonds and amounts on deposit in the Series 2021B Debt Service Reserve Account shall be applied solely to the payment of debt service due on the Series 2021B Refunding Bonds.

Exercise of Rights by the Series 2021 Bond Insurer. The rights granted to the Series 2021 Bond Insurer under the Security Documents and the Series 2021 Insured Obligations to request, consent to or direct any action are rights granted to the Series 2021 Bond Insurer in consideration of its issuance of the Series 2021A Policy and the Series 2021B Policy. Any exercise by the Series 2021 Bond Insurer of such rights is merely an exercise of the Series 2021 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2021 Insured Obligations and such action does not evidence any position of the Series 2021 Bond Insurer, affirmative or negative, as to whether the consent of the holders of the Series 2021 Insured Obligations or any other person is required in addition to the consent of the Series 2021 Bond Insurer.

Series 2021 Bond Insurer Entitled to Make Payments. The Series 2021 Bond Insurer shall be entitled to pay principal or interest on the Series 2021 Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Series 2021A Policy and the Series 2021B Policy) by the Successor Agency and any amounts due on the Series 2021 Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security

Documents, whether or not the Series 2021 Bond Insurer has received a claim upon the Series 2021A Policy or the Series 2021B Policy.

The Series 2021A Reserve Policy and the Series 2021B Reserve Policy.

(a) The Successor Agency shall repay any draws under the Series 2021A Reserve Policy and the Series 2021B Reserve Policy and pay all related reasonable expenses incurred by the Series 2021 Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series 2021 Bond Insurer at the Reserve Policy Late Payment Rate.

(b) Repayment of draws and payment of expenses and accrued interest thereon at the Reserve Policy Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(c) Amounts in respect of Policy Costs paid to the Series 2021 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2021 Bond Insurer on account of principal due, the coverage under the Series 2021A Reserve Policy or the Series 2021B Reserve Policy, as applicable, will be increased by a like amount, subject to the terms of the applicable Series 2021A Reserve Policy or Series 2021B Reserve Policy.

(d) All cash and investments in the Series 2021A Debt Service Reserve Account established for the Series 2021A Refunding Bonds shall be applied to the payment of debt service due on the Series 2021A Refunding Bonds before any drawing may be made on the Series 2021A Reserve Policy or any other Reserve Financial Guaranty in lieu of cash. All cash and investments in the Series 2021B Debt Service Reserve Account established for the Series 2021B Refunding Bonds shall be applied to the payment of debt service due on the Series 2021B Refunding Bonds before any drawing may be made on the Series 2021B Reserve Policy or any other Reserve Financial Guaranty in lieu of cash.

(e) Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Financial Guaranty (including the Series 2021A Reserve Policy and the Series 2021B Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable. Payment of Policy Costs and reimbursement of amounts with respect to any other Reserve Financial Guaranty shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2021A Debt Service Reserve Account or the Series 2021B Debt Service Reserve Account, as applicable. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(f) Draws under the Series 2021A Reserve Policy or the Series 2021B Reserve Policy may only be used to make payments on the applicable series of Series 2021 Refunding Bonds.

(g) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Series 2021 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Security Documents other than (i) acceleration of the maturity of the applicable series of Series 2021 Refunding Bonds, or (ii) remedies which would adversely affect owners of the applicable series of Series 2021 Refunding Bonds.

(h) The Security Documents shall not be discharged until all Policy Costs owing to the Series 2021 Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the applicable series of Series 2021 Refunding Bonds.

(i) The Trustee shall ascertain the necessity for a claim upon the Series 2021A Reserve Policy or the Series 2021B Reserve Policy in accordance with the provisions of paragraph (a) above and provide notice to the Series 2021 Bond Insurer at least three Business Days prior to each date upon which interest or principal is due on the applicable series of Series 2021 Refunding Bonds.

(j) The Series 2021A Reserve Policy shall expire on the earlier of the date the Series 2021A Refunding Bonds are no longer outstanding and the final maturity date of the Series 2021A Refunding Bonds. The Series 2021B Reserve Policy shall expire on the earlier of the date the Series 2021B Refunding Bonds are no longer outstanding and the final maturity date of the Series 2021B Refunding Bonds.

(k) In order to secure the Successor Agency's payment obligations with respect to the Policy Costs related to each series of Series 2021 Refunding Bonds, there is hereby granted and perfected in favor of the Series 2021 Bond Insurer a security interest (subordinate only to that of the owners of the applicable series of Series 2021 Refunding Bonds) in all revenues and collateral pledged as security for the applicable series of Series 2021 Refunding Bonds.

#### **Benefits of the Trust Agreement Limited to Parties**

Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Holders any right, remedy or claim under or by reason of the Trust Agreement. Any agreement or covenant required therein to be performed by or on behalf of the Successor Agency or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Holders.

#### **Waiver of Personal Liability**

No member, officer or employee of the Successor Agency or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Refunding Bonds by reason of their issuance, but nothing in the Trust Agreement shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or the Trust Agreement.

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) dated February 9, 2021 is executed and delivered by the Successor Agency to the Richmond Community Redevelopment Agency (the “Successor Agency”) and Willdan Financial Services, as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Successor Agency of \$15,070,000 principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021A (Tax-Exempt) (the “Series 2021A Refunding Bonds”); and \$2,665,000 principal amount of Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021B (Taxable) (the “Series 2021B Refunding Bonds” and together with the Series 2021A Refunding Bonds, the “Series 2021 Refunding Bonds”). The Series 2021 Refunding Bonds are being issued pursuant to a Trust Agreement dated as of April 1, 2014 (the “Master Trust Agreement”), as amended and supplemented by a First Supplemental Trust Agreement dated as of February 1, 2021 (the “First Supplemental Trust Agreement” and together with the Master Trust Agreement, the “Trust Agreement”), each by and between the Successor Agency and MUFG Union Bank, N.A, as successor in interest to Union Bank, N.A., as trustee (the “Trustee”). The Successor Agency and the Dissemination Agent hereby covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** The Disclosure Agreement is being executed and delivered by the Successor Agency for the benefit of the Holders and Beneficial Owners of the Series 2021 Refunding Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

“*Annual Report*” shall mean any Annual Report provided by Successor Agency pursuant to, and as described in, Section 3 and Section 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2021 Refunding Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2021 Refunding Bonds for federal income tax purposes.

“*Business Day*” shall mean any day of the year which is not a Saturday or Sunday, or a day on which banking institutions located in California are required or authorized to remain closed, or on which the Federal Reserve system is closed.

“*Disclosure Representative*” means the Treasurer or any designee, or such other officer of employee as the Successor Agency may designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means initially Willdan Financial Services, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed a written acceptance of such designation with the Successor Agency.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

“Filing Date” shall mean not later than 270 days after the end of each Fiscal Year of the Successor Agency, commencing with report for the Fiscal Year ending June 30, 2021 (or the next succeeding Business Day if such day is not a Business Day).

“Financial Obligation” means a debt obligation; derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or a guarantee of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term “Financial Obligation” excludes municipal securities for which a final offering memorandum has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean with respect to the Successor Agency, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any 12-month or 52-week period thereafter selected by the Successor Agency with notice of such selection of change in fiscal year to be provided as set forth herein.

“Holders” shall mean either the registered owners of the Series 2021 Refunding Bonds, or, if the Series 2021 Refunding Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in its depository system.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at [http://emma.msrb.org](http://emma.msrb.org/).

“Obligated Person” means any person, including the Successor Agency, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2021 Refunding Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Official Statement” means the Official Statement dated January 27, 2021 relating to the Series 2021 Refunding Bonds.

“Participating Underwriter” means the original underwriter of the Series 2021 Refunding Bonds required to comply with the Rule in connection with the offering of the Series 2021 Refunding Bonds.

“Repository” means the Electronic Municipal Market Access site maintained by the MSRB at [http://emma.msrb.org](http://emma.msrb.org/) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

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

“Specified Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement and any other event legally required to be reported pursuant to the Rule.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Successor Agency shall provide or shall cause the Dissemination Agent to provide, to the MSRB not later than the Filing Date, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Successor Agency may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the Fiscal Year changes, the Successor Agency shall give notice of such change in the same manner as for a Specified Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date specified in Section 5(a) for providing each Annual Report to the Repository, the Successor Agency shall provide such Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the Successor Agency may distribute the Annual Report to the MSRB itself after providing written notice to the Dissemination Agent and the Trustee. If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency of such failure to receive the Annual Report.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the filing date for the Annual Report and send notice of such date to the Successor Agency;

(ii) file the Annual Report with the Repository by the date required therefor by Section 3(a) and file any notice of a listed Event, if requested by the Successor Agency, as soon as practicable following receipt from the Successor Agency of such notice; and

(iii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to the Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) The audited financial statements of the Successor Agency, for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the audited financial statements of the Successor Agency are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3(a), financial information and operating data with respect to the Successor Agency for the most recently completed Fiscal Year, substantially similar to that provided in the tables and charts in the Official Statement, as follows:

(i) A maturity schedule for the outstanding Series 2021 Refunding Bonds, and a listing of Series 2021 Refunding Bonds redeemed prior to maturity during the prior Fiscal Year.

(ii) Balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior Fiscal Year:

(A) total deposits in the Special Fund for the prior fiscal Year (with a statement of the debt service requirement discharged by the Special Fund in the prior Fiscal Year); and

(B) the Series 2021A Debt Service Reserve Account and the Series 2021B Debt Service Reserve Account (with a statement of the Series 2021A Reserve Account Requirement and the Series 2021B Reserve Account Requirement and the name of the issuer of the respective Reserve Financial Guaranty, if any).

(iii) Information for the preceding Fiscal Year to update the following tables presented in the Official Statement:

(A) Table 5A—Historical Taxable Values and Property Tax Revenues;

(B) Table 5B—Historical Tax Increment Receipts;

(C) Table 7—Ten Major Property Tax Assesses;

(D) Table 8A—Projection of Property Tax Revenue - 0% Growth for the most current Fiscal Year;

(E) Table 10A—Projected Debt Service Coverage (Assuming 0% Growth) for the most current Fiscal Year without any obligation to update projections;

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

#### SECTION 5. Reporting of Specified Events.

(a) Pursuant to the provisions of this Disclosure Agreement, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2021 Refunding Bonds, in a timely manner no later than ten (10) Business Days after the occurrence of such event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, 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 2021A Refunding Bonds, or other material events affecting the tax status of the Series 2021A Refunding Bonds;
7. Modifications to rights of the Series 2021 Refunding Bond Holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property, if any, securing repayment of the Series 2021 Refunding Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Successor Agency or other Obligated Person, or the sale of all or substantially all of the assets of the Successor Agency or other Obligated Person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(b) Wherever the Successor Agency obtains knowledge of the occurrence of Specified Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the Specified Event.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material.” The Successor Agency shall cause a notice to be filed as set forth in this Section 5 with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Specified Events, the Successor Agency will as soon as possible determine if such event would be

material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in Section 5(b).

(d) If in response to a request under Section 5(b), the Successor Agency determines that the Specified Event would not be material under applicable federal securities laws, the Successor Agency shall so notify the Trustee in writing and instruct the Dissemination Agent not to report the occurrence.

(e) If the Dissemination Agent has been instructed by the Successor Agency to report the occurrence of a Specified Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in accordance with Section 5(b). Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(8) and Section 5(a)(9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2021 Refunding Bonds pursuant to the Trust Agreement.

(f) For purposes of this Disclosure Agreement, any event described in Section 5(a)(13) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States 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 Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing 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 Successor Agency.

(g) The Dissemination Agent may conclusively rely on an opinion of counsel that the instructions of the Successor Agency to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Specified Events, the Successor Agency shall indicate the full name of the Series 2021 Refunding Bonds and the nine-digit CUSIP numbers for the Series 2021 Refunding Bonds as to which the provided information relates.

SECTION 7. Termination of Reporting Obligation. The obligations of the Successor Agency under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2021 Refunding Bonds.

SECTION 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time upon delivery of written notice thereof to the Successor Agency at least 30 days prior to the effective date of such resignation. If at any time there is not any other designated Dissemination Agent, the Successor Agency shall be the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Agreement.

The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Agreement, the Successor Agency may amend the Disclosure Agreement, and any provision of the Disclosure Agreement, may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), Section 4, or Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law;

(b) The undertaking, 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 2021 Refunding 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 Holders of the Series 2021 Refunding Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2021 Refunding Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the Successor Agency shall describe such amendment in the 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 being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Specified Event, in addition to that which is required by the Disclosure Agreement. If the Successor Agency chooses to include any information in any notice of occurrence of a Specified Event in addition to that which is specifically required by the Disclosure Agreement, the Successor Agency shall have no obligation under the Disclosure Agreement to update such information or include it in any future notice of occurrence of a Specified Event.

SECTION 11. Default. In the event of a failure of the Successor Agency to comply with any provision of the Disclosure Agreement, the Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under the Disclosure Agreement; provided, that the sole remedy under this Disclosure Agreement in the event of any failure of the Successor Agency to comply with the Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Successor Agency agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including

the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2021 Refunding Bonds.

To the Successor Agency:           Successor Agency to the Richmond Community  
  Redevelopment Agency  
  Richmond City Hall  
  450 Civic Center Plaza  
  Richmond, California 94804  
  Attention: Finance Director  
  Telephone: 510-620-6740  
  Fax: 510-620-6522

If to the Trustee:                    MUFG Union Bank, N.A.  
  350 California Street, 17th Floor  
  San Francisco, California 94104  
  Attention: Sonia Flores  
  Telephone: 415-273-2519  
  Fax: 415-273-2492

If to the Dissemination Agent:   Willdan Financial Services  
  27368 Via Industria, Suite 200  
  Temecula, California 92590  
  Attention: Project Manager  
  Phone: 951-587-3500  
  Fax: 951-587-3510

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Series 2021 Refunding Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. The laws of the State shall govern this Disclosure Agreement, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Agreement shall be brought, commenced or prosecuted in any courts of the State located in Contra Costa County, California.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: February 9, 2021

SUCCESSOR AGENCY TO THE RICHMOND  
COMMUNITY REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Treasurer

WILLDAN FINANCIAL SERVICES,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Richmond Community Redevelopment Agency

Name of Bond Issue: Successor Agency to the Richmond Community Redevelopment Agency  
Refunding Bonds, Series 2021A (Tax-Exempt); *and*

Successor Agency to the Richmond Community Redevelopment Agency  
Refunding Bonds, Series 2021B (Taxable)

Date of Issuance: February 9, 2021

NOTICE IS HEREBY GIVEN that the Successor Agency to the Richmond Community Redevelopment Agency (the "Successor Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 16.05 of the First Supplemental Trust Agreement dated as of February 1, 2021 between the Successor Agency and MUFG Union Bank, N.A, as successor in interest to Union Bank, N.A., relating to the above-described Bonds. The Successor Agency anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES,  
as Dissemination Agent

By: \_\_\_\_\_  
Name:  
Title:

cc: Successor Agency to the Richmond Community  
Redevelopment Agency

## APPENDIX F

### FORM OF OPINION OF BOND COUNSEL

February 9, 2021

Successor Agency to the Richmond Community Redevelopment Agency  
Richmond, California

Successor Agency to the Richmond Community Redevelopment Agency  
Refunding Bonds, Series 2021A (Tax-Exempt)

Successor Agency to the Richmond Community Redevelopment Agency  
Refunding Bonds, Series 2021B (Taxable)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Successor Agency to the Richmond Community Redevelopment Agency (the “Successor Agency”) in connection with the issuance of \$15,070,000 aggregate principal amount of refunding bonds designated “Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021A (Tax-Exempt)” (the “Series 2021A Refunding Bonds”) and \$2,665,000 aggregate principal amount of bonds designated “Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds, Series 2021B (Taxable)” (the “Series 2021B Refunding Bonds” and, together with the Series 2021A Refunding Bonds, the “Series 2021 Refunding Bonds”) issued pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, Chapter 3 of Part 1.85 of Division 24 of the Health and Safety Code of the State of California, and a Trust Agreement, dated as of April 1, 2014 (the “Master Trust Agreement”), by and between the Successor Agency and MUFJ Union Bank, N.A., as successor in interest to Union Bank, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Trust Agreement, dated as of February 1, 2021 (the “First Supplemental Trust Agreement” and, together with the Master Trust Agreement, the “Trust Agreement”) by and between the Successor Agency and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, Resolution No. 4-12 of the City Council of the City of Richmond, adopted on January 24, 2012, Resolution Nos. 20-1 and 20-3 of the Governing Board of the Successor Agency, adopted September 15, 2020 and December 15, 2020, respectively, Resolution No. 2020/27 of the Oversight Board of the Successor Agency, adopted September 28, 2020, a letter from the California Department of Finance, dated December 3, 2020, the Tax Certificate of the Successor Agency, dated the date hereof (the “Tax Certificate”), opinions of counsel to the Successor Agency, the Trustee, and others, certificates of the Successor Agency, the Trustee, the Bond Insurer, the Consultant and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such

opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2021 Refunding Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of Series 2021 Refunding Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2021 Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Successor Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2021A Refunding Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under Series 2021 Refunding Bonds, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against successor agencies to redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2021 Refunding Bonds and express no opinion with respect thereto.

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

1. The Series 2021 Refunding Bonds constitute valid and binding limited obligations of the Successor Agency.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Successor Agency. The Trust Agreement creates a valid pledge to secure the payment of the principal of and interest on the Series 2021 Refunding Bonds, of the Successor Agency Refunding Revenues and any other amounts (including proceeds of the sale of Series 2021 Refunding Bonds) held by the Trustee in any fund or account established pursuant to the Trust Agreement (except to the extent of amounts held in the Rebate Fund established pursuant to the Tax Certificate and the Series 2021 Costs of Issuance Fund), subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and upon the terms and conditions set forth in the Trust Agreement.

3. Series 2021 Refunding Bonds are not a lien or charge upon the funds or property of the Successor Agency except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2021 Refunding Bonds. Series 2021 Refunding Bonds are not a debt of the City of Richmond or the State of California and said city and said state are not liable for the payment thereof.

4. Interest on the Series 2021A Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2021A Refunding Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2021B Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on Series 2021 Refunding Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Refunding Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX G

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Series 2021 Refunding Bonds, payment of principal, interest and other payments on the Series 2021 Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2021 Refunding Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Series 2021 Refunding Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Series 2021 Refunding Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2021 Refunding Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2021 Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2021 Refunding Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2021 Refunding Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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 3.6 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 has a Standard & Poor’s rating of AA+. 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](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

8. Redemption proceeds and distributions on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, 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 Issuer or Agent, 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.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Trustee, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant’s interest in the Securities, on DTC’s records, to Trustee. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Securities to Trustee’s DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**APPENDIX H**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**BAM**

**CALIFORNIA  
ENDORSEMENT TO  
MUNICIPAL BOND  
INSURANCE POLICY  
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

\_\_\_\_\_  
Authorized Officer

**APPENDIX I**

**SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY**

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**MUNICIPAL BOND DEBT  
SERVICE RESERVE  
INSURANCE POLICY**

ISSUER: ISSUER\_NAME, STATE\_NAME

Policy No:

MEMBER: MEMBER\_COMPANY,  
STATE\_NAME

Effective Date:

BONDS: \$ \_\_\_\_\_ in aggregate  
principal amount of

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

Maximum Policy Limit: \$

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. “**Debt Service Reserve Agreement**” means the Debt Service Reserve Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy Limit**” means the dollar

amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed the Maximum Policy Limit set forth above. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. **“Security Documents”** means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. **“Term”** means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

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

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. **THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.**

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_  
Authorized Officer

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## Schedule

### Notices (Unless Otherwise Specified by BAM)

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27<sup>th</sup> floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]  
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. \_\_\_\_\_ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Security Documents or Debt Service Reserve Agreement, if any, and, as of the date hereof, the Policy Limit is \$\_\_\_\_\_, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_

Name:

Title:



