

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "CONCLUDING INFORMATION—Tax Matters" herein.

\$10,675,000

**ALAMEDA PUBLIC FINANCING AUTHORITY
 LOCAL AGENCY REFUNDING REVENUE BONDS,
 SERIES 2010A
 (HARBOR BAY CFD AND MARINA VILLAGE AD)**

\$8,020,000

**ALAMEDA PUBLIC FINANCING AUTHORITY
 LOCAL AGENCY REFUNDING REVENUE BONDS,
 SUBORDINATE SERIES 2010B
 (HARBOR BAY CFD AND MARINA VILLAGE AD)**

Dated: Date of Delivery

Due: September 2, as shown below

The Alameda Public Financing Authority Local Agency Refunding Revenue Bonds (Harbor Bay CFD and Marina Village AD), Series 2010A (the "Series A Bonds") and the Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (Harbor Bay CFD and Marina Village AD) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") are being issued by the Alameda Public Financing Authority (the "Authority") pursuant to an Indenture of Trust, dated as of July 1, 2010 (the "Indenture"), between the Authority and Union Bank, N.A., San Francisco, California, as trustee (the "Trustee"). The Bonds are being issued to enable the Authority to refund and defease certain outstanding obligations of the Authority and of the City of Alameda, California (the "City"), as described herein. See "THE REFUNDING PLAN."

The Bonds are limited obligations of the Authority, payable from Revenues (as defined in the Indenture) and amounts on deposit in certain funds and accounts established under the Indenture. Revenues primarily consist of payments received by the Trustee on the Local Obligations, which are defined in the Indenture as, and consist of, the City of Alameda Community Facilities District No. 1 (Harbor Bay) 2010 Special Tax Refunding Bonds (the "Special Tax Bonds") and the Limited Obligation Improvement Refunding Bonds, City of Alameda, Marina Village Reassessment District No. 10-1 (the "Improvement Bonds"). The Local Obligations are limited obligations of the City, payable solely from certain funds pledged for such purpose. See "SECURITY FOR THE BONDS—Payment of the Local Obligations."

Payments on the Local Obligations are calculated to be sufficient to permit the Authority to pay the scheduled principal of, and interest on, the Bonds when due. The Local Obligations are not cross-collateralized, and an event of default with respect to either of the Local Obligations may result in insufficient Revenues with which to pay the principal of and interest on the Bonds. The final maturity of the Improvement Bonds is September 2, 2014 and, after such date (or date of earlier redemption date of the Improvement Bonds), the Bonds will be payable solely from Revenues derived from payments on the Special Tax Bonds and amounts in certain funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS."

Under the provisions of the Indenture, Revenues are to be used to pay the debt service due and owing on the Series A Bonds on any Interest Payment Date prior to the use of Revenues to pay debt service due and owing on the Series B Bonds, except that Revenues from redemptions of the Improvement Bonds by reason of prepayments of Reassessments will be used to pay the redemption price of the Series B Bonds to be redeemed therefrom. See "SECURITY FOR THE BONDS—Subordination of Series B Bonds" and "—Revenue Fund." The scheduled debt service payable on the Special Tax Bonds is equal to the scheduled debt service on the Series A Bonds and the scheduled debt service on the Improvement Bonds is equal to 110% of the scheduled debt service on the Series B Bonds. See "SECURITY FOR THE BONDS—General."

The Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Payments of principal of, premium, if any, and interest on the Bonds will be made by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry Only System" and APPENDIX H—DTC and the Book-Entry Only System. Interest on the Bonds is payable on March 2 and September 2 of each year, commencing September 2, 2010. The Series B Bonds are subject to redemption prior to maturity as set forth herein. See "THE BONDS—Redemption."

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY THE REVENUES AND OTHER AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AUTHORITY, AND THEN ONLY TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER. EXCEPT FOR THE REVENUES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. NEITHER THE BONDS NOR THE LOCAL OBLIGATIONS CONSTITUTE AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

MATURITY SCHEDULE (see inside cover page)

This cover page contains certain information for quick reference only, and is not a complete summary of the Bonds. Prospective investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds. The purchase of the Bonds involves certain risks. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued and delivered to the purchasers thereof, subject to approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority and the City by the City Attorney, and for the Authority by Quint & Thimmig LLP in its capacity as Disclosure Counsel to the Authority for the Bonds. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York on or about July 22, 2010.

The date of this Official Statement is June 30, 2010

\$10,675,000
ALAMEDA PUBLIC FINANCING AUTHORITY
LOCAL AGENCY REFUNDING REVENUE BONDS, SERIES 2010A
(HARBOR BAY CFD AND MARINA VILLAGE AD)

MATURITY SCHEDULE
 (Base CUSIP+: 010807)

<u>Maturity</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>	<u>Maturity</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>
2011	\$ 900,000	4.00%	1.50%	AP0	2016	\$1,245,000	3.80%	3.80%	AU9
2012	960,000	4.00	2.00	AQ8	2017	1,330,000	4.25	4.25	AV7
2013	1,030,000	3.75	2.50	AR6	2018	1,420,000	4.50	4.50	AW5
2014	1,100,000	3.00	3.00	AS4	2019	1,520,000	4.70	4.70	AX3
2015	1,170,000	3.50	3.50	AT2					

\$8,020,000
ALAMEDA PUBLIC FINANCING AUTHORITY
LOCAL AGENCY REFUNDING REVENUE BONDS, SUBORDINATE SERIES 2010B
(HARBOR BAY CFD AND MARINA VILLAGE AD)

MATURITY SCHEDULE
 (Base CUSIP+: 010807)

<u>Maturity</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>	<u>Maturity</u> <u>(September 2)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Suffix†</u>
2011	\$1,875,000	3.25%	2.00%	AY1	2013	\$1,990,000	3.00%	3.00%	BA2
2012	1,930,000	3.00	2.50	AZ8	2014	2,225,000	3.50	3.50	BB0

† Copyright 2010, American Bankers Association. CUSIP data are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Authority nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Preparation of this Official Statement. The information set forth in this Official Statement has been obtained from the Authority, the City, The Depository Trust Company and other sources which are believed to be current and reliable, but the accuracy or completeness of such information is not guaranteed by the Authority or the initial purchaser of the Bonds. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority or the City since the date hereof. All summaries of the Indenture or other documents herein are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Issuer for further information in connection therewith.

The initial purchasers of the Bonds have provided the following sentence for inclusion in this Official Statement: The initial purchasers have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the initial purchasers do not guarantee the accuracy or completeness of such information.

City Website. The City maintains a website for certain purposes. The information on the City's website is not part of, or in any way included in, this Official Statement.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority or the City, in any press release and in any oral statement made with the approval of an authorized officer of the Issuer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the initial purchaser of the Bonds to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

ALAMEDA PUBLIC FINANCING AUTHORITY

BOARD OF DIRECTORS

Beverly Johnson, *Chair*
Doug deHaan, *Boardmember*
Marie Gilmore, *Boardmember*
Frank Matarrese, *Boardmember*
Lena Tam, *Boardmember*

CITY OF ALAMEDA

MAYOR AND CITY COUNCIL

Beverly Johnson, *Mayor*
Doug deHaan, *Vice Mayor*
Marie Gilmore, *Councilmember*
Frank Matarrese, *Councilmember*
Lena Tam, *Councilmember*

**ALAMEDA PUBLIC FINANCING AUTHORITY
AND CITY OF ALAMEDA OFFICERS**

Ann Marie Gallant, *Interim Executive Director and Interim City Manager*
Lisa K. Goldman, *Deputy City Manager-Administration*
Kevin Kennedy, *City Treasurer*
Kevin Kearney, *City Auditor*
Lara Weisiger, *Secretary and City Clerk*
Teresa L. Highsmith, *General Counsel and City Attorney*

PROFESSIONAL SERVICES

Sequoia Financial Group LLC, Woodland Hills, California
and
Westhoff, Cone & Holmstedt, Walnut Creek, California
Co-Financial Advisors

Union Bank, N.A., San Francisco, California
Trustee and Fiscal Agent

Quint & Thimmig LLP, San Francisco, California
Bond Counsel and Disclosure Counsel

NBS Government Finance Group, Temecula, California
Community Facilities District and Assessment District Administrator

The Bank of New York Mellon Trust Company, N.A., San Francisco, California
Escrow Bank

LOCATION MAP - CITY OF ALAMEDA

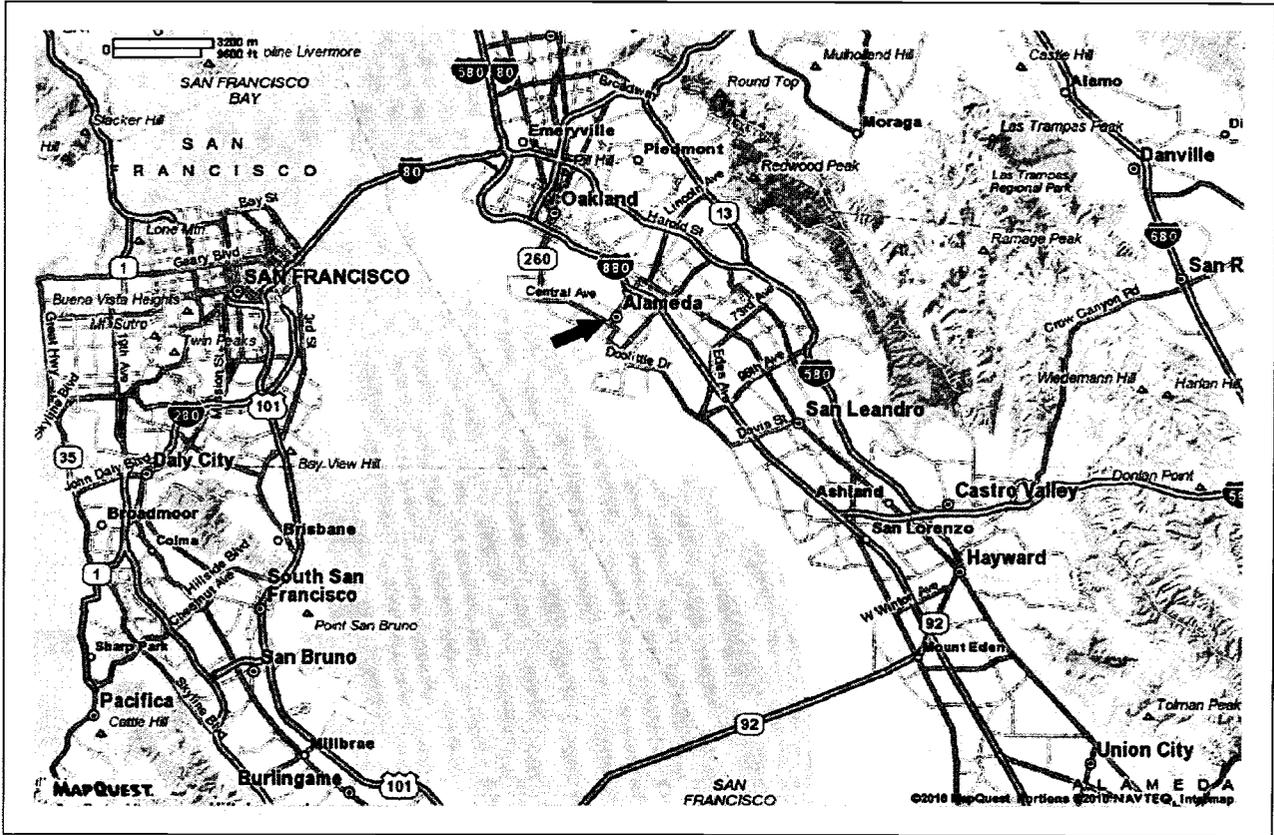


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OFFICIAL STATEMENT

\$10,675,000
ALAMEDA PUBLIC FINANCING AUTHORITY
2010 LOCAL AGENCY REFUNDING REVENUE
BONDS, SERIES 2010A
(HARBOR BAY CFD AND MARINA VILLAGE AD)

\$8,020,000
ALAMEDA PUBLIC FINANCING AUTHORITY
LOCAL AGENCY REFUNDING REVENUE BONDS,
SUBORDINATE SERIES 2010B
(HARBOR BAY CFD AND MARINA VILLAGE AD)

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the Appendices, is provided to furnish information in connection with the issuance by the Alameda Public Financing Authority (the "Authority"), of its Alameda Public Financing Authority Local Agency Refunding Revenue Bonds (Harbor Bay CFD and Marina Village AD), Series 2010A (the "Series A Bonds") and its Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (the "Series B Bonds and, together with the Series A Bonds, the "Bonds"). The Bonds will be issued pursuant to the provisions of an Indenture of Trust, dated as of July 1, 2010 (the "Indenture"), between the Authority and Union Bank, N.A., as trustee (the "Trustee"), Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law"), and the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law").

This introduction is not a summary of this Official Statement, and is qualified by the more complete and detailed information contained in the entire Official Statement and the documents described or summarized herein. The sale of Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined in this Official Statement have the meanings given them in the Indenture, some of which are set forth in APPENDIX C—Summary of Bond Documents – The Indenture of Trust – Definitions.

Purpose of Issue

The proceeds of the Bonds are being used to acquire two series of bonds (referred to collectively as the "Local Obligations") consisting of (i) the City of Alameda Community Facilities District No. 1 (Harbor Bay) 2010 Special Tax Refunding Bonds (the "Special Tax Bonds") to be issued by the City of Alameda, California (the "City"), for and on behalf of the City of Alameda Community Facilities District No. 1 (Harbor Bay) (the "Community Facilities District"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), and a Fiscal Agent Agreement, dated as of July 1, 2010 (the "CFD Fiscal Agent Agreement"), between the City and Union Bank, N. A., as fiscal agent (the "Fiscal Agent"); and (ii) the Limited Obligation Improvement Refunding Bonds, City of Alameda Marina Village Reassessment District No. 10-1 (the "Improvement Bonds") to be issued by the City pursuant to the Refunding Act of 1984 for 1915 Act Improvement Bonds (the "Reassessment Act") with respect to its Marina Village Reassessment District No. 10-1 (the "Assessment District"), pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, and a Fiscal Agent Agreement, dated as of July 1, 2010 (the "AD Fiscal Agent Agreement," and, together with the CFD Fiscal Agent Agreement, the "Fiscal Agent Agreements"), between the City and the Fiscal Agent. The debt service payments on the Local Obligations constitute the primary source of the Revenues to pay the debt service on the Bonds.

See "INTRODUCTION—Sources of Payment for the Bonds" and "SECURITY FOR THE BONDS."

Proceeds of the Local Obligations and certain other funds of the City and the Community Improvement Commission of the City of Alameda (the "CIC") will be used to currently refund and defease: (i) the outstanding City of Alameda Community Facilities District No. 1 (Harbor Bay) 1996 Special Tax Refunding Bonds (the "Prior Special Tax Bonds") and the related Alameda Public Financing Authority Local Agency Revenue Bonds, 1996 Series A (Community Facilities District No. 1 (Harbor Bay) Refinancing) (the "1996 Authority Bonds"); and (ii) the outstanding Limited Obligation Improvement Bonds, City of Alameda Marina Village Assessment District 89-1, Series 89-1 (the "Prior Improvement Bonds") and the related Alameda Public Financing Authority 1999 Revenue Bonds (1997 Revenue Bond Financing) (the "1999 Authority Bonds"), all with the purpose and intent of lowering the future special tax levies on property in the Community Facilities District and the future reassessment levies on property in the Assessment District. See "THE REFUNDING PLAN."

The Authority

The Authority is a joint exercise of powers authority organized and existing pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, and a Joint Exercise of Powers Agreement, dated March 17, 1992 (the "Authority Agreement"), between the City and the CIC. The Authority is a separate legal entity from the City and the CIC, and the debts and liabilities of the Authority are not debts or liabilities of the City or the CIC. See "THE AUTHORITY."

The City

The City is a chartered city located in Alameda County, California, just west of the City of Oakland, California and approximately 12 miles east of San Francisco, California. The City consists of an island in the eastern portion of San Francisco Bay approximately six miles long by one and one-half miles wide and part of a peninsula adjacent to the Oakland Airport. The island portion is connected to the East Bay Area by three bridges and a vehicular underwater double barrel tube. The total City area is 22.7 square miles, about 12.4 square miles of which is water area. See APPENDIX B—General Information About the City of Alameda. The City has no liability or obligation whatsoever with respect to the payment of the Bonds, and the Local Obligations are limited obligations of the City, payable solely from the funds pledged therefore under the Fiscal Agent Agreements. See "SECURITY FOR THE BONDS."

Sources of Payment for the Bonds

The Bonds are payable solely from Revenues, which include (a) all payments on the Local Obligations received by the Trustee; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture, other than the Program Fund, the Rebate Fund and the Surplus Fund; and (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds, except investment income on moneys held in the Rebate Fund and the Surplus Fund. See "SECURITY FOR THE BONDS." The scheduled debt service payable on the Special Tax Bonds has been structured to be equal to the scheduled debt service on the Series 2010A Bonds. The scheduled debt service payable on the Improvement Bonds has been structured to be equal to approximately 110% of the scheduled debt service on the Series B Bonds, except for debt service due in the final bond year when amounts in the Delinquency Maintenance Fund will be available as additional funds to pay the final years' debt service on the Improvement Bonds. **On each Interest Payment Date, the available Revenues will be applied to pay any principal and interest due and owing on the Series A Bonds in accordance**

with the terms of the Indenture, prior to using Revenues to pay any principal and interest due and owing on the Series B Bonds (except that Revenues arising from redemption of the Improvement Bonds by reason of prepayments of Reassessments will be used to pay the redemption price of the Series B Bonds to be redeemed therewith). See "SECURITY FOR THE BONDS—Subordination of Series B Bonds" and "—Revenue Fund." Under the Indenture, the Authority may not issue or sell additional bonds secured by the Revenues.

Sources of Payment for the Local Obligations

The Local Obligations to be purchased with the proceeds of the Bonds consist of the Special Tax Bonds and the Improvement Bonds. The Special Tax Bonds are limited obligations of the City on behalf of the Community Facilities District, and are payable from and secured by a lien on and pledge of special taxes (the "Special Taxes") levied by the City on property in the Community Facilities District, and amounts in a Reserve Fund established under the CFD Fiscal Agent Agreement. The Improvement Bonds are limited obligations of the City payable from reassessments (the "Reassessments") levied on property in the Assessment District, amounts in a Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement, and amounts advanced by the CIC in respect of delinquent Reassessments on certain properties in the Assessment District pursuant to an Agreement Regarding Refunding of Authority Bonds, dated as of July 1, 2010 (the "Refunding Agreement"), among the Authority, the City, the CIC, the Trustee and the trustee, the agent and the fiscal agent for the 1996 Authority Bonds, the 1999 Authority Bonds, the Prior Improvement Bonds and the Prior Special Tax Bonds. The final maturity of the Improvement Bonds is September 2, 2014 and, after such date (or date of earlier redemption of the Improvement Bonds), the Bonds will be payable solely from Revenues derived from payments on the Special Tax Bonds and amounts in certain funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS—Payment of the Local Obligations" for a description of the Special Taxes and Reassessments, as applicable, and other funds securing the repayment of each of the Local Obligations, and "THE COMMUNITY FACILITIES DISTRICT" and "THE ASSESSMENT DISTRICT" for a discussion of the status of development, property ownership, and assessed values of properties located within the Community Facilities District and the Assessment District.

The City has covenanted for the benefit of the owner of the Local Obligations (i.e., the Trustee) in the respective Fiscal Agent Agreements that, under certain circumstances described herein, it will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the Community Facilities District and with respect to delinquent Reassessments on property within the Assessment District. Under such covenants of the City, the foreclosure proceedings will be commenced within 150 days following the date of notice to the City of the occurrence of a delinquency and will be diligently pursued to completion. See "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure." See also "FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS—Bankruptcy and Foreclosure."

The Local Obligations are not cross defaulted, and a default in the payment of one Local Obligation does not constitute a default on the other. The revenues pledged under a Fiscal Agent Agreement to the payment of the Local Obligation issued thereunder may not be used to pay the debt service on the other Local Obligation. An event of default with respect to one of the Local Obligations may result in insufficient Revenues with which to pay the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

The properties in the Assessment District and in the Community Facilities District are not subject to assessment liens having a priority over the Assessments or Special Taxes, but are subject to the liens of other taxing districts, which are on a parity with the liens securing the Reassessments and the Special Taxes. Also, additional assessment and special tax liens may be

levied on properties within the Assessment District and the Community Facilities District in the future. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt" and "Overlapping Indebtedness" under "THE ASSESSMENT DISTRICT" and "THE COMMUNITY FACILITIES DISTRICT."

The Bonds are special, limited obligations of the Authority payable solely from and secured solely by the Revenues and other amounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California (the "State") or any of its political subdivisions other than the Authority, and then only to the limited extent set forth in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of principal of or interest on the Bonds. The Authority has no taxing power. Except for the Revenues, no other revenues or taxes are pledged to the payment of the Bonds. Neither the Bonds nor the Local Obligations constitute an indebtedness of the Authority, the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The Assessment District

The Assessment District consists of 71 assessable commercial and industrial parcels in Marina Village in the northern part of the City, over 95% of which have been developed. The majority of the parcels are owned by two related entities, Legacy Partners I Alameda LLC and Legacy Partners I Alameda II LLC (the "Primary AD Landowners"), which are responsible for the payment of approximately 65% of the Reassessments. A list of the parcels and the respective Reassessments applicable to them, together with certain other related information, is set forth under the heading "THE ASSESSMENT DISTRICT" and in APPENDIX A-1—Certain Information Regarding the Reassessments. The aggregate assessed value of said parcels, as shown on the County Assessment Roll for Fiscal Year 2009-10 (with a January 1, 2009 valuation date) was \$309,738,102. Based on the initial principal amount of the Improvement Bonds, the total amount of the unpaid Reassessments will be \$8,020,000. While the value-to-lien ratios for the individual parcels in the Assessment District vary widely (see Appendix A-1 for lien-to-value ratios for each parcel in the Assessment District), the aggregate assessed value of the parcels in the Assessment District is approximately 38.6 times the total unpaid Reassessment liens applicable to such properties. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt" and "THE ASSESSMENT DISTRICT—Overlapping Indebtedness" for a discussion of certain existing overlapping indebtedness which is a lien against the parcels in the Assessment District, which is secured on a parity with the lien of the Assessments.

The CIC has entered into an agreement with the Primary AD Landowners whereby it is currently obligated annually to reimburse a portion of the Reassessment payments made with respect to all but one of the parcels in the Assessment District. The CIC has agreed, in the Refunding Agreement, to advance amounts it otherwise would be obligated to use to reimburse Reassessment payments to the Fiscal Agent for the Improvement Bonds in the event of a delinquency in the payment of the Reassessments on the parcels in the Assessment District, except there is no such obligation for County Assessor's Parcel No. 074-1340-005 (Reassessment No. 41) with a Reassessment lien of \$53,643.80. See "SECURITY FOR THE BONDS—Security for the Improvement Bonds – CIC Obligation."

The Improvement Bonds are scheduled to mature September 2, 2014, and after the maturity of the Improvement Bonds in 2014 (or date of earlier redemption of the Improvement Bonds), the Special Tax Bonds will comprise the sole Local Obligation securing the Bonds.

The Community Facilities District

The Community Facilities District consists of 630 parcels subject to the levy of special taxes, all of which are improved with single family dwellings. A list of those parcels and the respective maximum special tax levy applicable to them, together with certain other information relative thereto is set forth under "THE COMMUNITY FACILITIES DISTRICT" herein. The aggregate assessed value of the parcels in the Community Facilities District, as shown on the County Assessment Roll for Fiscal Year 2009-10 (with a valuation date of January 1, 2009), was \$383,692,227. The initial principal amount of the Special Tax Bonds will be \$10,675,000. While the value-to-lien ratios for the individual parcels in the Community Facilities District vary, the aggregate assessed value of the parcels in the Community Facilities District is approximately 35.9 times the total "proportionate share" of the principal of the Bonds applicable to such properties. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt" and "THE COMMUNITY FACILITIES DISTRICT—Overlapping Indebtedness" for a discussion of certain existing overlapping indebtedness comprising a lien against the parcels in the CFD. The Special Tax Bonds have a final maturity of August 1, 2019.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). They will be available to actual purchasers of the Bonds (the "Beneficial Owners") in denominations of \$5,000 or any integral multiple thereof only through brokers and dealers which are, or which act through, DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See "THE BONDS—Book-Entry Only System" and APPENDIX H—DTC and The Book-Entry Only System.

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry-only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal, premium, if any, and interest by the Trustee, all as described herein.

The Series B Bonds are subject to redemption in whole or in part on any date at the redemption prices as described herein. For more complete descriptions of the Bonds and the Indenture, see "THE BONDS" and APPENDIX C—Summary of Bond Documents.

Tax Exemption

In the opinion of Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "CONCLUDING INFORMATION—Tax Matters" herein.

Professionals Involved in the Offering

Union Bank, N.A., San Francisco, California, will act as Trustee under the Indenture and as Fiscal Agent under the Fiscal Agent Agreements. The proceedings in connection with the issuance and delivery of the Bonds are subject to the approving opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Authority and the City by the City Attorney, and for the Authority by Quint & Thimmig LLP in its capacity as Disclosure Counsel to the Authority for the Bonds. Financial advice was provided to the Authority and the City by Sequoia Financial Group LLC, Woodland Hills, California, and Westhoff, Cone & Holmstedt, Walnut Creek, California, the Co-Financial Advisors for the financing. NBS Government Finance Group, Temecula, California provided a Reassessment Report for the Assessment District and is currently serving the City as the administrator of the Assessment District and the Community Facilities District.

Bond Owner's Risks

Certain events could affect the availability of funds to pay the principal of and interest on the Bonds when due. See "SPECIAL RISK FACTORS" herein for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The purchase of the Bonds involves significant risks, and the Bonds are not appropriate investments for investors who are not able to bear those risks. On each Interest Payment Date, Revenues will be used to pay amounts due and owing on the Series A Bonds prior to the use of Revenues to pay amounts due and owing on the Series B Bonds (except that Revenues from redemptions of the Improvement Bonds by reason of prepayments of Reassessments and corresponding transfers from the Reserve Fund with respect to the Improvement Bonds will be used to redeem Series B Bonds). See "SECURITY FOR THE BONDS—Subordination of Series B Bonds," and —Revenue Fund."

Continuing Disclosure

The Authority has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system, certain annual financial information and operating data. The Authority has further agreed to provide, in a timely manner, notice of certain material events. See "CONCLUDING INFORMATION—Continuing Disclosure" and APPENDIX G—Form of Continuing Disclosure Certificate herein for a description of the specific nature of the annual reports to be filed by the Authority and notices of material events, and a copy of the Continuing Disclosure Certificate pursuant to which such annual reports are to be made. The Authority has never failed to timely comply in any material respect with any prior continuing disclosure obligation under Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Bonds, the Local Obligations, the security for the Bonds and the Local Obligations, special risk factors, the Community Facilities District, the Assessment District, the Authority, the City, major property owners in the Assessment District and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Bonds, the Local Obligations, the Indenture, the Fiscal Agent Agreements and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Bonds, the Indentures, the Fiscal Agent Agreements, and other

documents. Appendix C contains certain definitions used in the legal documents and a description of certain terms relating to the Bonds, the Indenture and the Local Obligations.

Copies of documents described in this Official Statement may be obtained (upon payment of any duplicating and mailing costs) from the office of the Finance Director of the City of Alameda, 2263 Santa Clara Avenue, Room 320, Alameda, California 94501.

THE REFUNDING PLAN

On March 22, 1989, the City Council of the City formed the Community Facilities District and in October of 1989 the City issued, for and on behalf of the Community Facilities District, \$17,000,000 principal amount of special tax bonds (the "1989 Special Tax Bonds") the proceeds of which were used to finance various infrastructure improvements. On July 16, 1996, the City issued, for and on behalf of the Community Facilities District, \$17,035,000 principal amount of 1996 Special Tax Refunding Bonds (the "Prior Special Tax Bonds") and sold the Prior Special Tax Bonds to the Authority which purchased the Prior Special Tax Bonds with the proceeds of its Local Agency Revenue Bonds, 1996 Series A (Community Facilities District No. 1 (Harbor Bay) Refinancing) (the "1996 Authority Bonds"). The debt service payments on the Prior Special Tax Bonds are the primary source of revenues to pay the 1996 Authority Bonds.

A portion of the proceeds of the Bonds will be used on the Closing Date to purchase the Special Tax Bonds. The proceeds of the Special Tax Bonds, together with certain funds held under the fiscal agent agreement pursuant to which the Prior Special Tax Bonds were issued, will be deposited to a Refunding Fund established under an Escrow Deposit and Trust Agreement, dated as of July 1, 2010 (the "CFD Escrow Agreement") among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as Escrow Bank. The aggregate amount deposited to the Refunding Fund will be sufficient without reinvestment to pay, and will be used to pay (a) the debt service due on the Prior Special Tax Bonds, and thereby the debt service due on the 1996 Authority Bonds, on August 1, 2020, and (b) the redemption price of the Prior Special Tax Bonds, and thereby the redemption price of the 1996 Authority Bonds, on August 1, 2010. By reason of the deposit of funds to the Refunding Fund, the Prior Special Tax Bonds and the 1996 Authority Bonds will be legally defeased, and no longer considered outstanding, as of the Closing Date.

In order to finance infrastructure improvements in the Marina Village area of the City, the City Council established the Marina Village Assessment District pursuant to Resolution No. 10421 of the Council adopted on August 21, 1984. Since that date, the City has issued various series of improvement bonds secured by and payable from assessments levied on property in that assessment district. In 1989, the City Council conducted proceedings under the Reassessment Act to establish the Marina Village Assessment District 89-1 and issued the Prior Improvement Bonds in the principal amount of \$36,168,180 to refund various outstanding bonds issued by the City for the original Marina Village Assessment District. The Prior Improvement Bonds were acquired by the Authority, along with certain other outstanding assessment bonds issued for the original assessment district, in April of 1997 with proceeds of the Authority's 1997 Revenue Bonds (Marina Village Assessment District Bond Refinancing) (the "1997 Authority Bonds"). The 1997 Authority Bonds were refunded on January 15, 1999 with proceeds of the 1999 Authority Bonds, at which time the Prior Improvement Bonds were assigned by the Authority to the trustee for the 1999 Authority Bonds. The Prior Improvement Bonds are the only bonds currently outstanding secured by assessments levied by the City in the Marina Village Assessment District 89-1.

The City Council now has conducted reassessment proceedings pursuant to the Reassessment Act to establish the City's Marina Village Reassessment District No. 10-1 (the

"Assessment District") in order to reassess the properties in the Marina Village Assessment District 89-1, pursuant to which it has authorized the levy of the Reassessments which supersede and supplant the assessments that had been authorized to be levied under the prior Marina Village Assessment District 89-1. The reassessment proceedings authorized the City to issue the Improvement Bonds and to sell the Improvement Bonds to the Authority.

A portion of the proceeds of the Bonds will be used on the Closing Date to purchase the Improvement Bonds. The proceeds of the Improvement Bonds, together with certain funds held under the Resolution pursuant to which the Prior Improvement Bonds were issued and certain funds held under the Indenture of Trust for the 1999 Authority Bonds, and certain funds contributed by the CIC (see "SECURITY FOR THE BONDS—Security for the Improvement Bonds - CIC Obligation"), will be deposited to an Escrow Fund established under an Escrow Deposit and Trust Agreement, dated as of July 1, 2010 (the "AD Escrow Agreement") among the City, the Authority and the Escrow Bank. The aggregate amount deposited to the Escrow Fund will be sufficient without reinvestment to pay, and will be used to pay (a) the debt service due on the Prior Improvement Bonds, and thereby the debt service due on the 1999 Authority Bonds, on September 2, 2010, and (b) the redemption price of the Prior Improvement Bonds, and thereby the redemption price of the 1999 Authority Bonds, on September 2, 2010. By reason of the deposit of funds to the Escrow Fund, the Prior Improvement Bonds and the 1999 Authority Bonds will be legally defeased, and no longer considered outstanding, as of the Closing Date.

In addition to the foregoing, (a) a portion of the proceeds of the Special Tax Bonds will be deposited to the Bond Fund under the CFD Fiscal Agent Agreement to be used to pay interest on the Special Tax Bonds on September 2, 2010; (b) a portion of the proceeds of the Improvement Bonds will be deposited to the Redemption Fund under the AD Fiscal Agent Agreement to be used to pay interest on the Improvement Bonds on September 2, 2010; (c) a portion of the proceeds of the Improvement Bonds will be deposited to the Improvement Fund created under the AD Fiscal Agent Agreement and used to complete improvements of benefit to the Assessment District, and (d) certain funds to be advanced by the CIC on the Closing Date will be used to fund a Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement and to pay the costs of issuance of the Bonds and of the Local Obligations (see "SECURITY FOR THE BONDS—Security for the Improvement Bonds - CIC Obligation"). Amounts held in the Refunding Fund established under the CFD Escrow Agreement or in the Escrow Fund established under the AD Escrow Agreement will be invested in U.S. Treasury Securities pending their use to redeem the Prior Special Tax Bonds, the 1996 Authority Bonds, the Prior Improvement Bonds and the 1999 Authority Bonds, as applicable, as described above, and will not, in any event, be available to make payments on the Bonds or on the Local Obligations.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds to the initial purchaser of the Bonds, the proceeds of the sale of the Local Obligations to the Authority, and the use of certain funds held in respect of the bonds to be refunded and otherwise to be provided by the CIC will be used as follows:

	The Bonds	The Special Tax Bonds	The Improvement Bonds
Sources of Funds:			
Principal amount of Series A Bonds	\$10,675,000		
Principal Amount of Series B Bonds	8,020,000		
Principal Amount of Local Obligations		\$10,675,000	\$ 8,020,000
Amounts held with respect to Prior Bonds ⁽¹⁾		3,462,708	11,447,326
Total Sources of Funds	\$18,695,000	\$14,137,708	\$19,467,326
Uses of Funds:			
Purchase of Local Obligations	\$18,225,231		
Discount on Purchase of Local Obligations		\$ 270,323	\$ 199,446
Deposit to Refunding Fund ⁽²⁾		12,752,535	
Deposit to Escrow Fund ⁽³⁾			14,243,902
Deposit to Reserve Fund ⁽⁴⁾		1,067,500	
Deposit to Delinquency Maintenance Fund ⁽⁵⁾			2,245,000
Deposit to Bond Fund ⁽⁶⁾		47,350	
Deposit to Redemption Fund ⁽⁷⁾			52,148
Deposit to Improvement Fund ⁽⁸⁾			2,726,830
Deposit to Costs of Issuance Fund ⁽⁹⁾	423,032		
Underwriter's Discount	46,737		
Total Uses of Funds	\$18,695,000	\$14,137,708	\$19,467,326

- (1) Represents amounts held with respect to (i) the Prior Special Tax Bonds, including amounts in a reserve fund (\$1,772,011), and in bond and other funds (\$1,690,697); and (ii) the Prior Improvement Bonds, including amounts in a reserve fund (\$3,643,701), and in bond and other funds, including certain funds attributable to the Community Improvement Commission (\$5,076,795), and in an improvement fund (\$2,726,830).
- (2) To be used to pay debt service due on, and to redeem, the Prior Special Tax Bonds and the 1996 Authority Bonds on August 1, 2010. See "THE REFUNDING PLAN."
- (3) To be used to pay debt service due on, and to redeem, the Prior Improvement Bonds and the 1999 Authority Bonds on September 2, 2010. See "THE REFUNDING PLAN."
- (4) Equal to the initial "Reserve Requirement" with respect to the Special Tax Bonds. See "SECURITY FOR THE BONDS - Security for the Special Tax Bonds - Reserve Fund."
- (5) Equal to the DMF Requirement. See "SECURITY FOR THE BONDS—Security for the Improvement Bonds - Delinquency Maintenance Fund."
- (6) To be used to pay debt service on the Special Tax Bonds on September 2, 2010, and equal to the debt service due on the Series A Bonds on September 2, 2010. See "THE REFUNDING PLAN."
- (7) To be used to pay debt service on the Improvement Bonds on September 2, 2010, and equal to 110% of the debt service due on the Series B Bonds on September 2, 2010. See "THE REFUNDING PLAN."
- (8) To be used to pay costs of improvements authorized to be funded by the Assessment District.
- (9) To be used to pay Co-Financial Advisor fees, fees of Bond Counsel and Disclosure Counsel, Trustee and Fiscal Agent fees, printing costs, and other costs of issuance of the Bonds and the Local Obligations.

THE BONDS

Description of the Bonds

The Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof, and will be dated as of and bear interest from the delivery date of the Bonds (the "Bond Date"), at the respective interest rates per annum set forth

on the inside cover page hereof. The Bonds will be issued in book-entry form and The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. So long as the Bonds are held in book-entry form, principal of, premium, if any, and interest on the Bonds will be paid directly to DTC for distribution to the Beneficial Owners (defined below) of the Bonds in accordance with the procedures adopted by DTC. See "Book-Entry Only System" below and APPENDIX H—DTC and the Book-Entry Only System.

Interest on the Bonds will be paid in lawful money of the United States of America semi-annually on March 2 and September 2 of each year (each, an "Interest Payment Date"), commencing on September 2, 2010. Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such Bond is authenticated after a Record Date and on or before the following Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) such Bond is authenticated on or before August 15, 2010, in which event interest shall be payable from the Bond Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which the interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

The Bonds will mature on September 2 in the respective principal amounts in the respective years as shown on the inside cover page hereof and the Series B Bonds are subject to special redemption as described below.

Redemption

No Optional Redemption. The Bonds are not subject to optional redemption prior to their scheduled maturities.

Special Redemption From Redemption of Improvement Bonds. The Series B Bonds maturing on or prior to September 2, 2013, are subject to special redemption on any Interest Payment Date from the proceeds of early redemption of the Improvement Bonds from prepayments of Reassessments and related transfers from the Reserve Fund established under the AD Fiscal Agent Agreement, in whole or in part, among maturities as selected by the Authority and by lot within a maturity, at a redemption price, equal to 102% of the principal amount to be redeemed, together with accrued interest to the date of redemption. The Series A Bonds are not subject to any such special redemption.

Selection of Bonds for Redemption. For purposes of the selection by the Authority of Bonds among maturities for redemption, the Series B Bonds shall be selected for redemption among maturities by the Authority on such basis that the remaining scheduled payments of principal and interest on the Local Obligations, together with other available Revenues, will be sufficient on a timely basis to pay the scheduled debt service on the Bonds. Unless otherwise provided in the Indenture, if less than all of a maturity are to be redeemed, the Trustee shall select the Series B Bonds to be redeemed from all Series B Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem fair and appropriate. For purposes of such selection, all Series B Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Series B Bonds which may be separately redeemed.

Notice of Redemption. Notice of redemption will be mailed by first class mail, postage prepaid, by the Trustee to Series B Bondowners at least 30 days but not more than 60 days prior to the redemption date. The notice of redemption shall state the date of the notice, the redemption date, the redemption place, the redemption price and designate the CUSIP

numbers, Series B Bond numbers, maturity or maturities of the Series B Bonds to be redeemed and state that further interest on such Series B Bonds will not accrue after the redemption date.

The actual receipt by any Series B Bondowner of such notice of redemption shall not be a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein shall affect the validity of the proceedings for redemption or the cessation of interest on the Series B Bonds called for redemption the redemption date. *So long as the Bonds are held in book-entry form, notice of redemption will be mailed by the Trustee only to DTC and not to the Beneficial Owners (as defined below) of Series B Bonds under the DTC book-entry only system. None of the Authority, the City or the Trustee is responsible for notifying the Beneficial Owners of Series B Bonds called for redemption, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See "Book-Entry Only System" below and APPENDIX H—DTC and the Book-Entry Only System.*

Effect of Notice Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Series B Bonds so called for redemption have been duly provided, such Series B Bonds shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in the notice. All Series B Bonds which are redeemed shall be cancelled and destroyed.

Book-Entry Only System

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond in the aggregate principal amount of each maturity of each series of the Bonds will be registered in the name of Cede & Co., as nominee for DTC. DTC holds securities of its participants (the "DTC Participants") and facilitates transactions among the DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. The DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC.

AS LONG AS CEDE & CO., OR ITS SUCCESSOR AS A NOMINEE OF DTC, IS THE OWNER OF THE BONDS, REFERENCES HEREIN TO THE OWNERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. THE BENEFICIAL OWNERS WILL NOT RECEIVE BONDS REPRESENTING THEIR BENEFICIAL OWNERSHIP INTEREST IN THE BONDS. IT IS ANTICIPATED THAT EACH BENEFICIAL OWNER WILL RECEIVE A WRITTEN CONFIRMATION OF THE OWNERSHIP INTEREST ACQUIRED BY SUCH BENEFICIAL OWNER IN THE BONDS FROM THE PERSON OR ENTITIES FROM WHOM SUCH OWNERSHIP INTEREST IS ACQUIRED.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, if there is not a successor securities depository the Bonds are required to be delivered as described in the Indenture. The Beneficial Owner upon registration of Bonds held in the Beneficial Owner's name will become the Owner of such Bonds.

The Authority may at any time discontinue the use of the system of book-entry only transfers through DTC (or a successor securities depository). In such event, the Bonds will be required to be delivered as described in the Indenture.

In the event that the book-entry only system is discontinued, payments of principal of and interest on the Bonds shall be payable to the registered owners of the Bonds in accordance with the procedures set forth in the Indenture.

See APPENDIX H—DTC and the Book-Entry Only System for more information regarding DTC and its procedures with respect to book-entry bonds for which it is the registered owner.

The Trustee

Union Bank, N.A., San Francisco, California, has been appointed as the initial Trustee under the Indenture and as the initial Fiscal Agent under the Fiscal Agent Agreements. See Appendix C hereto for a further description of certain of the rights and obligations of the Trustee under the Indenture, and of the Fiscal Agent under the Fiscal Agent Agreements.

Debt Service Schedules

The following is the debt service schedule for the Bonds, assuming no redemptions of Series B Bonds prior to the stated maturity dates for the Series B Bonds.

BOND DEBT SERVICE SCHEDULE

Year Ending September 2	Series A Bonds			Series B Bonds			Total Bonds Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2010	--	\$ 47,350.00	\$ 47,350.00	--	\$ 28,490.28	\$ 28,490.28	\$ 75,840.28
2011	\$ 900,000.00	426,150.00	1,326,150.00	\$1,875,000.00	256,412.50	2,131,412.50	3,457,562.50
2012	960,000.00	390,150.00	1,350,150.00	1,930,000.00	195,475.00	2,125,475.00	3,475,625.00
2013	1,030,000.00	351,750.00	1,381,750.00	1,990,000.00	137,575.00	2,127,575.00	3,509,325.00
2014	1,100,000.00	313,125.00	1,413,125.00	2,225,000.00	77,875.00	2,302,875.00	3,716,000.00
2015	1,170,000.00	280,125.00	1,450,125.00				1,450,125.00
2016	1,245,000.00	239,175.00	1,484,175.00				1,484,175.00
2017	1,330,000.00	191,865.00	1,521,865.00				1,521,865.00
2018	1,420,000.00	135,340.00	1,555,340.00				1,555,340.00
2019	1,520,000.00	71,440.00	1,591,440.00				1,591,440.00
	<u>\$10,675,000.00</u>	<u>\$2,446,470.00</u>	<u>\$13,121,470.00</u>	<u>\$8,020,000.00</u>	<u>\$695,827.78</u>	<u>\$8,715,827.78</u>	<u>\$21,837,297.78</u>

Source: Westhoff, Cone & Holmstedt.

The following are the debt service schedules for the Local Obligations, assuming no redemptions of the Improvement Bonds prior to their stated maturities.

LOCAL AGENCY BONDS DEBT SERVICE

Year Ending September 2	SPECIAL TAX BOND DEBT SERVICE			IMPROVEMENT BOND DEBT SERVICE			TOTAL LOCAL OBLIGATION BOND DEBT SERVICE
	Principal	Interest	Total ⁽¹⁾	Principal	Interest	Total ⁽²⁾	
2010	---	\$ 47,350.00	\$ 47,350.00	---	\$ 52,148.06	\$ 52,148.06	\$ 99,498.06
2011	\$ 900,000.00	426,150.00	1,326,150.00	\$1,875,000.00	469,332.50	2,344,332.50	3,670,482.50
2012	960,000.00	390,150.00	1,350,150.00	1,930,000.00	408,395.00	2,338,395.00	3,688,545.00
2013	1,030,000.00	351,750.00	1,381,750.00	1,990,000.00	350,495.00	2,340,495.00	3,722,245.00
2014	1,100,000.00	313,125.00	1,413,125.00	2,225,000.00	111,695.00	2,336,695.00	3,749,820.00
2015	1,170,000.00	280,125.00	1,450,125.00				1,450,125.00
2016	1,245,000.00	239,175.00	1,484,175.00				1,484,175.00
2017	1,330,000.00	191,865.00	1,521,865.00				1,521,865.00
2018	1,420,000.00	135,340.00	1,555,340.00				1,555,340.00
2019	1,520,000.00	71,440.00	1,591,440.00				1,591,440.00
Totals	\$10,675,000.00	\$2,446,470.00	\$13,121,470.00	\$8,020,000.00	\$1,392,065.56	\$9,412,065.56	\$22,533,535.56

Source: Westhoff, Cone & Holmstedt.

- (1) Equal to 100% of the scheduled debt service on the Series A Bonds. See "SECURITY FOR THE BONDS—General."
- (2) Equal to approximately 110% of the scheduled debt service on the Series B Bonds, except for the year ending 2014 when amounts in the Delinquency Maintenance Fund will be available as additional funds to pay the final years' debt service on the Improvement Bonds. See "SECURITY FOR THE BONDS—General."

SECURITY FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the Authority payable solely from and secured solely by the Revenues and any funds pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State or any of its political subdivisions other than the Authority, and then only to the limited extent set forth in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of principal or interest on the Bonds. The Authority has no taxing power. Except for the Revenues, no other revenues or taxes are pledged to the payment of the Bonds. Neither the Bonds nor the Local Obligations constitute an indebtedness of the Authority, the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

General

The Bonds are secured by a lien on and security interest in all of the Revenues. The term "Revenues" is defined in the Indenture as (i) all payments on the Local Obligations received by the Trustee, (ii) all moneys deposited and held from time to time by the Trustee in the funds and accounts established pursuant to the Indenture, other than the Program Fund, the Rebate Fund and the Surplus Fund, and (iii) investment income with respect to any moneys held in funds and accounts held by the Trustee under the Indenture, except investment earnings on moneys held in the Surplus Fund and the Rebate Fund. On each Interest Payment Date, Revenues will be used to pay amounts due and owing on the Series A Bonds prior to the use of Revenues to pay amounts due and owing on the Series B Bonds (except that Revenues from redemptions of the Improvement Bonds by reason of prepayments of Reassessments will be used to redeem Series B Bonds). See "SECURITY FOR THE BONDS—Subordination of Series B Bonds," and —Revenue Fund."

The Revenues are comprised primarily of payments of the principal of and interest on the Local Obligations. The Special Tax Bonds and the interest thereon are payable from the

annual Special Taxes to be levied and collected on all real property within the Community Facilities District, and from amounts in a Reserve Fund established under the CFD Fiscal Agent Agreement. The scheduled debt service on the Special Tax Bonds has been structured to be equal to the scheduled debt service on the Series A Bonds. The Improvement Bonds and the interest thereon are payable from the annual Reassessment installments to be levied and collected on property within the Assessment District that is subject to the Reassessments, from amounts in a Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement and from amounts advanced by the CIC in respect of certain delinquent Reassessment payments. The scheduled debt service on the Improvement Bonds has been structured to be approximately 110% of the scheduled debt service due on the Series B Bonds, except for debt service due in the final bond year when amounts in the Delinquency Maintenance Fund will be available as additional funds to pay the final years' debt service on the Improvement Bonds. See "Payment of the Local Obligations" below.

The City has covenanted in the respective Fiscal Agent Agreements that it will not issue any additional bonds for the Assessment District or the Community Facilities District. However, neither the Authority nor the City has any control over the amount of additional debt payable from taxes or assessments on all or a portion of the property within the Assessment District or Community Facilities District that may be issued in the future by other governmental entities or districts having jurisdiction over all or a portion of such property. See "Direct and Overlapping Debt" herein and the direct and overlapping debt tables for each of the Assessment District and Community Facilities District contained in Appendix E. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Mello-Roos Act or taxes, such assessments, special taxes and taxes could have a lien on the property on which they are levied on a parity with the lien of the Reassessments and the Special Taxes and such amounts are not reflected in the assessed value-to-lien ratios described in this Official Statement. See "Overlapping Indebtedness" under the captions "THE ASSESSMENT DISTRICT" and "THE COMMUNITY FACILITIES DISTRICT."

There are no cross-collateralization or cross-payment provisions in effect with respect to the Local Obligations, and, accordingly, the amount levied to pay one of the Local Obligations cannot be *increased* to cover a deficiency with respect to the other Local Obligation. A deficiency in the payment of the Reassessments or Special Taxes levied with respect to an issue of Local Obligations cannot be offset with Reassessments or Special Taxes levied to pay the other Local Obligation; except that the Revenues received from the payment of the Local Obligations are not segregated, so that in a given year, any payments on the Improvement Bonds in excess of their proportionate share of the debt service on the Bonds may be applied to offset deficiencies in the amounts received from the payment of the Special Tax Bonds. In any event, the final maturity of the Reassessment Bonds is September 2, 2010; and, from and after that date, the Special Tax Bonds will be the sole Local Obligation from which the Revenues are derived.

Subordination of Series B Bonds

Under the provisions of the Indenture, on any Interest Payment Date, Revenues are to be used to pay amounts owing on the Series A Bonds prior to the use of Revenues to pay amounts owing on the Series B Bonds. Upon the occurrence and continuation of an Event of Default under the Indenture, amounts available under the Indenture are to be used to pay amounts owing on the Series A Bonds, and then amounts owing on the Series B Bonds. Notwithstanding the foregoing, Revenues arising from redemptions of the Improvement Bonds by reason of the prepayments of Reassessments are to be used to pay the redemption price of the Series B Bonds to be redeemed therewith. See APPENDIX C—Summary of Bond Documents – The Indenture of Trust, and "SECURITY FOR THE BONDS—Revenue Fund."

Revenue Fund

General. All Revenues constituting payments on the Local Obligations received by the Trustee after the Closing Date are to be deposited into the Revenue Fund. On each Interest Payment Date, amounts in the Revenue Fund are required to be deposited by the Trustee in the following order of priority, into the accounts and funds. First, the Trustee shall deposit in the Senior Interest Account of the Revenue Fund an amount necessary to increase the balance in the Senior Interest Account to the amount of interest due and payable with respect to the Series A Bonds on such Interest Payment Date. Second, the Trustee shall deposit in the Senior Principal Account of the Revenue Fund an amount necessary to increase the balance in the Senior Principal Account to the amount of principal of the Series A Bonds coming due on such Interest Payment Date. Third, the Trustee shall deposit in the Subordinate Interest Account of the Revenue Fund an amount necessary to increase the balance in the Subordinate Interest Account to the amount of interest due and payable with respect to the Series B Bonds on such Interest Payment Date. Fourth, the Trustee shall deposit in the Subordinate Principal Account of the Revenue Fund an amount necessary to increase the balance in the Subordinate Principal Account to the amount of principal of the Series B Bonds coming due on such Interest Payment Date. Notwithstanding the foregoing, Revenues arising from the redemption of the Improvement Bonds by reason of the prepayment of Reassessments will be deposited to the Subordinate Interest Account and the Subordinate Principal Account in the amounts necessary to pay the interest, and the principal and any premium, respectively, due on the Series B Bonds to be redeemed with such Revenues.

If on any Interest Payment Date or redemption date, the amount on deposit in the Revenue Fund is inadequate to make the transfers described above to the Senior Interest Account, the Senior Principal Account, the Subordinate Interest Account and the Subordinate Principal Account, the Trustee will immediately notify the City of the amount needed to make the required deposits and the Trustee shall transfer amounts from the Surplus Fund, if any are on deposit therein, as necessary to cure such deficiency as described below.

After the deposit of Revenues into the accounts and funds relating to the Bonds as described above, on each Interest Payment Date, upon request of the Authority, the Trustee shall transfer from the Revenue Fund to the Rebate Fund the amounts specified in the Authority's request for deposit. All funds deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury as set forth in the Indenture, and are not pledged to the payment of the Bonds .

On September 3, 2010, after making the deposits required to be made on September 2, 2010 as described in the second preceding paragraph, the Trustee is directed in the Indenture to transfer all then remaining amounts in the Revenue Fund to the City, to be used by the City to pay administrative costs of the Bond program. On September 3 of each year thereafter, after all of the foregoing transfers and deposits have been made, all amounts remaining on deposit in the Revenue Fund shall be deposited in the Surplus Fund. Amounts in the Surplus Fund are no longer considered to be Revenues, and are not pledged to repay the Bonds. Any amounts in the Surplus Fund not to be retained therein may be used by the Authority for any lawful purpose, including, but not limited to (i) the payment of expenses of the City and the Authority relating to the Bonds, the Local Obligations, the Community Facilities District or the Assessment District, or (ii) transfer to the City to be applied to reduce debt service payments on Local Obligations or, with respect to the Improvement Bonds, credited against the Reassessments pursuant to the Municipal Improvement Act of 1913.

In addition to the foregoing, any amounts on deposit in the Surplus Account shall be used by the Trustee to make transfers to the Revenue Fund as described above to pay the principal of and interest due on the Bonds on any Interest Payment Date or redemption date.

Interest and Principal Accounts. The scheduled principal and interest on the Series A Bonds will be paid by the Trustee from amounts transferred by it from the Revenue Fund to the Senior Interest Account and the Senior Principal Account, respectively, as described above. The scheduled principal and interest on the Series B Bonds will be paid by the Trustee from amounts transferred by it from the Revenue Fund to the Subordinate Interest Account and the Subordinate Principal Account, respectively, as described above. The redemption price of Series B Bonds to be redeemed from Revenues received from the redemption of Improvement Bonds by reason of the prepayment of Reassessments will be paid by the Trustee from such Revenues transferred by it from the Revenue Fund to the Subordinate Interest Account and the Subordinate Principal Account, as applicable, as described above.

Investments

The moneys held in any of the funds or accounts established with the Trustee pursuant to the Indenture are required to be invested in Permitted Investments. See Appendix C for a description of the Permitted Investments. Investments will be made at the direction of the Authority.

Payment of the Local Obligations

The Improvement Bonds have been issued under and are governed by the terms of the AD Fiscal Agent Agreement. The Special Tax Bonds have been issued under and are governed by the terms of the CFD Fiscal Agent Agreement. See Appendix C for a description of certain provisions of the Fiscal Agent Agreements.

The Revenues are primarily comprised of payments of interest and principal on the Local Obligations. The Local Obligations and the interest thereon are payable from the Special Taxes and Reassessments remaining after payment of administrative expenses, as provided in the applicable Fiscal Agent Agreement. The amount of Reassessments that the City may levy in any year is strictly limited, and the failure of a property owner to pay an annual Reassessment installment will not result in an increase in Reassessment installments applicable to other properties subject to the Reassessments. However, the scheduled debt service on the Improvement Bonds has been structured to be 110% of the scheduled debt service due on the proportionate share of the principal of the Bonds (being the principal amount of the Series B Bonds) attributable to the Improvement Bonds. The amount of Special Taxes the Community Facilities District may levy in any year is strictly limited by the maximum special tax rates approved by the qualified electors at the time the Community Facilities District was formed. The scheduled debt service on the Special Tax Bonds has been structured to be 100% of the scheduled debt service on the proportionate share of the principal of the Bonds (being the principal amount of the Series A Bonds) attributable to the Special Tax Bonds.

The Reassessments and the Special Taxes are not available to pay principal of, interest on or premium on a Local Obligation other than the Local Obligation of the Assessment District or Community Facilities District, as the case may be, for which they were levied. See the subheading "Security for the Improvement Bonds—Reassessment Liens and Installments" and the subheading "Security for the Special Tax Bonds—Rate and Method of Apportionment of Special Tax" below and Appendix A-2. The Improvement Bonds are also payable from amounts advanced by the CIC in respect of certain delinquent Reassessment levies, as described under the subheading "Security for the Improvement Bonds—CIC Obligation" below.

The Improvement Bonds are payable through September 1, 2014, and, thereafter, will not be security for the Bonds. Thereafter, the Special Tax Bonds will be the sole Local Obligation securing the Bonds.

The Improvement Bonds are issued upon and are secured by the unpaid Reassessments levied on properties in the Assessment District together with interest thereon, and such unpaid Reassessments together with interest thereon constitute a trust fund for the redemption and payment of the principal of and interest on the Improvement Bonds. The Improvement Bonds are secured by the monies in the Redemption Fund, the Payment Fund and the Delinquency Maintenance Fund created pursuant to the AD Fiscal Agent Agreement and by the unpaid Reassessments levied on the properties in the Assessment District. Reassessments collected to pay administrative expenses will be deposited into an Administrative Expense Fund, and such amounts are not pledged to the payment of the Improvement Bonds.

The Special Taxes remaining after deduction of amounts collected in respect of administrative expenses will be deposited to the Special Tax Fund created under the CFD Fiscal Agent Agreement, which constitutes a trust fund for the payment of the principal of, and interest on, the Special Tax Bonds. Special Taxes and other amounts, if any, deposited in the Administrative Expense Fund created under the CFD Fiscal Agent Agreement are not pledged to the payment of any of the Special Tax Bonds.

The security for the Improvement Bonds and the Special Tax Bonds is discussed more fully below.

Security for the Improvement Bonds

Reassessment Liens and Installments. The Improvement Bonds are issued upon and separately secured by the unpaid Reassessments levied on certain properties in the Assessment District together with interest thereon, and such unpaid Reassessments together with interest thereon constitute a trust fund for the redemption and payment of the principal of and interest on the Improvement Bonds. The Improvement Bonds are secured by the monies in the Redemption Fund, the Payment Fund and the Delinquency Maintenance Fund created pursuant to the AD Fiscal Agent Agreement and by the unpaid Reassessments levied on certain properties in the Assessment District. The portion of the Reassessments collected to pay administrative expenses will be paid into Administrative Expense Fund held by the City Finance Director.

Although the unpaid Reassessments constitute fixed liens on the parcels assessed, they do not constitute a personal indebtedness of the respective owners of the parcels. There is no assurance that the owners will be financially able to pay the Reassessment installments or that they will pay such installments even if they are financially able to do so. See generally "FACTORS AFFECTING THE ASSESSMENT BONDS AND THE SPECIAL TAX BONDS" and, in particular, "Insufficiency of Reassessments or Special Taxes" therein. See also "THE ASSESSMENT DISTRICT" for historical assessment delinquency information relating to the Assessment District.

The unpaid Reassessments will be collected in approximately equal annual installments by the County of Alameda (the "County"), and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties as do general ad valorem property taxes. The properties upon which the Reassessments are levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general county taxes, and also, as a cumulative remedy, upon default in the payment of any Reassessment installment, an action may be brought to foreclose the lien of the Reassessment in accordance with the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of the State of California.

These annual installments, excepting the portion of the Reassessments collected to pay for administrative costs which will be paid into Administrative Expense Fund, are to be paid into the Redemption Funds for the Assessment District created under the AD Fiscal Agent Agreement and used to pay the principal of and interest on the Improvement Bonds as the same become due. The installments billed against each property each year generally represent a pro rata share of the total principal and interest coming due on Improvement Bonds that year. The amount billed against each property within the Assessment District is generally based on the percentage which the unpaid Reassessment bears to the total of unpaid Reassessments in the Assessment District, plus an amount needed for administrative expenses. The failure of a property owner to pay a Reassessment installment will not result in an increase in Reassessment installments on other properties in the Assessment District.

Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Improvement Bonds. The City has determined that it will not obligate itself to advance funds from its treasury to cover any delinquency or payment of any Reassessment installment.

Redemption Fund and Payment Fund for the Improvement Bonds. The City Finance Director will, upon receipt thereof, deposit all sums received from the collection of the Reassessments and interest and penalties thereon in the Redemption Funds held by the Finance Director for the Assessment District. Any prepayments of Reassessments will be deposited in the Prepayment Account within the Redemption Fund. Amounts included in the Reassessments representing each parcel's pro rata share of the estimated annual expenses of the City in connection with its administrative duties for the Improvement Bonds will be deposited in the Administrative Expense Fund.

On or before each Interest Payment Date, the Finance Director shall withdraw from the Redemption Fund and remit to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, an amount equal to the principal of, and interest and any premium, then due and payable on the Improvement Bonds. Prior to each Interest Payment Date, the Finance Director shall determine if the amounts then on deposit in the Redemption Fund are sufficient to pay the debt service due on the Improvement Bonds on such Interest Payment Date. If there are insufficient funds in the Redemption Fund to make the full amount of the transfer to the Fiscal Agent contemplated by the first sentence of this paragraph (being the principal, premium, if any, and interest due on the Improvement Bonds on the next Interest Payment Date), the Finance Director shall transfer from the Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement an amount necessary to cure such insufficiency (not to exceed the amount then on deposit in such Delinquency Maintenance Fund). In the event of any delinquency in payment of the Improvement Bonds, the Finance Director shall transfer to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, the first available moneys in the Redemption Fund arising from the collection of delinquent Reassessments up to the delinquent amount then owing on the Improvement Bonds.

Funds deposited in the Prepayment Account of the Redemption Fund shall be disbursed therefrom by the Finance Director to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, to be used by the Fiscal Agent for the call and redemption of Bonds on the applicable redemption date, as specified in the AD Fiscal Agent Agreement.

Amounts transferred to the Fiscal Agent by the Finance Director from the Redemption Fund, or transferred by the CIC (as described under "CIC Obligation" below) to the Fiscal Agent, for deposit to the Payment Fund, shall be remitted, on the Interest Payment Date with respect to which any such transfer was made, by the Fiscal Agent to the owners of the Improvement Bonds in respect of the scheduled principal of and interest due on the

Improvement Bonds on such Interest Payment Date. Amounts transferred to the Fiscal Agent by the Finance Director from the Prepayment Account for deposit to the Payment Fund shall be remitted, on the redemption date with respect to which the transfer was made, by the Fiscal Agent to the owners of the Improvement Bonds to be redeemed pursuant to the AD Fiscal Agent Agreement in respect of the redemption price due on such Improvement Bonds.

Delinquency Maintenance Fund. The AD Fiscal Agent Agreement provides for the establishment of a Delinquency Maintenance Fund to be held by the Finance Director into which a deposit will be made on the date of issuance of the Bonds in the amount of the DMF Requirement. The DMF Requirement under the AD Fiscal Agent Agreement is defined as an amount equal to \$2,245,000.

Moneys in the Delinquency Maintenance Fund will be held in trust by the Finance Director for the benefit of the owner of the Improvement Bonds as a special fund to be used for the payment of principal of, and interest and any premium on, the Improvement Bonds and shall be subject to a lien in favor of the owner of the Improvement Bonds.

Whenever the amount in the Redemption Fund is insufficient to pay the principal of and interest on the Improvement Bonds on any Interest Payment Date due to a deficiency in the Redemption Fund, the Finance Director shall transfer the amount so needed from the Delinquency Maintenance Fund to the Redemption Fund. In addition, whenever on any date the amount in the Delinquency Maintenance Fund exceeds the DMF Requirement, the Finance Director may transfer the amount of the excess from the Delinquency Maintenance Fund to the Redemption Fund to be used for the payment of interest on the Improvement Bonds on the next Interest Payment Date in accordance with the AD Fiscal Agent Agreement.

In addition, amounts in the Delinquency Maintenance Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability due to the federal government with respect to the Bonds, the Improvement Bonds or the Prior Improvement Bonds.

Deposits will be made to the Delinquency Maintenance Fund when amounts are collected by the City in respect of delinquent Reassessments. The amounts so collected, after deduction of the costs of collection, will be transferred by the City to the Redemption Fund if a deficiency then exists in the payment of the debt service due on the Improvement Bonds in the amount of the deficiency, will be used to reimburse the CIC of its advanced funds (as described below) in respect of the delinquent Reassessment, and otherwise will be deposited by the City to the Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement.

CIC Obligation. On December 19, 1984, the CIC entered into an Owner Participation Agreement with the Primary AD Landowners (as amended, the "OPA") whereby the CIC agreed to annually reimburse the Primary AD Landowners for a portion of the assessments paid in respect of assessments levied by the City on certain property within the Marina Village Assessment District (the "CIC Reimbursement Obligation") based on a formula related to tax increment revenues arising from certain property (which has resulted in approximately 27% of the annual assessment payments on the applicable parcels being reimbursed). All but one of the parcels in the Assessment District with a Reassessment obligation (County Assessor's Parcel No. 074-1340-005, Reassessment No. 41) is subject to the reimbursement provisions of the OPA. The CIC has agreed in the Refunding Agreement to be executed on the Closing Date for the Bonds that the CIC Reimbursement Obligation will apply to the Reassessments.

The payments on the Prior Assessment Bonds and certain other assessment bonds issued for the Marina Village Assessment District were in excess of the debt service due on the 1999 Authority Bonds. The excess amounts were deposited to a Surplus Account established

under the indenture of trust for the 1999 Authority Bonds and certain amounts in that account were periodically disbursed to the CIC which deposited the amounts so disbursed to a special fund (the "CIC Fund") held by the CIC. On the date of issuance of the Bonds, pursuant to the Refunding Agreement, the amounts in the Surplus Account and in the CIC Fund (totaling approximately \$2,251,793) will be deposited to the Delinquency Maintenance Fund under the AD Fiscal Agent Agreement in the amount of the DMF Requirement, and otherwise will be deposited to the Escrow Fund created under the AD Escrow Agreement to be used to pay a portion of the redemption price of the Prior Improvement Bonds on September 2, 2010.

In December of 2003, the CIC issued its Insured Taxable Tax Allocation Bonds (Merged Improvement Areas), Series 2003A2 and deposited a portion of the proceeds of such bonds into an Escrow Fund (the "CIC Escrow Fund") created under an Indenture of Trust, dated as of December 1, 2003 (the "CIC Indenture"), between the CIC and Union Bank, N.A. (formerly known as Union Bank of California, N.A.) as trustee (the "CIC Trustee"). The CIC Indenture provides that amounts in the CIC Escrow Fund will be transferred from the CIC Escrow Fund by the CIC Trustee from time to time as directed by the CIC with regard to the payment of the CIC Reimbursement Obligation. The balance in the CIC Escrow Fund as of May 31, 2010 was \$2,916,107.35.

Under the Refunding Agreement, the City has agreed to monitor the payment of Reassessments levied in the Assessment District and to advise the CIC on or prior to February 15 and August 15 of each year that the Improvement Bonds are outstanding of any delinquency in the payment of a Reassessment that is subject to the CIC Reimbursement Obligation. The City has agreed in the AD Fiscal Agent Agreement to have the Finance Director take the actions so specified in the Refunding Agreement. The CIC has agreed in the Refunding Agreement to remit to the Fiscal Agent for deposit in the Payment Fund under the AD Fiscal Agent Agreement, upon receiving any such notice from the City of a delinquency in payment of a Reassessment subject to the CIC Reimbursement Obligation, on or before the immediately succeeding March 1 or September 1, as applicable, an amount equal to the amount it would have been obligated under the OPA to reimburse the owner of the property on which the Reassessment was levied had such owner paid the Reassessment.

The CIC has agreed in the Refunding Agreement to withdraw from the CIC Escrow Fund funds required to make any payment required of it under the Refunding Agreement as described in the preceding paragraph. The CIC has further agreed to use any funds lawfully available to the CIC to make such payments if amounts in the CIC Escrow Fund are not sufficient for such purpose. No assurance can be given that the CIC will have funds available to it, other than amounts in the CIC Escrow Fund, to satisfy its ongoing obligations under the Refunding Agreement.

The City has agreed in the Refunding Agreement that, when and if it collects, by foreclosure proceedings or otherwise, any delinquent Reassessment with respect to which the CIC has advanced funds as described above, it will remit to the CIC, from the funds collected, an amount equal to the amount advanced by the CIC in respect of the delinquent Reassessment.

Additional Obligations of the Assessment District. The City has covenanted in AD Fiscal Agent Agreement that it will not issue any additional bonds of the Assessment District secured by the Reassessments.

Security for the Special Tax Bonds

Rate and Method of Apportionment of Special Tax. The Mello-Roos Act was enacted by the California Legislature to provide an alternate method of financing certain public facilities and services, especially in developing areas. Once duly established, a community facilities district is

a legally constituted governmental entity established for the purpose of financing specific facilities and services within defined boundaries. Subject to approval by a two-thirds vote of the qualified electors within a district and compliance with the provisions of the Act, a community facilities district may issue bonds and levy and collect special taxes to repay its bonds.

Pursuant to the Mello-Roos Act, the City Council, acting on behalf of the Community Facilities District, adopted Resolution No. 11651 on February 7, 1989, stating its intent to establish the Community Facilities District and to authorize the levy of Special Taxes within the boundaries of the Community Facilities District to pay principal of, and interest on, the bonds issued by the Community Facilities District. Following public hearings conducted pursuant to the provisions of the Mello-Roos Act, the City Council adopted Resolution No. 11681 on March 22, 1989 forming the Community Facilities District and approving the Rate and Method of Apportionment of the Special Tax (the "RMA") to pay the Community Facilities District administrative expenses and the principal of and interest on bonds issued by the City for the Community Facilities District. The complete text of the RMA is set forth in Appendix A-2 .

Under the RMA, property in the Community Facilities District is subject to a maximum Special Tax levy based on the neighborhood in which the property is located, and the square footage of the house that was built on the respective parcel. Maximum Special Tax rates are subject to an annual increase of 2% of the maximum rate in effect for the prior fiscal year, and currently range from a maximum of \$5,052.34 for a 3,000 and over square foot home located in neighborhood A, to \$2,424.13 for a home of 1,199 or less square feet in neighborhood C.

The Special Taxes. In the CFD Fiscal Agent Agreement, the City for and on behalf of the Community Facilities District has covenanted that it will levy Special Taxes each year up to the maximum permitted rates under the RMA in an amount which will be sufficient to pay the principal of, and interest on, the Special Tax Bonds when due, and the administrative expenses of the Community Facilities District and an amount, if any, needed to increase the amount on deposit in the Reserve Fund established under the CFD Fiscal Agent Agreement to the amount of the "Reserve Requirement" as defined in the CFD Fiscal Agent Agreement. See "Special Tax Fund for the Special Tax Bonds" below. At present, the Maximum Special Tax rates would allow for aggregate annual Special Tax levies of approximately 170% of the scheduled debt service on the Special Tax Bonds (see "SECURITY FOR THE BONDS—Estimated Debt Service Coverage"). No assurance can be given that the Special Taxes levied in the Community Facilities District will in fact be collected in any given year due to a variety of factors. See "SPECIAL RISK FACTORS" and Appendix A-2.

The Special Taxes levied in the Community Facilities District are customarily billed with ad valorem property taxes and are collected by the County. When received, the Special Taxes will be deposited in the Special Tax Fund of the Community Facilities District to be held for the payment of administrative expenses, for payment of debt service on the Special Tax Bonds and to replenish the amount in the Reserve Fund established under the CFD Fiscal Agent Agreement to the amount of the Reserve Requirement thereunder.

Although the Special Taxes will be levied against, and constitute a lien against, taxable parcels within the Community Facilities District, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so. See generally "FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS" and, in particular, "FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS—Insufficiency of Assessments or Special Taxes." See also "THE COMMUNITY FACILITIES DISTRICT" for historical

delinquency information relating to the Special Taxes levied in the Community Facilities District.

Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Special Tax Bonds. The City has not obligated itself to advance funds from its treasury to cover any delinquency or payment of any Special Tax installment.

Special Tax Fund for the Special Tax Bonds. When received, the Special Taxes are required to be transferred to the Finance Director for deposit into the Special Tax Fund. Amounts on deposit in the Special Tax Fund are required to be transferred pursuant to the provisions of the CFD Fiscal Agent Agreement to the following accounts and funds, in the following order of priority: (i) to the Administrative Expense Fund, whenever required for the purposes of such fund, an amount equal to that portion of any Special Tax Revenues received which are attributable to the levy of Special Taxes for Administrative Expenses (determined by multiplying the aggregate Special Taxes received by a fraction the numerator of which is the percentage of the aggregate Special Tax levy, to which such Special Taxes received pertain, constituting Administrative Expenses and the denominator of which is one hundred), (ii) to the Fiscal Agent for deposit by the Fiscal Agent in the Bond Fund (a) within thirty (30) days of receipt of any Special Tax Revenue during any period that principal and/or interest is past due on the Special Tax Bonds, an amount equal to any principal or interest on the Special Tax Bonds not paid when due, together with interest thereon at the interest rate on the Special Tax Bonds from the date such payment was due to the date of transfer, and (b) on or before each Interest Payment Date, an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Special Tax Bonds on the Interest Payment Date; and (iii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund equals the Reserve Requirement; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

Reserve Fund. There is established under the CFD Fiscal Agent Agreement, as a separate fund to be held by the Fiscal Agent, a Reserve Fund. On the Closing Date for the Bonds, the Fiscal Agent will deposit in the Reserve Fund an amount equal to the initial Reserve Requirement specified in the CFD Fiscal Agent Agreement. Moneys in the Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the owner of the Special Tax Bonds as a reserve for the payment of the principal of and interest on the Special Tax Bonds and is subject to a lien in favor of the owner of the Special Tax Bonds. The term "Reserve Requirement" is defined in the CFD Fiscal Agent Agreement, as of any date of calculation, as an amount equal to ten percent (10%) of the then outstanding principal amount of the Special Tax Bonds.

Amounts deposited in the Reserve Fund are to be used and withdrawn by the Fiscal Agent for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Special Tax Bonds. However, if, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Finance Director of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund, to be used to pay interest on the Special Tax Bonds on the next Interest Payment Date. Also, amounts in the Reserve Fund may be withdrawn for purposes of making payments to the federal government to comply with the rebate covenants in the CFD Fiscal Agent Agreement.

Amounts will be transferred from the Special Tax Fund to the Reserve Fund in the event that the amount on deposit in the Reserve Fund is less than the then Reserve Requirement, subject to the priorities described under "Special Tax Fund for the Special Tax Bonds" above.

Bond Fund. Moneys in the Bond Fund established under the CFD Fiscal Agent Agreement are held by the Fiscal Agent for the benefit of the owner of the Special Tax Bonds, and are subject to a lien in favor of the owner of the Special Tax Bonds. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay the principal of and interest then due and payable on the Special Tax Bonds.

In the event that amounts in the Bond Fund are insufficient for the purpose described above, the Fiscal Agent shall withdraw from the Reserve Fund created under the CFD Fiscal Agent Agreement to the extent of any funds therein the amount necessary to cover the amount of such Bond Fund insufficiency, and amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to pay the debt service then due on the Special Tax Bonds, the Fiscal Agent shall apply the available funds first to the payment of interest on the Special Tax Bonds, then to the payment of principal due on the Special Tax Bonds. Any payment not made in full as scheduled shall continue to bear interest at the interest rate on the Special Tax Bonds until paid, and shall be paid from amounts transferred to the Bond Fund from the Special Tax Fund, promptly following any such transfer.

No Additional Obligations of Community Facilities District. The City for and on behalf of Community Facilities District has covenanted in the CFD Fiscal Agent Agreement that it will not issue additional bonds secured by a pledge of Special Taxes of any amounts in any funds of accounts established under the CFD Fiscal Agent Agreement.

Covenant for Superior Court Foreclosure

Although judicial foreclosure proceedings are not mandatory, the City has covenanted in the Fiscal Agent Agreements to initiate and pursue judicial foreclosure under specified circumstances with respect to the lien of delinquent Reassessments, and Special Taxes, as applicable. Both the Reassessment Act and the Mello-Roos Act authorize the institution of an action in the Superior Courts of the State to foreclose such liens. In such action the real property subject to the Reassessments or Special Taxes may be sold at a judicial foreclosure sale. The ability of the City to effect such foreclosures may be limited in certain instances and may require prior consent of the property owner in the event the property is owned by or in receivership of the Resolution Trust Corporation (the "RTC") or the Federal Deposit Insurance Corporation (the "FDIC"). See "Bankruptcy and Foreclosure" and "Insufficiency of Assessments or Special Taxes" under "FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS."

In each of the Fiscal Agent Agreements, the City has covenanted with the owners of the respective Local Obligations, that it will commence judicial foreclosure proceedings against parcels in the Assessment District or the Community Facilities District with delinquent installments of Reassessments or Special Taxes, as applicable. Such covenants of the City require such foreclosure proceedings to be commenced within 150 days following the date of a notice to the City of delinquency, and to be diligently prosecuted.

There could be a default or a delay in payments on the Local Obligations, and, consequently a default in payments of debt service to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of foreclosure sale proceeds, if any, and subsequent transfer of those proceeds to the Authority. Within the limits of the RMA,

the City for and on behalf of the Community Facilities District may adjust the Special Taxes levied on all property within the Community Facilities District, up to the limit of the maximum Special Tax, to provide an amount required to pay debt service on the Special Tax Bonds and to pay the Community Facilities District Administrative Expenses, and to replenish the amount in the Reserve Fund established under the CFD Fiscal Agent Agreement to the amount of the Reserve Requirement applicable thereto.

A judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale if the purchaser at the sale was the judgment creditor. If a foreclosure sale is thereby set aside, the judgment is revived, the judgment creditor is entitled to interest on the revived judgment and any liens extinguished by the sale are revived as if the sale had not been made. (Sections 701.545 and 701.680 of the California Code of Civil Procedure.) The constitutionality of the aforementioned legislation has not been tested, and there can be no assurance that, if tested, such legislation will be upheld.

Sale of Local Obligations

The Authority may cause the Trustee to sell, from time to time, all or a portion of an issue of the Local Obligations owned by the Authority, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant to the effect that, following the sale of such Local Obligations, the Revenues (assuming timely receipt thereof), together with interest and principal due on any noncallable Federal Securities pledged to the repayment of the Bonds and the Revenues then on deposit under the Indenture, will be sufficient to pay the principal of and interest on the Bonds when due; and

(b) an opinion of Bond Counsel that the sale is authorized by the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

The proceeds of any such sale will be disbursed as directed by the Authority.

Estimated Debt Service Coverage

The following table illustrates the amounts by which the scheduled debt service on the Local Obligations exceeds the scheduled debt service on the Series A Bonds and the Series B Bonds, respectively.

DEBT SERVICE COVERAGE TABLE

Year Ending Sep 2	Local Obligations			Series A Bonds		Series B Bonds		
	Special Tax Bonds Debt Service ⁽¹⁾	Improvement Bonds Debt Service ⁽¹⁾	Debt Service on Local Obligations ⁽⁵⁾	Series A Bonds Debt Service ⁽¹⁾	Series A Bonds Coverage ⁽²⁾	Revenues Available for Series B Bonds ⁽³⁾	Series B Bonds Debt Service ⁽¹⁾	Series B Bonds Coverage ⁽⁴⁾
2010	\$ 47,350	\$ 52,148	\$ 99,498	\$ 47,350	n/a	\$ 52,148	\$ 28,490	n/a
2011	1,326,150	2,344,333	3,670,483	1,326,150	2.77 :1	2,344,333	2,131,413	1.10 :1
2012	1,350,150	2,338,395	3,688,545	1,350,150	2.73 :1	2,338,395	2,125,475	1.10 :1
2013	1,381,750	2,340,495	3,722,245	1,381,750	2.69 :1	2,340,495	2,127,575	1.10 :1
2014	1,413,125	2,336,695	3,749,820	1,413,125	2.65 :1	2,336,695	2,302,875	1.01 :1
2015	1,450,125	---	1,450,125	1,450,125	1.00 :1	0	---	n/a
2016	1,484,175	---	1,484,175	1,484,175	1.00 :1	0	---	n/a
2017	1,521,865	---	1,521,865	1,521,865	1.00 :1	0	---	n/a
2018	1,555,340	---	1,555,340	1,555,340	1.00 :1	0	---	n/a
2019	1,591,440	---	1,591,440	1,591,440	1.00 :1	0	---	n/a
Total	\$13,121,470	\$9,412,066	\$22,533,536	\$13,121,470		\$9,412,066	\$8,715,828	

Source: Westhoff, Cone & Holmstedt

(1) See "THE BONDS—Debt Service Schedule.

(2) Debt Service on Local Obligations divided by Debt Service on Series A Bonds.

(3) Debt Service on Local Obligations less Debt Service on Series A Bonds.

(4) Revenues Available for Series B Bonds divided by Debt Service on Series B Bonds.

(5) Interest due on September 2, 2010 is funded with proceeds of the Local Obligations. See "THE REFUNDING PLAN."

Assessed Property Values

The following table shows the overall value-to-lien ratios for the properties in the Community Facilities District and in the Assessment District. Individual value-to-lien ratios for parcels may vary significantly from those for the Community Facilities District or the Assessment District as a whole. No assurance can be given that the amount realized from the sale of any parcel would equal or exceed the assessed value thereof. Nor can any assurance be given that, in the event of a foreclosure and sale of a parcel with a delinquent Reassessment or Special Tax installment, any bid will be received for such property, or that, if a bid is received, the bid will be sufficient to pay the delinquent installment.

SUMMARY ASSESSED VALUE TO LIEN

Community Facilities District No. 1 (Harbor Bay)

Land Use	Land Value	Structural Value	Exempt Value	Total Assessed Value	Special Tax Bond Amount	Value-to-Lien Ratio
Single Family Residential	\$119,910,925	\$267,295,302	\$3,514,000	\$383,692,227	\$10,675,000	35.9:1

Marina Village Reassessment District No. 10-1

Land Use	Land Value	Structural Value	Total Assessed Value	% of Total Value	Improvement Bond Amount	Value-to-Lien Ratio
Commercial and Industrial	\$93,102,679	\$216,635,423	\$309,738,102	100.0%	\$8,020,000	38.6:1

Source: NBS and Westhoff, Cone & Holmstedt

See Appendix A-1 for the lien-to-value ratios for each individual parcel in the Assessment District.

Investors should be aware that, because of the requirements of Article XIII A of the California Constitution, assessed value may not necessarily reflect current market values. The City has not engaged an appraiser to determine current market values. See "FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS—Property Values" herein. No assurance can be given that any of such ratios can or will be maintained during the period of time that the Bonds are outstanding in that the actual value of the property may vary from that shown by the County Assessor and neither the City nor the Authority has control over the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Reassessments and Special Taxes. For a discussion of additional debt payable on a parity with the Local Obligations, see "Direct and Overlapping Debt" below and "Overlapping Indebtedness" under "THE COMMUNITY FACILITIES DISTRICT" and "THE ASSESSMENT DISTRICT."

Direct and Overlapping Debt

In addition to the lien of the Assessments and Special Taxes, properties within the Assessment District and Community Facilities District are subject to general ad valorem taxes and other authorized taxes and assessments. Appendix E contains individual overlapping debt information for the Assessment District and the Community Facilities District and a discussion of those taxes and assessments which may be on a parity with the Assessments and Special Taxes is set forth under "Overlapping Indebtedness" under each of "THE COMMUNITY FACILITIES DISTRICT" and "THE ASSESSMENT DISTRICT."

The property within the Assessment District and the Community Facilities District is subject to existing and future authorized indebtedness of the City or other governmental entities payable from taxes and assessments. This may include general obligation debt and other debt secured by ad valorem or other property taxes. The ability and willingness of an owner of land to pay the Assessments or Special Taxes, as applicable, could be affected by the existence of other taxes and assessments imposed upon the parcels.

The lien of the Reassessment for the Assessment District has priority as of the date that the assessment of the original Marina Village Assessment District became a lien on the property assessed. For the Community Facilities District, the Special Taxes and any penalties thereon constitute a lien against the lots and parcels of land on which they are annually imposed until they are paid. Such Special Tax lien is on a parity with all special taxes and special assessments levied by the City and other agencies. The lien of the Reassessment has priority over all private liens and over all fixed special assessment liens which may be created against such property after the date the assessments for the original Marina Village Assessment District was formed in 1984. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "SPECIAL RISK FACTORS—Bankruptcy and Foreclosure" below. The Reassessment and Special Tax lien is co-equal to and independent of the lien of general and special taxes.

The City has covenanted that it will not issue any additional bonds of the Assessment District or the Community Facilities District. However, the City has no control over the amount of additional debt payable from taxes or assessments on all or a portion of the property within the Assessment District or the Community Facilities District that may be issued in the future by other governmental entities or districts having jurisdiction over all or a portion of such land. Nothing prevents the owners of land within the Assessment District or the Community Facilities District from consenting to the issuance of additional debt by other public agencies which would be secured by taxes or assessments on a parity with the Reassessments and the

Special Taxes. To the extent such indebtedness is payable from assessments (as to the Community Facilities District), other special taxes levied pursuant to the Mello-Roos Act or taxes, such assessments, special taxes and taxes may have a lien on such property on a parity with the lien of the Reassessments and Special Taxes. See "SPECIAL RISK FACTORS—Parity Taxes, Special Assessments and Land Development Costs."

Thus, liens on the property within the Assessment District and the Community Facilities District which are on a parity with the lien of the Reassessments and Special Taxes could greatly increase, without any corresponding increase in the value of such property, and thereby severely reduce the value to lien ratio that exists at the time the Bonds are issued. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners to pay the Reassessments and Special Taxes when due. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments."

Moreover, in the event of a delinquency in the payment of a Reassessment or Special Tax levy, no assurance can be given that the proceeds of any foreclosure sale would be sufficient to pay the delinquent Reassessments or Special Taxes and any other delinquent special taxes, assessments or taxes. See "Property Values" and "Insufficiency of Reassessments or Special Taxes" under "SPECIAL RISK FACTORS."

THE AUTHORITY

The Authority is a joint exercise of powers authority organized and existing under and pursuant to the provisions of California Government Code. The Authority is a separate legal entity from the City and the CIC, constituting a public instrumentality of the State of California.

The Authority is governed by a five member Board of Directors. The City Council members constitute the members of the Board of Directors of the Authority. The Executive Director of the Authority is the City Manager. The Authority is specifically granted all of the powers specified in the Act, including but not limited to the power to issue bonds and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority is entitled to exercise powers common to its members and necessary to accomplish the purpose for which it was formed and those additional powers granted to it under the California Government Code.

THE COMMUNITY FACILITIES DISTRICT

General Description and Location of the Community Facilities District

The Community Facilities District is a community facilities district organized by the City Council under the Mello-Roos Act for the purpose of providing for the financing of certain public facilities. Pursuant to the Mello-Roos Act, the members of the City Council serve as the legislative body of the Community Facilities District by virtue of their being members of the City Council. The City established the Community Facilities District on March 22, 1989, pursuant to Resolution No. 11681.

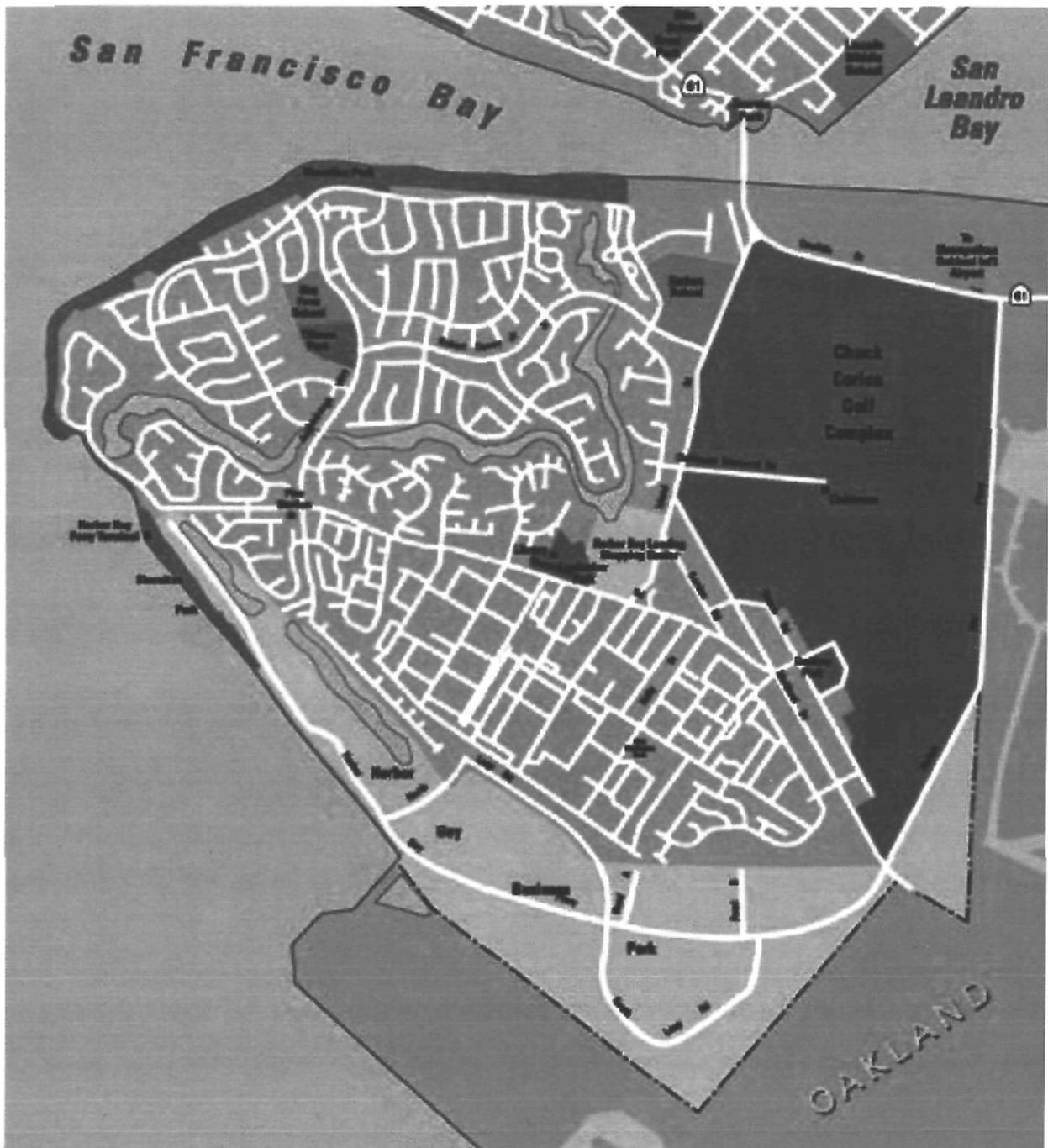
The boundaries of the Community Facilities District include 630 single family residential parcels on approximately 123 acres of land. The Community Facilities District is located in the mixed-use community of Harbor Bay Isle in the southern portion of the City on the peninsula that includes the Oakland International Airport. The Community Facilities District is bounded by the City's Shoreline Park and San Francisco Bay on the west and north;

Island Drive and the Chuck Corica Golf Complex on the east; and Harbor Bay Business Park on the south.

In 1989, the City issued special tax bonds for the Community Facilities District to finance the acquisition and construction of various public capital improvements, including grading, street improvements, landscaping, and storm drainage improvements. Those bonds were refinanced in 1996 with proceeds of the Prior Special Tax Bonds issued in the amount of \$17,035,000, and \$12,325,000 of the Prior Special Tax Bonds are currently outstanding. Proceeds of the Special Tax Bonds, together with certain funds held for the Prior Special Tax Bonds and the 1996 Authority Bonds, will be deposited to a Refunding Fund under the CFD Escrow Agreement, and will be used to pay the debt service due on the Prior Special Tax Bonds (and thereby the debt service due on the 1996 Authority Bonds) on August 1, 2010 and to pay the redemption price of the Prior Special Tax Bonds (and thereby the redemption price of the 1996 Authority Bonds) on August 1, 2010. By reason of the deposit of funds to the CFD Escrow Agreement on the Closing Date, the Prior Special Tax Bonds and the 1996 Authority Bonds will be legally defeased and no longer outstanding. See "THE REFUNDING PLAN."

The next page includes a map indicating the boundaries of the Community Facilities District.

LOCATION MAP – CFD 1



Note: The Chuck Corica Golf Complex is not a part of CFD 1.

Property Valuation

All of the 630 single family residential lots in the Community Facilities District are fully developed with single family homes and owned by individual homeowners. The following Table illustrates the aggregate historical assessed values for the parcels in the Community

Facilities District for the last five years. Despite the general economic downturn and a reduction in assessed value of 0.6% from 2008 to 2009, the Community Facilities District's aggregate assessed value has increased by 14.2% since 2005.

**COMMUNITY FACILITIES DISTRICT NO. 1 (HARBOR BAY)
ASSESSED VALUE HISTORY**

Date	Parcels	Land Value	Structural Value	Exempt Value	Total Value
1/1/2009	630	\$119,910,925	\$267,295,302	\$3,514,000	\$383,692,227
1/1/2008	630	120,689,910	268,703,992	3,550,400	385,843,502
1/1/2007	630	118,472,532	263,430,309	3,488,800	378,414,041
1/1/2006	630	112,933,329	250,469,219	3,516,800	359,885,748
1/1/2005	630	105,937,552	233,544,079	3,495,800	335,985,831

Source: NBS

Historical Special Tax Collections and Delinquencies

As shown in the Table below, the Special Tax payment history for the Community Facilities District has been very strong. At present, aggregate Special Tax delinquencies for the most recent full fiscal year of 2008-09 were \$10,104, or 0.58% of the overall Special Tax levy for that fiscal year. For the 2009-10 fiscal year to-date, aggregate Special Tax delinquencies are \$41,132, or 2.31% of the overall Special Tax levy for the 2009-10 fiscal year.

**COMMUNITY FACILITIES DISTRICT NO. 1 (HARBOR BAY)
SPECIAL TAX COLLECTIONS AND DELINQUENCIES**

Tax Year	Levied Amount	Paid Amount	Delinquent Amount	Delinquent %
1996-97	\$ 1,388,280	\$ 1,388,280	\$ -	0.00%
1997-98	1,430,015	1,430,015	-	0.00
1998-99	1,555,683	1,555,683	-	0.00
1999-00	1,484,381	1,484,381	-	0.00
2000-01	1,516,264	1,516,264	-	0.00
2001-02	1,540,338	1,540,338	-	0.00
2002-03	1,564,385	1,564,385	-	0.00
2003-04	1,597,960	1,597,960	-	0.00
2004-05	1,627,544	1,627,544	-	0.00
2005-06	1,657,576	1,657,576	-	0.00
2006-07	1,687,782	1,687,782	-	0.00
2007-08	1,719,207	1,719,207	-	0.00
2008-09	1,755,413	1,745,308	10,104	0.58
2009-10	1,776,951	1,735,819	41,132	2.31

Source: NBS

Overlapping Indebtedness

The Special Taxes and any penalties thereon constitute liens against the lots and parcels of land on which they will be annually imposed until they are paid. Such liens are on a parity with all special taxes and special assessments levied by the City and other agencies and are coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. Set forth in Appendix E hereto is a statement of direct and overlapping bonded indebtedness for property within the Community Facilities District responsible for payment of the annual Special Tax. The table includes obligations payable from the general fund revenues of several governmental entities, special assessment bonds, and the obligations of the Special Tax Bonds. In addition to the bonded debt set forth in Appendix E, new community facilities districts or special assessment districts may be formed and, upon

approval of registered voters or landowners within such districts, may issue bonds and levy special or other taxes or assessments. In addition to the Special Tax and any such other special assessments or special taxes, the property owners within the Community Facilities District will be required to pay the general ad valorem real property taxes.

THE ASSESSMENT DISTRICT

The Reassessments

In order to reduce the assessment installments payable with respect to the properties in the Assessment District, the City has undertaken reassessment proceedings pursuant to the Reassessment Act. In connection with those proceedings, the City Council of the City directed NBS Government Finance Group (the "Reassessment Engineer") to prepare and file with the City Clerk a report (the "Engineer's Report") containing certain information with respect to the proposed Reassessments. After considering the report, on June 15, 2010, the City Council adopted resolutions which, among other things, approved the Engineer's Report, confirmed the Reassessments (and any reductions thereof necessary to make the total amount thereof equal to the principal amount of the Improvement Bonds) and authorized the issuance of the Improvement Bonds. Upon the recordation of the reassessment roll pursuant to the Reassessment Act, the Reassessments will supersede and supplant the original assessments. A copy of the Engineer's Report is on file and available for inspection at the office of the City Clerk.

Land Use and District Description

The Assessment District includes 71 commercial and industrial parcels with outstanding Reassessments in a 200-acre master-planned community located in the northern portion of the City just south of the Oakland Inner Harbor and east of the Posey and Webster Street tunnels that connect the City to Oakland. Marina Village Parkway winds through the district, which includes the Marina Village Shopping Center.

During the period from 1985 through 1989, the City issued various series of assessment bonds for the original Marina Village Assessment District to finance the acquisition and construction of various public infrastructure supporting the development of Marina Village, and/or to refinance previously issued assessment bonds. As of the date of issuance of the Bonds, the Prior Improvement Bonds were the only assessment bonds previously issued for the Marina Village Assessment District that were outstanding. The Prior Improvement Bonds (and thereby the 1999 Authority Bonds) will be legally defeased on the Closing Date by reason of the deposit of proceeds of the Improvement Bonds and other funds deposited to the Escrow Fund under the AD Escrow Agreement. See "THE REFUNDING PLAN."

Property Ownership

The majority of the land in the Assessment District is owned by two related entities: Legacy Partners I Alameda LLC and Legacy Partners I Alameda II LLC (collectively, "Legacy Partners"). As shown in the Table below, Legacy Partners are responsible for 50.3% of the aggregate Reassessment liens, with an aggregate value-to-lien ratio of 32.1-to-1. Approximately 94% of Legacy Partners' property is improved. The only other taxpayer responsible for more than 5% of the total assessments is SRM Marina Investors LLC, at 9.8% of the aggregate Reassessment liens with a value-to-lien ratio of 30.8-to-1.

**MARINA VILLAGE REASSESSMENT DISTRICT NO. 10-1
TOP 10 TAXPAYERS**

Owner	Total Assessed Value	% of Total Value	Reassessment Lien	% of Total Lien	Value-to-Lien Ratio
Legacy Partners I Alameda LLC	\$179,841,563	58.1%	\$4,796,418	59.8%	37.5 :1
SRM Marina Investors LLC	35,207,553	11.4	1,019,240	12.7	34.5 :1
Legacy Partners I Alameda II LLC	8,489,600	2.7	435,910	5.4	19.5 :1
Victoria Marina LLC	15,096,041	4.9	300,522	3.7	50.2 :1
Lucky (Del) Nocal Investor LLC	10,718,200	3.5	284,323	3.5	37.7 :1
Oakland Yacht Club	4,797,819	1.5	182,099	2.3	26.3 :1
Moore, Joseph Trust	5,230,391	1.7	181,059	2.3	28.9 :1
Wind River Systems Inc.	11,840,519	3.8	125,306	1.6	94.5 :1
Pacific Marina Hospitality Inc.	5,175,990	1.7	119,204	1.5	43.4 :1
Siska, Robert J.	6,650,000	2.1	110,399	1.4	60.2 :1
Subtotal - Top 10 Taxpayers	\$283,047,676	91.4%	\$7,554,481	94.2%	37.5 :1
Subtotal - Legacy Partners related entities	\$188,331,163	60.8%	\$5,232,328	65.2%	36.0 :1

Source: NBS and Westhoff, Cone & Holmstedt

The following table shows the estimated annual Reassessment levy on the top ten property owners in the Assessment District.

**MARINA VILLAGE REASSESSMENT DISTRICT NO. 10-1
ANNUAL REASSESSMENT LEVY ON TOP 10 TAXPAYERS**

Owner	Total Levy	% of Total Levy	CIC Reimbursement Obligation ⁽¹⁾	Net Levy	% of Net Levy
Legacy Partners I Alameda LLC	\$ 1,427,998	59.8%	\$435,576	\$ 992,422	59.6%
SRM Marina Investors LLC	303,432	12.7	96,821	206,611	12.4
Legacy Partners I Alameda II LLC	129,750	5.4	40,011	89,739	5.4
Victoria Marina LLC	89,487	3.7	27,595	61,892	3.7
Albertsons	84,634	3.5	26,099	58,535	3.5
Oakland Yacht Club	54,219	2.3	16,720	37,500	2.3
Long's Drugs (Joseph Moore Trust)	53,899	2.3	16,621	37,278	2.2
Wind River Systems Inc.	37,327	1.6	2,025	35,302	2.1
Pacific Marina Hospitality Inc.	35,489	1.5	10,944	24,545	1.5
Siska, Robert J.	32,869	1.4	10,136	22,733	1.4
Subtotal - Top 10 Taxpayers	\$ 2,249,106	94.2%	\$682,548	\$ 1,566,558	94.1%
All Property Owners	\$ 2,387,756	100.0%	\$723,611	\$ 1,664,145	100.0%
Subtotal - Legacy Partners related entities	\$ 1,557,749	65.2%	\$475,587	\$ 1,082,161	

Source: NBS and Westhoff, Cone & Holmstedt

Legacy Partners

The City has been advised that Legacy Partners is a leading, vertically-integrated real estate investment manager, owner and operator headquartered in Foster City, California and established in 1998. The City understands that professionals that formed Legacy Partners have a successful 40-year track record in commercial real estate. Legacy Partners has reported that it has over \$1.7 billion of discretionary capital under management and manages a portfolio encompassing 15 million square feet of commercial properties in the western United States, including Legacy Marina Village. Marina Village contains 34 office buildings comprising approximately 1.1 million square feet within the Assessment District. For more information regarding Legacy Partners, including other projects in which it is involved, see the company's website at www.legacypartners.com. Such website is in no way incorporated into this Official Statement and the Authority has no responsibility whatsoever with respect to it.

Status of Development; Assessed Values

As shown in the Table below, approximately 95.9% of the property in the Assessment District is developed. Improved commercial parcels account for approximately 59.3% of the Reassessment liens; improved industrial and other parcels are responsible for approximately 36.6%; and only approximately 4.1% of the Reassessment liens are on unimproved parcels. Based on the total assessed value of the parcels in the Assessment District as of January 2009 and the unbilled Reassessments, the value-to-lien ratio is 34.4-to-1.

MARINA VILLAGE REASSESSMENT DISTRICT NO. 10-1 ASSESSED VALUE

Date	Parcels	Land Value	Structural Value	Total Value
1/1/2009	71 ⁽¹⁾	\$93,102,679	\$216,635,423	\$309,738,102
1/1/2008	73 ⁽²⁾	87,688,428	212,882,723	300,571,151
1/1/2007	74 ⁽³⁾	87,281,763	197,889,844	285,171,607
1/1/2006	79	84,717,544	200,549,192	285,266,736
1/1/2005	79	80,693,998	198,546,267	279,240,265

(1) In 2006, 2 parcels merged into 1, and another 5 parcels merged into 1.

(2) In 2007, 1 parcel paid off its assessment.

(3) In 2008, 3 parcels merged into 1.

Source: NBS

See Appendix A-1 for the lien-to-value ratios for each individual parcel in the Assessment District.

Assessment Delinquencies

Since tax year 1999-2000, there have been no delinquencies with respect to the payment of assessments within the Marina Village Assessment District, with the exception of a delinquency for the 2009-10 fiscal year of \$192,238 with respect to one parcel, or 5.43% of the total assessments levied for that fiscal year, that was recently brought current by the property owner.

MARINA VILLAGE ASSESSMENT DISTRICT 89-1 ASSESSMENT COLLECTIONS AND DELINQUENCIES

Tax Year	Levied Amount	Paid Amount	Delinquent Amount	Delinquent %
1999-00	\$ 3,601,500	\$ 3,601,500	\$0.00	0.00%
2000-01	3,599,480	3,599,480	0.00	0.00
2001-02	3,603,774	3,603,774	0.00	0.00
2002-03	3,607,441	3,607,441	0.00	0.00
2003-04	3,610,099	3,610,099	0.00	0.00
2004-05	3,605,852	3,605,852	0.00	0.00
2005-06	3,608,009	3,608,009	0.00	0.00
2006-07	3,610,155	3,610,155	0.00	0.00
2007-08	3,609,106	3,609,106	0.00	0.00
2008-09	3,536,767	3,536,767	0.00	0.00
2009-10	3,537,703	3,537,703	0.00 ⁽¹⁾	0.00

Source: NBS

(1) A delinquency with respect to one parcel owned by an entity related to Legacy Partners in the amount of \$192,238 was recently brought current by the property owner.

Overlapping Indebtedness

The Reassessment and each installment thereof and any interest and penalties thereon constitute a lien against the parcel of land on which they were imposed until the same is paid. Such lien has priority over all existing and future private liens and over all fixed special assessment liens which may thereafter be created against the property. Such lien is coequal to and independent of the lien for general taxes and special taxes that may be levied on the subject property.

Set forth in Appendix E hereto is a statement of direct and overlapping bonded indebtedness for property within the Assessment District responsible for payment of the principal and interest on the Improvement Bonds. Appendix E includes obligations payable from the general fund revenues of several governmental entities, special assessment bonds, and the obligations of the Prior Improvement Bonds. In addition to the bonded debt set forth in Appendix E, new community facilities districts or special assessment districts may be formed and, upon approval of registered voters or landowners within such districts, may issue more bonds and levy additional special or other taxes or assessments. In addition to any such other special taxes or special assessments, assessees within the Assessment District will be required to pay the general ad valorem real property taxes. See "SECURITY OF THE BONDS—Direct and Overlapping Debt" herein.

Assessment Diagram

As required by the Reassessment Act, a diagram has been prepared showing the Assessment District and also the boundaries and dimensions of the respective subdivisions of land within the Assessment District. Each of the lots, parcels, subdivisions of land within the boundaries of the Assessment District is set forth in a list and numbered to correspond with the numbers on the diagram. For a more particular description of each parcel, lot, or subdivision, reference is made to the diagram, a copy of which is included in Appendix F.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The ability of the Authority to pay principal of and interest on the Bonds depends primarily upon the receipt by the Authority of sufficient Revenues from the Local Obligations. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of presentation does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

The following sections describe risk factors affecting the security of the Local Obligations. Any risk factor affecting each Local Obligation should be considered a risk to the Bonds since the payments of principal and interest on the Local Obligations is the principal source of Revenues to pay debt service on the Bonds.

FACTORS AFFECTING THE IMPROVEMENT BONDS AND THE SPECIAL TAX BONDS

The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Assessment District or the Community Facilities District to pay Reassessments or Special Taxes, respectively, when due. Such failures to pay Reassessments or Special Taxes could result in the inability of the City to make full and

punctual payments of debt service on the Local Obligations which could affect the Authority's ability to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Assessment District or the Community Facilities District. See "Property Values" below.

Concentration of Ownership

Land ownership is heavily concentrated in the Assessment District. Failure of the owners of assessed property to pay the annual Reassessments when due could result in a default in payments of the principal of, and interest on, the Improvement Bonds, which could result in the inability of the Authority to make payments of the principal of, and interest on the Bonds, when due. The risk of nonpayment is greater or its consequence more severe when ownership is concentrated.

Insufficiency of Reassessments or Special Taxes

Under applicable California law, Reassessment installments and Special Taxes, which provide funds for the payment of annual installments of principal of and interest on the Local Obligations, will be billed to properties against which there are unpaid Reassessments or Special Taxes on the regular County property tax bills sent to owners of such properties. Such Reassessment installments or Special Taxes are due and payable, and bear the same penalties and interest for applicable nonpayment as regular property tax installments. The failure of a property owner to pay an annual Reassessment installment will not result in an increase in the Reassessment installments on other properties within the Assessment District. The failure of a property owner to pay Special Taxes may result in an increase in the Special Taxes levied against other properties in the Community Facilities District.

In order to pay debt service on the Local Obligations, it is necessary that installments of Reassessments and Special Taxes be paid in a timely manner. The Reserve Fund established pursuant to the CFD Fiscal Agent Agreement and the Delinquency Maintenance Fund established pursuant to the AD Fiscal Agent Agreement may be used to make payments on the Special Tax Bonds and the Improvement Bonds, respectively, in the event of delinquencies in payments of the Special Taxes and the Reassessments.

The City has no direct or contingent liability to transfer into the redemption fund for the Improvement Bonds the amount of any delinquency in the redemption fund to pay debt service on Improvement Bonds out of any other available moneys of the City. The Reassessments are secured by a lien on the parcels within the Assessment District, and the City has covenanted to institute foreclosure proceedings to sell parcels with delinquent Reassessment installments in order to obtain funds to pay debt service on the Improvement Bonds. The City's legal obligations with respect to any delinquent Reassessment installments which secure the Improvement Bonds are limited to the institution of judicial foreclosure proceedings. The Improvement Bonds cannot be accelerated in the event of any default. There are no cross-collateralization or cross-payment provisions in effect with respect to the Assessment District or the Community Facilities District.

Applicable California law provides that under certain circumstances property may be sold upon foreclosure at or below a "Minimum Price." "Minimum Price" as used in the law is the amount equal to the delinquent installments of principal or interest of the assessment or reassessment, together with all interest penalties, costs, fees, charges and certain other amounts. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than the Minimum Price will not result in an ultimate loss to the bondowners or, under certain circumstances, if holders of 75% or more of the outstanding bonds consent to such sale.

In the event the court modifies the judgment and permits a foreclosure sale at a lesser Minimum Price or without a Minimum Price, and the property is then sold at a lesser price than the Minimum Price originally established, the assessment lien on the property will be reduced by the difference between the Minimum Price originally established and the price at which the property is sold. In such case, the sale price may not be sufficient to satisfy delinquent Reassessment obligations in full. Additionally, there can be no assurance that the City will be able to avoid delays in payment of debt service on the Improvement Bonds while foreclosure is pursued, which delays could deplete the Delinquency Maintenance Fund established under the AD Fiscal Agent Agreement and result in the Authority's inability to make full or timely payment on the Bonds. See "Bankruptcy and Foreclosure" below. See, however, the description of the obligation of the CIC to advance funds in the event of delinquent Reassessment payments with respect to all but one of the parcels in the Assessment District under the heading "SECURITY FOR THE BOND—Security for the Improvement Bonds – CIC Obligation."

The City has no direct or contingent liability to transfer into the Special Tax Fund for the Special Tax Bonds the amount of any Special Tax delinquency out of any other moneys of the City. The City has covenanted to institute foreclosure proceedings to sell parcels with delinquent installments of Special Taxes for amounts sufficient to cover such delinquent installments in order to obtain funds to pay debt service on the Special Tax Bonds. The City's legal obligations with respect to any delinquent Special Tax installments which secure the Special Tax Bonds are limited to the institution of judicial foreclosure proceedings. Additionally, there can be no assurance that the City will be able to avoid delays in payment of debt service on the Special Tax Bonds while foreclosure is pursued, which delays could deplete the Reserve Fund established under the CFD Fiscal Agent Agreement and result in the Authority's inability to make full or timely payment on the Bonds. See "Bankruptcy and Foreclosure" below. The Special Tax Bonds cannot be accelerated in the event of any default in payment. There are no cross-collateralization or cross-payment provisions in effect with respect to the Community Facilities District and the Assessment District.

The Mello-Roos Act provides that, if any property within a community facilities district not otherwise exempt from the special tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the special tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. If for any reason property within the Community Facilities District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or a religious organization, the Special Tax will be reallocated to the remaining taxable properties within the Community Facilities District, subject to the limitation of the maximum authorized rates in the RMA for the Community Facilities District. This would result in certain owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the payment of the Special Tax. Moreover, if a substantial portion of land within the Community Facilities District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Special Tax Bonds when due and a default would occur with respect to the payment of such principal and interest.

Unpaid Reassessments and Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the Assessment District and the Community Facilities District.

There is no assurance the owners will be able to pay the Reassessment installments or Special Taxes or that they will pay such installments and taxes even though financially able to do so.

Failure by owners of the parcels to pay Reassessment or Special Tax installments when due, delay in foreclosure proceedings, or the inability of the City or the Community Facilities District to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Reassessments or Special Taxes levied against such parcels may result in the inability of the City to make full or timely payments of debt service on the Improvement Bonds or the Special Tax Bonds, which may in turn result in the depletion of the Delinquency Maintenance Fund or Reserve Fund, respectively, and the inability of the Authority to make full or timely payment on the Bonds.

Earthquakes

The assessed values of properties within a District could be substantially reduced, at least prior to rebuilding, as a result of a major earthquake within or proximate to the District. There are several other faults in Northern California that could cause potentially damaging seismic shaking in the City. In addition to ground shaking, damage to properties may be caused by seismic generated surface rupture, liquefaction, landslides, and flooding. Occurrence of seismic activity in or proximate to a District could result in substantial damage to properties in such District. Such damage could substantially reduce the value of the properties and affect the ability or willingness of the owners to pay the applicable Reassessments or Special Taxes when due.

Hazardous Substances

A claim with regard to a hazardous substance on a parcel of land subject to any of the Reassessments or Special Taxes can result in a significant potential reduction in the value of the parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act," is well known, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Districts be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition because the prospective purchaser of such a parcel will, upon becoming the owner of such parcel, become obligated to remedy the condition just as the seller of such a parcel is so obligated.

Hazardous substance liabilities may arise in the future with respect to any of the parcels within the Districts resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel.

Property Values

Prospective purchasers of the Bonds should not assume that the land and improvements within the Districts could be sold for the applicable assessed values at a foreclosure sale for delinquent Reassessments or Special Taxes. See "SECURITY FOR THE BONDS— Assessed

Property Values." In addition to the foregoing, property values within each District are not evenly distributed among the parcels within such District. Consequently, the ratios shown under "SECURITY FOR THE BONDS—Assessed Property Values" are not consistent among different parcels within each of the Districts. See also "SECURITY FOR THE BONDS—Direct and Overlapping Debt." This disparity of values among parcels within a District is significant because in the event of nonpayment of Reassessments and Special Taxes, the only remedy is to foreclose against the delinquent parcel.

The assessed values for the property within the Assessment District and the Community Facilities District are the property values determined by the County Assessor therefor for property tax purposes. None of these assessed value determinations have been tested by the City for reasonableness and they may be subject to appeal by property owners. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner. Although such result would not reduce the Reassessment or Special Tax levied on the applicable property, any reduction in the assessed taxable values of property within the Assessment District or the Community Facilities District would have an adverse impact on the assessed value-to-lien ratios discussed herein, and could lessen the ability or willingness of the owners of such property to pay their Reassessments or Special Taxes, as applicable. Moreover, assessed values do not necessarily represent the current market value for any parcel.

Parity Taxes and Special Assessments

The Reassessments and Special Taxes and any penalties thereon will constitute liens against the lots and parcels of land on which they will be annually imposed until they are paid. Except for later-imposed assessment liens which are junior to Reassessments, such liens are on a parity with all special taxes and special assessments levied by other agencies and are coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Reassessments and Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "Bankruptcy and Foreclosure" below. The assessed value-to-lien ratios described in this Official Statement do not take into account other tax or assessment obligations described in Appendix E comprising a lien against such parcels. Had such obligations been included, reported ratios would have been lower.

Prior liens could reduce or extinguish subordinate liens of delinquent installments of taxes or assessments in the event of foreclosure on property subject to overlapping liens.

Neither the City nor the Authority has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Districts. In addition, the landowners within a District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Although the Reassessments would have priority over any subsequently levied assessments, any such assessments may have a lien on such property on a parity with the Special Taxes, and any such special taxes may have a lien on such property on a parity with the Reassessments and the Special Taxes. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt."

Constitutional Limitations on Taxation and Appropriations

State law limits the authority of public entities to levy additional taxes or special assessments in the Districts. On June 6, 1978, California voters approved Proposition 13, a

statewide initiative relating to the taxation of real property which added Article XIII A to the California Constitution. Article XIII A placed significant limits on the imposition of new ad valorem taxes, special taxes and transaction and sales taxes. Section 4 of Article XIII A permits cities, counties and special districts, by a two-thirds vote of the qualified electors of the district, to impose special taxes, except for ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property. The Special Taxes are special taxes approved by the voters within the Community Facilities District in accordance with the procedures set forth in Section 4 of Article XIII A. The City has not pledged any taxes other than the Special Taxes to the repayment of the Special Tax Bonds.

Article XIII A does permit the levy of ad valorem property taxes and the imposition of special assessments to pay interest and redemption charges on any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by voters voting at the election for the taxes or assessment. Were the voters to approve indebtedness payable from ad valorem taxes, those taxes would be on a parity with the Special Taxes and Reassessments. See "Parity Taxes, Special Reassessments and Land Development Costs" above.

State and local government agencies in California as well as the State of California are subject to annual "appropriation limits" imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as appropriations for debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other nontax funds. Since the Special Tax Bonds constitute indebtedness authorized by the voters, the City does not treat the Special Taxes as "appropriations subject to limitation."

Proposition 62, adopted by the voters at the November 4, 1986, general election (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after September 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988. Proposition 62 limits the ability of public entities to increase taxes, but is inapplicable to the Reassessments and Special Taxes.

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996

general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The Initiative could potentially impact the Special Taxes and Reassessments available to the City to pay the principal of and interest on the Local Obligations as described below.

Among other things, Section 3 of Article XIII C states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." Certain provisions of Article XIII D altered the procedure previously applicable to the imposition of assessments and special taxes by adding requirements and limitations thereto. In response to Proposition 218, an act entitled the "Proposition 218 Omnibus Implementation Act" (Statutes of 1997, Chapter 38) was approved by the California legislature and signed by the Governor. Included in this measure is an amendment to Section 9525 of the California Streets and Highways Code (the Section pursuant to which the reassessments were approved and confirmed by the City) which states as follows:

Any assessment that is approved and confirmed pursuant to this section shall not be deemed to be an assessment within the meaning of, and may be ordered without compliance with the procedural requirements of, Article XIII D of the California Constitution.

While this matter has not yet been adjudicated, the City believes that the proceedings taken by it in connection with the confirmation of the Reassessments comply with all applicable legal requirements.

Accordingly, while the Initiative has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely that the Initiative has conferred on the voters the power to effect a repeal or reduction of the Reassessments if the result thereof would be to impair the security of the Improvement Bonds.

With respect to the Special Tax Bonds, the Mello-Roos Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Mello-Roos Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Mello-Roos Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 2001, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

"Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Special Tax Bonds.

It may be possible, however, for voters or the City Council acting as the legislative body of the Community Facilities District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Special Tax Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing authorized levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for administrative expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Special Tax Bonds. Nevertheless, the City has covenanted in the CFD Fiscal Agreement that it will not consent to or conduct proceedings under the Mello-Roos Act to reduce the maximum Special Tax that may be levied in the Community Facilities District in any Fiscal Year, below an amount equal to 110 percent of maximum annual debt service for the Special Tax Bonds. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "FACTORS AFFECTING THE BONDS GENERALLY—Limitations on Remedies."

Ballot Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 62 were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process. On March 6, 1995 in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations.

Bankruptcy and Foreclosure

The payment of property owners' taxes and the ability of the City to foreclose the lien of a delinquent unpaid Reassessment installment or the lien of a delinquent Special Tax installment pursuant to the covenants in the Fiscal Agent Agreements to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY FOR THE BONDS—Covenant for Superior Court Foreclosure." In addition, the prosecution of a foreclosure can take several years, and could be further delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although a bankruptcy proceeding would not cause the Reassessments and Special Taxes to become extinguished, the amount and priority of any Reassessment or Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the possibility

of delinquent tax installments not being paid in full and the likelihood of a delay or default in payment of the principal of, and interest on, the Local Obligations.

The filing of a petition in bankruptcy by the City, the Community Facilities District, or the County could adversely affect or delay the collection or payment of Special Taxes and Reassessments. It is not possible to predict how such a filing would affect the Bonds. Additionally, the filing of a petition in bankruptcy by any entity with which moneys in the funds and accounts of the Authority, the City, or the Community Facilities District are invested could adversely affect or delay payments of principal of, or interest or premium on the Bonds.

Subordinate Debt; Payments by FDIC and other Federal Agencies

Parcels in the Assessment District or in the Community Facilities District may now or in the future secure loans. Any such loan is subordinate to the lien of any Reassessment or Special Tax. However, (a) in the event that any of the financial institutions making any loan that is secured by real property within the Assessment District or the Community Facilities District is taken over by the Federal Deposit Insurance Corporation ("FDIC"), (b) the FDIC or another federal entity acquires a parcel or parcels of land in the Assessment District or the Community Facilities District, (c) the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the United States Department of Housing and Urban Development or similar federal agency or instrumentality has a mortgagee interest in a loan on property subject to a Reassessment lien or Special Tax lien, or (d) if a lien is imposed on the property by the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agency, and, prior thereto or thereafter, the loan or loans go into default, the ability of the City to collect interest and penalties specified by state law and to foreclose the lien of a delinquent unpaid Reassessment or Special Tax levy may be limited.

In the event that a property subject to a Reassessment lien or Special Tax lien is owned by the federal government or a private deed of trust secured by such a property is owned by a federal governmental entity, the ability to foreclose on the parcel to collect delinquent Reassessment or Special Tax installments may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. As a result, if a federal government entity owns a parcel subject to assessments or special taxes (including a Reassessment lien or Special Tax lien), the applicable state or local government cannot foreclose on that parcel. Moreover, if a federal government entity has a mortgage interest on a parcel subject to assessments or special taxes (including the a Reassessment lien or Special Tax lien), the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to preserve the federal government mortgage interest. In Rust v Johnson (9th Circuit; 1979) 597 F. 2d 174), the United States Court of Appeal, Ninth Circuit, which includes California, held that the Federal National Mortgage Association "Fannie Mae") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that as a result, an exercise of state power over a mortgage interest held by Fannie Mae constitutes an exercise of state power over property of the United States in violation of the supremacy clause.

Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its proper tax obligations when they become due and payable and will pay claims for delinquent property

taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

Under the Policy Statement, it is unclear whether the FDIC considers the Reassessments or Special Taxes, such as those levied by the City, to be "real property taxes" which they intend to pay. The Policy Statement provides: "The FDIC is only liable for state and local taxes which are based on the value of the property during the period for which the tax is imposed, notwithstanding the failure of any person, including prior record owners, to challenge an assessment under the procedures available under state law. In the exercise of its business judgment, the FDIC may challenge assessments which do not conform with the statutory provisions, and during the challenge may pay tax claims based on the assessment level deemed appropriate, provided such payment will not prejudice the challenge. The FDIC will generally limit challenges to the current and immediately preceding taxable year and to the pursuit of previously filed tax protests. However, the FDIC may, in the exercise of its business judgment, challenge any prior taxes and assessments provided that (1) the FDIC's records (including appraisals, offers or bids received for the purchase of the property, etc.) indicate that the assessed value is clearly excessive, (2) a successful challenge will result in a substantial savings to the FDIC, (3) the challenge will not unduly delay the sale of the property, and (4) there is a reasonable likelihood of a successful challenge."

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a Reassessment or Special Tax levy on a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the Bonds should assume that the City will be unable to foreclose on any parcel owned by the FDIC. Such an outcome would cause a draw on the Reserve Fund (in respect of a Special Tax delinquency), or the Delinquency Maintenance Fund (in respect of a Reassessment delinquency) and perhaps, ultimately, a default in payment of the Special Tax Bonds or the Improvement Bonds. The City has not undertaken to determine whether the FDIC currently has, or is likely to acquire, any interest in any of the parcels in the Assessment District or the Community Facilities District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FACTORS AFFECTING THE BONDS GENERALLY

Cash Flow Sufficiency

As described under "SECURITY FOR THE BONDS—Estimated Debt Service Coverage" herein, scheduled payments with respect to the Local Obligations are calculated to be sufficient to pay principal and interest on the Bonds when due based on certain assumptions. Nevertheless, in the event of unscheduled withdrawals from the Delinquency Maintenance Fund or the Reserve Fund as a result of defaults with respect to the payment of Reassessments

or Special Taxes, respectively, and could result in insufficient funds to pay debt service on the Bonds.

Terms of Local Obligations

The Improvement Bonds mature on September 2, 2014, and the Special Tax Bonds mature on August 1, 2019. During debt service years 2011 through 2014, each of the Local Obligations is responsible for an approximately ratable portion of the debt service on the Bonds, but thereafter only the Special Tax Bonds are expected to be Outstanding. At any given point in time, then, the Local Obligations provide a different proportion of relative responsibility for the payment of debt service on the Bonds.

Limitations on Remedies

Remedies available to Bondholders may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of Bondowner rights.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Fiscal Agent Agreements, and otherwise with respect to the Local Obligations may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors rights. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the Bonds, the Indenture, the Fiscal Agent Agreements, and the Local Obligations and other related documents, by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in the appropriate cases and to the limitation on legal remedies against public agencies in the State.

Additionally, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City, may become subject to laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity 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 Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. The exercise of powers by the federal or State government, if initiated, and the assertion by the City or the Authority of its or their rights as a creditor, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the Authority and the City, there are no involuntary petitions in bankruptcy. If the City, the Assessment District or the Community Facilities District were to file a petition under Chapter 9 of the Bankruptcy Code, the Bondowners, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Local Obligations and the Indenture, and from taking any steps to collect amounts due from the City under the Fiscal Agent Agreements, and the Local

Obligations. If the Authority were to file a petition in bankruptcy, the Owners of the Bonds could also be prohibited from taking action to enforce their rights against the Authority.

Loss of Tax Exemption

As discussed under the caption "CONCLUDING INFORMATION—Tax Matters," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the Authority or the City to comply with certain provisions of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until, with respect to the Series B Bonds only, redeemed under the mandatory redemption provisions of the Indenture.

CONCLUDING INFORMATION

Underwriting

The Series A Bonds will be purchased by Morgan Stanley & Co. Incorporated, as underwriter (the "Underwriter"), at an aggregate purchase price of \$10,648,312.50 (being the principal amount of the Series A Bonds of \$10,675,000.00, less an underwriter's discount of \$26,687.50). The Series A Bonds were reoffered by the Underwriter at a net original issue premium of \$102,447.30. The initial public offering prices for the Series A Bonds stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series A Bonds to certain dealers (including dealers depositing Series A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Series B Bonds will be purchased by the Underwriter, at an aggregate purchase price of \$7,999,950.00 (being the principal amount of the Series B Bonds of \$8,020,000.00, and less an underwriter's discount of \$20,050.00). The Series B Bonds were reoffered by the Underwriter at a net original issue premium of \$45,279.75. The initial public offering prices for the Series B Bonds stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series B Bonds to certain dealers (including dealers depositing Series B Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, the Underwriter of the Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Simultaneously with the purchase of the Bonds, the Authority has agreed to purchase the Local Obligations from the City. The Underwriters' obligation to purchase the Bonds is contingent upon the Authority's purchase of the Local Obligations.

Co-Financial Advisors

The Authority has retained Sequoia Financial Group LLC, Woodland Hills, California and Westhoff, Cone & Holmstedt, Walnut Creek, California, as Co-Financial Advisors in connection with the structuring and issuance of the Bonds.

Professional Fees

In connection with the issuance of the Bonds, compensation payable to Bond Counsel, the Co-Financial Advisors and Disclosure Counsel is contingent upon the issuance of the Bonds.

Legal Opinion

The legal opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, approving the validity of the Bonds, in the form set forth in Appendix D, will be made available to purchasers of the Bonds at the time of the original delivery of the Bonds. Certain legal matters related to the financing will be passed upon for the Authority and the City by the City Attorney, and by Quint & Thimmig LLP in its capacity as Disclosure Counsel to the Authority with respect to the Bonds.

Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the Bonds and the Local Obligations, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds, and certain other matters. The Authority and the City have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Authority and the City with the above-referenced covenants, under existing law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, (i) interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations and (iii) is not taken into account in computing "adjusted current earnings" as described below. The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the City with respect to certain material facts. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and

Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the Bonds is set forth in Appendix D.

No Litigation

No litigation is pending with respect to which the City Attorney has been served with process, or threatened, concerning the validity of the Bonds or the Local Obligations and a certificate of each of the City and the Authority to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the Authority nor the City is aware of any litigation pending or threatened which questions the existence of the Authority, the City, the CIC or the Community Facilities District or contests the authority of the City to levy and collect the Reassessments or to issue the Improvement Bonds and retire the Prior Improvement Bonds, the authority of the City on behalf of the Community Facilities District to levy and collect the Special Taxes or to issue the Special Tax Bonds and retire the Prior Special Tax Bonds or which contests the Authority's authority to issue the Bonds.

Ratings

Standard & Poor's Ratings Services has assigned a rating of "A-" to the Series A Bonds, and Fitch Ratings has assigned a rating of "A-" to the Series A Bonds. Standard & Poor's Ratings Services has assigned a rating of "BBB-" to the Series B Bonds, and Fitch Ratings has assigned a rating of "BBB" to the Series B Bonds. Such ratings reflect only the views of the respective rating agency and an explanation of the significance of such rating may be obtained from the respective rating agency as follows: Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10041, (212) 438-2124; and Fitch Ratings, One State Street Plaza, New York, New York 10004, (212) 908-0500. There is no assurance that any such rating will continue for any given period of time or that any of them will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of the respective rating agency, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the respective Bonds to which the rating pertained.

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), the complete text of which is attached as Appendix G, the Authority has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system (the "Repository") certain annual financial information and operating data concerning the Districts. The Annual Report to be filed by the Authority will include audited financial statements of the Authority, prepared in accordance with generally accepted accounting principles in effect from time to time, and additional financial and operating data concerning the Assessment District and the Community Facilities

District as set forth in Section 4 of the Continuing Disclosure Certificate. The Authority's financial statements are being included in the annual report only to comply with a provision in Rule 15c2-12 which requires any issuer entering into a continuing disclosure obligation to include its audited statements. No Authority funds, other than Revenues, are pledged to the repayment of the Bonds, and investors should not assume that the credit of the Authority is in any way pledged to repay the Bonds.

In addition to providing the financial information and operating data described above, the Authority has agreed to provide, or cause to be provided, to the Repository in a timely manner notice of the following "Listed Events": (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on any credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events adversely affecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) unscheduled bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities; or (11) rating changes. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). It should be noted that the list of significant events which the Authority agreed to report includes items which have no application whatsoever with the Bonds. Any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit enhancement or liquidity provisions with respect to the Bonds. The Authority has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

A default under the Continuing Disclosure Certificate would not constitute an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the Authority or the Dissemination Agent thereunder to comply with the requirements of the Continuing Disclosure Certificate would be an action to compel specific performance. The Authority will act as the initial Dissemination Agent under the Continuing Disclosure Certificate.

Miscellaneous

All of the preceding summaries of the Indenture, the Fiscal Agent Agreements, the Bond Law, the Refunding Law, the Mello-Roos Law, the Reassessments Law, other applicable legislation, agreements and other documents are made subject to the provisions of such documents and legislation and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City Clerk for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 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 Board of Directors of the Authority has duly authorized the Executive Director of the Authority to execute and deliver this Official Statement on behalf of the Authority and the City Council of the City has duly authorized its City Manager to execute and deliver this Official Statement on behalf of the City.

ALAMEDA PUBLIC FINANCING
AUTHORITY

By: /s/ Ann Marie Gallant
Interim Executive Director

CITY OF ALAMEDA, CALIFORNIA

By: /s/ Ann Marie Gallant
Interim City Manager

APPENDIX A-1

CERTAIN INFORMATION ON THE REASSESSMENTS

County Assessor's Parcel Numbers	Reassessment Number	Total Reassessment Amount ⁽¹⁾	Assessed Value ⁽²⁾	Value-to- Lien Ratio ⁽³⁾
072-0382-012-00	1	\$ 13,081.00	\$ 282,999.00	21.6:1
072-0382-013-00	2	103,313.03	11,364,713.00	110.0:1
072-0382-015-00	3	8,912.00	192,807.00	21.6:1
074-1334-008-00	4	4,063.67	42,448.00	10.4:1
074-1334-009-00	5	50,120.05	509,376.00	10.2:1
074-1334-010-00	6	386,853.17	12,225,024.00	31.6:1
074-1334-012-04	7	64,373.42	4,522,834.00	70.3:1
074-1334-015-04	8	71,149.66	2,863,117.00	40.2:1
074-1334-016-07	9	72,734.61	2,292,192.00	31.5:1
074-1334-018-00	10	7,392.08	736,472.00	99.6:1
074-1334-019-01	11	58,400.27	2,134,985.00	36.6:1
074-1334-023-00	12	138,233.39	2,671,040.00	19.3:1
074-1334-024-00	13	137,001.27	3,029,726.00	22.1:1
074-1334-032-01	14	70,675.18	3,381,554.00	47.8:1
074-1334-033-05	15	284,323.18	10,718,200.00	37.7:1
074-1334-034-05	16	139,656.40	7,208,916.00	51.6:1
074-1334-035-05	17	42,554.28	2,282,823.00	53.6:1
074-1334-036-04	18	181,058.84	5,230,391.00	28.9:1
074-1334-037-01	19	47,636.35	2,222,748.00	46.7:1
074-1334-038-00	20	42,135.42	3,876,000.00	92.0:1
074-1334-048-00	21	32,092.96	1,400,664.00	43.6:1
074-1334-049-00	22	46,582.44	1,289,297.00	27.7:1
074-1334-053-00	23	190,761.61	10,665,060.00	55.9:1
074-1334-054-00	24	34,675.27	350,196.00	10.1:1
074-1334-055-00	25	53,823.22	551,824.00	10.3:1
074-1334-056-00	26	245,202.04	12,649,504.00	51.6:1
074-1334-057-00	27	33,385.92	339,584.00	10.2:1
074-1334-058-00	28	6,518.88	63,672.00	9.8:1
074-1334-059-00	29	253,959.22	12,936,028.00	50.9:1
074-1334-060-00	30	12,621.61	127,344.00	10.1:1
074-1334-061-00	31	19,625.14	201,628.00	10.3:1
074-1334-062-00	32	88,245.65	2,381,324.00	27.0:1
074-1334-063-00	33	100,184.12	3,926,440.00	39.2:1
074-1334-064-00	34	165,372.42	8,001,448.00	48.4:1
074-1334-065-00	35	24,225.27	244,076.00	10.1:1
074-1334-066-00	36	2,627.09	31,836.00	12.1:1
074-1334-067-00	37	435,909.81	8,489,600.00	19.5:1
074-1334-073-00	38	62,112.02	636,720.00	10.3:1
074-1334-074-00	39	135,439.40	4,048,477.00	29.9:1
074-1334-077-01	40	456,038.16	16,709,778.00	36.6:1
074-1340-005-00 ⁽⁴⁾	41	47,802.58	10,143,023.00	212.2:1
074-1340-016-00	42	21,512.92	99,934.00	4.6:1
074-1340-017-02	43	163,811.56	2,921,712.00	17.8:1
074-1340-018-00	44	53,531.70	2,244,000.00	41.9:1

(1) From the Reassessment Engineer's Report.

(2) From the County Secured Tax Roll for Fiscal Year 2009-10 (with a January 1, 2009 valuation date), as reported by NBS.

(3) Does not take into account any overlapping indebtedness. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt," "THE ASSESSMENT DISTRICT—Overlapping Indebtedness" and Appendix E.

(4) All parcels in the Assessment District, except this parcel, are subject to the CIC Reimbursement Obligation. See "SECURITY FOR THE BONDS—Security for the Improvement Bonds - CIC Obligation."

County Assessor's Parcel Numbers	Reassessment Number	Total Reassessment Amount ⁽¹⁾	Assessed Value ⁽²⁾	Value-to- Lien Ratio ⁽³⁾
074-1340-023-00	45	\$ 109,044.80	\$ 3,714,200.00	34.1:1
074-1340-024-00	46	107,690.08	3,926,440.00	36.5:1
074-1340-025-00	47	120,558.67	4,881,520.00	40.5:1
074-1340-026-00	48	159,164.62	7,428,400.00	46.7:1
074-1340-027-00	49	177,451.57	6,685,560.00	37.7:1
074-1340-028-00	50	43,028.54	583,660.00	13.6:1
074-1340-029-00	51	119,204.20	5,175,990.00	43.4:1
074-1340-031-00	52	18,286.95	1,876,107.00	102.6:1
074-1340-032-00	53	96,853.34	1,321,194.00	13.6:1
074-1340-059-00	54	216,115.42	7,285,138.00	33.7:1
074-1341-106-00	55	170,001.37	5,942,720.00	35.0:1
074-1341-107-00	56	126,654.39	4,987,640.00	39.4:1
074-1341-108-00	57	92,112.33	3,608,080.00	39.2:1
074-1341-109-00	58	115,194.56	4,457,040.00	38.7:1
074-1343-001-00	59	186,683.02	7,216,160.00	38.7:1
074-1343-002-00	60	151,040.45	6,685,560.00	44.3:1
074-1343-003-00	61	95,137.23	3,183,600.00	33.5:1
074-1343-004-00	62	110,586.76	4,138,680.00	37.4:1
074-1343-008-00	63	146,296.04	7,534,520.00	51.5:1
074-1343-009-00	64	132,750.11	5,093,760.00	38.4:1
074-1344-019-00	65	75,215.36	3,121,199.00	41.5:1
074-1344-021-00	66	208,607.33	6,791,680.00	32.6:1
074-1344-087-00	67	110,399.27	6,650,000.00	60.2:1
074-1344-088-00	68	96,853.34	3,820,320.00	39.4:1
074-1344-089-02	69	107,690.08	2,865,240.00	26.6:1
074-1344-127-00	70	174,708.54	7,746,760.00	44.3:1
074-1344-128-00	71	142,943.34	4,775,400.00	33.4:1
Totals	71 Parcels	\$8,020,000.00	\$309,738,102.00	38.6:1

(1) From the Reassessment Engineer's Report.

(2) From the County Secured Tax Roll for Fiscal Year 2009-10 (with a January 1, 2009 valuation date), as reported by NBS.

(3) Does not take into account any overlapping indebtedness. See "SECURITY FOR THE BONDS—Direct and Overlapping Debt," "THE ASSESSMENT DISTRICT—Overlapping Indebtedness" and Appendix E.

APPENDIX A-2

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in Community Facilities District No.1 (Harbor Bay) of the City of Alameda (the "CFD") shall be levied and collected according to the tax liability determined by the City Council (the "Council") of the City of Alameda (the "City"), acting in its capacity as the legislative body of the CFD through the application of the appropriate amount or rate for "Developed Property" or "Undeveloped Property", as described below. All of the property in the CFD, unless exempted by law or by the provisions of Section III below, shall be taxed for the purposes, to the extent and in the manner herein provided. For purposes hereof, the total number of residential units to be constructed shall be 630 units.

I. DEFINITIONS.

"Annual Special Tax" applies only to Developed Property and means the maximum Special Tax that may be levied on any Developed Property after the Initial Fiscal Year.

"Assessor's Parcel" means a parcel of land as designated on a map of the Alameda County Assessor and which parcel has been assigned a discrete identifying number.

"Developed Property" means an Assessor's Parcel in the CFD for which a residential building permit has been issued as of March 1 of the prior Fiscal Year.

"Fiscal Year" means the period starting on July 1 and ending the following June 30.

"Housing Size" means the internal living space of a Developed Property, excluding garages, covered patios, overhangs and other structures not used as living spaces, all as determined by the City from the City-approved building permit for that Developed Property.

"Initial Fiscal Year" applies only to Developed Property and means the Fiscal Year starting on July 1 after the issuance of the residential building permit for that Developed Property.

"Initial Special Tax" means the maximum Special Tax that may be levied on a Developed Property for the Initial Fiscal Year.

"Neighborhood" means the areas within Village V of Harbor Bay Isle as more particularly shown on the finally approved Vesting Tentative Map, Tract 5905, on file in the office of the City Engineer of the City of Alameda, which map is incorporated by this reference. Neighborhood is used to compute Special Taxes under Section III hereof.

"Special Tax" means, collectively, the Initial Special Tax, the Annual Special Tax and the Undeveloped Land Tax.

"Taxable Property" is all of the area within the boundaries of the CFD which is not exempt from the Special Tax pursuant to Section III below.

"Tax-Exempt Property" means property within the CFD publicly owned or operated which are normally tax-exempt under California law, including public schools, streets, parks, drainages, easements, greenbelts and parking facilities. Tax-Exempt Property also means properties owned by the City for private parks, open space, green belts, utility easements,

lagoons, walkways, streets, parking areas and bike paths, or otherwise restricted, if in the event of foreclosure of such property it would be of limited or no value to the purchaser.

"Undeveloped Land Tax" means the Special Tax that may be levied on Undeveloped Property under Section III hereof.

"Undeveloped Property" means all Taxable Property in the CFD not classified as Developed Property.

II. CLASSIFICATION OF PROPERTY.

Within 10 days of the beginning of each Fiscal Year, using the definitions in Section I above, the City shall cause each Assessor's Parcel in the CFD to be classified as Tax-Exempt or Taxable Property. Each Taxable Property shall then be classified as Developed or Undeveloped Property.

III. APPORTIONMENT, LEVY AND COLLECTION OF SPECIAL TAXES.

A. Within 10 days' of the beginning of each Fiscal Year, beginning July 1, 1989 and using the classifications determined under Section II above, the City shall cause the Special Taxes for the Fiscal Year to be apportioned and levied as follows:

1. For Tax-Exempt Property no Special Taxes shall be apportioned or levied.
2. For Taxable Property which is Developed Property and the Initial Special Tax applies under the Definitions in Section I above, the Initial Special Tax shall be apportioned and levied using the following table:

<u>Neighborhood</u>	<u>Housing Size (Square Feet)</u>	<u>Initial Special Tax (\$)</u>
A	3,000 and Over	\$2,800
	2,999 - 2,825	\$2,700
	2,824 - 2,725	\$2,600
	2,724 and Under	\$2,500
B	2,400 and Over	\$2,400
	2,399 - 2,145	\$2,300
	2,144 - 1,985	\$2,200
	1,984 - 1,709	\$2,100
C	1,708 and Under	\$2,000
	1,600 and Over	\$1,900
	1,599 - 1,450	\$1,800
	1,449 - 1,200	\$1,700
D	1,199 and Under	\$1,600
	2,000 and Over	\$2,200
	1,999 - 1,840	\$2,100
	1,839 - 1,600	\$2,000
	1,599 and Under	\$1,900

Beginning July 1, 1990, and in each Fiscal Year thereafter, the Initial Special Tax set forth in the table above shall be automatically escalated by an amount of 4% of the Initial Special Tax (as escalated) for the previous Fiscal Year.

3. For Taxable Property which is Developed Property and the Annual Special Tax applies under the Definitions in Section I above, the Annual Special Tax shall be apportioned and levied in an amount equal to the Initial Special Tax, as

determined and escalated under Section III A 2 above, subject to an escalation in an amount of not to exceed 20/0 of the Initial Special Tax or the Annual Special Tax, as applicable, for the prior Fiscal Year.

4. For Taxable Property which is undeveloped Property, the Undeveloped Land Tax shall be apportioned and levied only if within 10 days of the beginning of a Fiscal Year, the City determines that revenues from the Special Taxes levied at the maximum rates on Developed Properties, together with any other funds legally available to the City to pay the amounts in clauses (a) - (c) below, will be insufficient to pay in that Fiscal Year; (a) all required debt service on any bonds of the CFD; (b) amounts required to replenish any reserve fund(s) for such bonds; and (c) reasonable administrative expenses of the City for the CFD and such bonds. If the City makes such determination, it shall cause to be computed the amount of such insufficiency and apportion and levy upon the Undeveloped Property, the Undeveloped Land Tax equal to a rate per acre (including fractions thereof) of Undeveloped Property, which rate is the result of dividing the amount of insufficiency by the number of acres (including fractions thereof) of Undeveloped Property. The Undeveloped Land Tax shall in no event exceed the amount of \$45,000 per acre (including fractions thereof). B. The Special Taxes shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same lien priority in the case of delinquency as is provided for ad valorem taxes. The City shall cause the actions required herein to be accomplished for each Fiscal Year in a timely manner to assure that the schedule of the Special Taxes to be collected are received by the Auditor of Alameda County for inclusion with billings for such ad valorem taxes for the applicable Fiscal Year.

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APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF ALAMEDA

The information in this Appendix B is provided as general background data. The Bonds are payable solely from the Revenues and other funds pledged therefore under the Indenture as described in the body of this Official Statement. The City has no liability whatsoever with respect to the payment of the Bonds or the Authority's obligations under the Indenture. Moreover, the Local Obligations are limited obligations of the City, payable solely from the funds pledged therefore under the respective Fiscal Agent Agreements. See the section in the Official Statement entitled "SECURITY FOR THE BONDS."

Overview

The City is a chartered city which was incorporated in 1854. The City is located in Alameda County (the "County") just west of the City of Oakland and approximately 12 miles east of San Francisco. The City consists of an island in the eastern portion of San Francisco Bay approximately six miles long by one and one-half miles wide and part of a peninsula adjacent to the Oakland Airport. The island portion is connected to the East Bay Area by three bridges and a vehicular underwater double barrel tube. Total City area is 22.7 square miles, about 12.4 square miles of which is water area.

The City is a major marine recreational area for Northern California with seven marinas and a private seaport. The City is part of the highly urbanized East Bay, which consists of Alameda and Contra Costa counties. A highly skilled labor force, excellent transportation facilities, renowned educational institutions and available advanced research and development resources contribute to the area's economy.

Governing Body

The City operates under a Council-Manager form of government, whereby policies of the City Council are administered by a City Manager, who is appointed by the City Council. All municipal departments operate under the supervision of the City Manager. The Council consists of four members who are elected at large for four-year overlapping terms. The Mayor is elected directly by the people for a four year term. Municipal services provided by the City include police, fire, public works, general government, parks and recreation, sanitary sewer, community development, planning, golf, library and base reuse. Component units of the City include Alameda Municipal Power and the Alameda Housing Authority.

The current members of the City Council and key administrative personnel of the City are listed in the following tables:

CITY OF ALAMEDA City Council Members

Name	Office	Term Expires
Beverly Johnson	Mayor	December 2010
Doug deHaan	Vice Mayor	December 2012
Marie Gilmore	Councilmember	December 2012
Frank Matarrese	Councilmember	December 2010
Lena Tam	Councilmember	December 2010

CITY OF ALAMEDA
Key Administrative Personnel

Member	Position
Ann Marie Gallant	Interim City Manager
Lisa K. Goldman	Deputy City Manager
Glenda D. Jay	Interim Finance Director
Lara Weisiger	City Clerk
Teresa L. Highsmith	City Attorney

Population

The following table represents the City's population for the decades 1990 and 2000 and the annual estimates for 2001 through 2009:

CITY OF ALAMEDA
Population

Year	Population
1990	73,979
2000	72,259
2001	72,805
2002	73,234
2003	73,272
2004	72,780
2005	72,761
2006	72,805
2007	73,362
2008	74,015
2009	74,683

Source: 2001 through 2009 population totals are California State Department of Finance estimates as of January 1. The 1990 and 2000 totals are U.S. Census figures.

Convenient freeway accessibility and regularly scheduled commuter bus service by Alameda Contra Costa Transit District, which includes linkage with nearby Bay Area Rapid Transit (BART) stations, enable City residents to work in virtually any part of the San Francisco-Oakland Metropolitan Bay Area.

As of June, 2009, the California Employment Development Department estimates that the adjusted civilian labor force for the County was approximately 774,800, of which 686,800 were employed. The unadjusted unemployment rate as of June, 2009 was 11.4%.

The following table summarizes historical employment and unemployment in the County.

ALAMEDA COUNTY
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2005	2006	2007	2008	2009
Civilian Labor Force					
Employment	700,400	708,700	717,600	719,100	681,300
Unemployment	38,000	32,900	35,400	47,400	81,300
Total	<u>738,300</u>	<u>741,700</u>	<u>753,000</u>	<u>766,500</u>	<u>762,600</u>
Unemployment Rate	5.1%	4.4%	4.7%	6.2%	10.7%

Source: California Employment Development Department, Labor Market Information Division, March 2009 Benchmark.

The following table summarizes historical employment and unemployment in the City.

CITY OF ALAMEDA
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2005	2006	2007	2008	2009
Civilian Labor Force					
Employment	37,900	38,300	38,800	38,900	36,900
Unemployment	1,400	1,200	1,300	1,700	2,900
Total	<u>39,300</u>	<u>39,500</u>	<u>40,100</u>	<u>40,600</u>	<u>39,800</u>
Unemployment Rate	3.5%	3.0%	3.2%	4.2%	7.3%

Source: California Employment Development Department, Labor Market Information Division, March 2009 Benchmark.

The following table summarizes historical numbers of workers in the County, by industry.

ALAMEDA COUNTY
Estimated Number of Wage and Salary Workers by Industry
(in thousands)

	2004	2005	2006	2007	2008*
Total, All Industries	687,700	693,400	702,400	702,800	690,200
Total Farm	700	700	800	800	700
Natural Resources and Mining	300	200	200	200	100
Construction	41,700	43,200	44,100	43,600	39,900
Manufacturing	77,600	75,800	75,600	73,700	72,500
Trade, Transportation and Utilities	133,900	134,500	135,600	137,000	133,800
Wholesale Trade	40,200	39,700	39,700	39,600	39,200
Retail Trade	67,200	68,100	69,300	68,900	66,800
Transportation, Warehousing and Utilities	26,600	26,700	26,600	28,500	27,700
Information	17,300	17,200	16,700	16,000	15,900
Financial Activities	35,000	35,500	35,600	33,300	30,500
Professional and Business Services	101,800	103,900	104,400	108,600	112,000
Educational and Health Services	76,000	77,700	79,100	79,500	82,000
Leisure and Hospitality	50,400	51,500	53,200	54,800	55,900
Other Services	22,700	23,300	23,800	23,600	22,200
Government	130,400	129,800	133,100	131,700	125,000

*Latest available data.

Source: California Employment Development Department, Labor Market Information Division.

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding. March 2009 Benchmark.

Largest Employers

The following table represents the largest employers in the City as of June 30, 2008, in alphabetical order:

CITY OF ALAMEDA
Largest Employers

Abbott Diabetes Care Inc.
Alameda Hospital
Alameda Unified School District
Associate Third party
Bay Ship and Yacht
Caliper Life Sciences
Celera Diagnostics LLC
City of Alameda
MBH Architects
Oakland Raiders
Sage Group
United States Postal Service
Wind River Systems

Source: City of Alameda

Building Activity

The following table reflects the five-year history of building permit valuation for the City:

CITY OF ALAMEDA					
Building Permits and Valuations					
(dollars in thousands)					
	2005	2006	2007	2008	2009
Permit Valuation					
New Single-family	\$49,753	\$37,393	\$39,598	\$ 408	\$ 879
New Multi-family	475	675	380	0	0
Res. Alterations/Additions	24,126	33,214	24,314	14,510	10,553
Total Residential	\$74,354	\$71,282	\$64,297	\$14,918	\$11,432
New Commercial	\$ 5,853	\$18,780	\$14,517	\$ 0	\$ 0
New Industrial	3,703	1,174	3,342	0	0
New Other	6,709	5,967	6,774	969	727
Comm. Alterations/Additions	23,541	23,623	22,469	6,928	1,417
Total Nonresidential	\$39,807	\$49,544	\$47,102	\$7,897	\$2,144
New Dwelling Units					
Single Family	151	112	110	2	3
Multiple Family	2	4	2	0	0
Total	153	116	112	2	3

Source: Construction Industry Research Board.

Commercial Activity

The City has two central business districts, ten neighborhood commercial districts, a regional shopping center (over 600,000 square feet of retail space), and three community shopping centers (Bridgeside, Harbor Bay Landing, and the Marina Village Shopping Center), each having over 80,000 square feet.

CITY OF ALAMEDA Trade Outlets and Taxable Sales (in thousands of dollars)

Year	Outlets	Taxable Sales
2003	1,092	\$402,449
2004	1,115	424,263
2005	1,105	449,677
2006	1,052	439,132
2007	1,010	458,600
2008 ⁽¹⁾	1,027	447,507

Source: State Board of Equalization.

(1) Latest available full-year data.

Transportation

City streets intersect with an integral component (U.S. Interstate 880) of the freeway complex that links the East Bay with the rest of the Bay Area, the State, and the nation.

Alameda-Contra Costa Transit District buses serving the City also provide scheduled service two miles east to BART, the Bay Area's 75-mile, 34 station mass rapid transit system.

Oakland International Airport is located alongside the City's southern limit; San Francisco International Airport lies to the west across San Francisco Bay 16 miles by freeway.

Community Services and Recreation

The City has one general hospital with capacity of 145 beds and five major convalescent/retirement care centers with over 300 beds. Practicing in the community are approximately 200 physicians/surgeons, numerous dentists, and optometrists.

Four banks and seven savings and loan associations provide financial services at various localities in the City. Among national and statewide banking systems represented are Bank of America, Wells Fargo Bank and Comerica.

The Alameda *Journal*, a member of the Bay News Group, and the Alameda *Sun* are published bi-weekly in the City. The City is conveniently located for access to all San Francisco-Oakland Bay Area print and broadcast communications media.

The Alameda Free Library system includes the Main Library and two branches. The City's Recreation and Parks Department administers fourteen parks, two swim centers, a senior center, a model airfield, a boat launching ramp and a municipal golf course. The City's Chuck Corica Golf Complex consists of two 18-hole, back-to-back courses, coffee shop, pro shop, driving range, and a nine-hole, par three course.

Public educational services within the City are provided by the Alameda Unified School District. Located within the City are seven pre-schools, eleven elementary schools, three middle schools, two high schools, one adult college, one community college and several private and parochial schools.

Located along the shoreline is one shoreline park, a state beach, seven small boat marinas and five yacht clubs which support water-oriented sports activities including boating, water-skiing, fishing and swimming.

Median Household Income

Effective Buying Income (EBI) is defined as personal income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table represents the five year history of median household EBI for the City, the County, the State and the United States of America:

City of Alameda, Alameda County, State of California and United States of America Median Household Effective Buying Income

Year	Area	Total Effective Buying Income (000's omitted)	Median Household Effective Buying Income
2004	City of Alameda	\$ 1,936,013	\$51,295
	Alameda County	34,827,010	51,415
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2005	City of Alameda	\$ 1,937,230	\$52,350
	Alameda County	34,772,823	52,295
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	City of Alameda	\$ 1,971,105	\$52,819
	Alameda County	35,772,898	53,171
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2007	City of Alameda	\$ 2,072,000	\$54,911
	Alameda County	37,572,278	54,688
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Alameda	\$ 2,110,295	\$56,044
	Alameda County	29,965,000	47,353
	California	832,531,445	48,952
	United States	6,443,994,426	42,303

Source: "Survey of Buying Power, " Sales and Marketing Management Magazine (2004); Claritas, Inc. (2005-2008).

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APPENDIX C

SUMMARY OF BOND DOCUMENTS

The Indenture of Trust

The following is a brief summary of the provisions of the Indenture of Trust relating to the Bonds not otherwise described in the text of the Official Statement. Such summary is not intended to be definitive, and reference is made to the Indenture of Trust for the complete terms thereof.

Definitions

The following terms have the meanings set forth below when they are used in the Indenture.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may hereafter be amended from time to time.

“Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the expenses incurred by the Trustee, the City and the Authority in carrying out their duties under the Indenture including payment of amounts payable to the United States pursuant to the federal rebate provisions of the Indenture and in carrying out the purposes of the Districts.

“Assessment District” means the City of Alameda Marina Village Reassessment District No. 10-1.

“Authorized Representative of the City” means the City Manager, the City Finance Director, the City Treasurer or any other City officer so designated in writing by the City Council or an Authorized Representative of the City.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means (i) Quint & Thimmig LLP, or (ii) any attorney at law or other firm of attorneys selected by the Authority of nationally-recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Date” means the date of issuance of the Bonds.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may hereafter be amended from time to time.

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with the provisions of the Indenture.

“Bond Year” means each twelve-month period extending from September 3 in one calendar year to September 2 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 3, 2010, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the State, or any successor thereto.

“Certificate of the Authority” means a certificate in writing signed by the Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board for that purpose.

“Closing Date” means the date upon which there is a physical delivery of the Bonds in exchange for the purchase price therefor.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations in effect with respect thereto.

“Continuing Disclosure Agreement” means the Continuing Disclosure Certificate, dated the Closing Date, of the Authority.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Local Obligations and the Bonds and the acquisition of the Local Obligations by the Authority, and the refunding and defeasance of the Prior Bonds, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, the fiscal agent for the Local Obligations and the Escrow Bank, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, rating agency fees, fees of the co-financial advisors, Costs of Issuance as defined in the fiscal agent agreements for the Local Obligations, fees and expenses of Bond Counsel and disclosure counsel, and other fees and expenses related to any of the foregoing.

“Costs of Issuance Fund” means the fund by that name established in the Indenture.

“Dated Date” means the Bond Date.

“District” means the City of Alameda Community Facilities District No. 1 (Harbor Bay).

“Districts” means, collectively, the District and the Assessment District.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Escrow Agreement – 1999 Bonds” means the Escrow Agreement, dated as of July 1, 2010, between the Authority and the Escrow Bank, providing for the redemption and defeasance of the 1999 Bonds and the Assessment Bonds identified therein.

“Escrow Agreement – 1996 Bonds” means the Escrow Agreement, dated as of July 1, 2010, between the Authority and the Escrow Bank, providing for the redemption and defeasance of the 1996 Bonds and the Special Tax Bonds identified therein.

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., in its capacity as the Escrow Bank under the Escrow Agreement – 1999 Bonds or the Escrow Agreement – 1996 Bonds, as applicable.

“Event of Default” means any of the events of default described in the Indenture.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable

regulations under the code, (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following: (a) cash; (b) State and Local Government Series issued by the United States Treasury ("SLGS"); (c) United States Treasury bills, notes and bonds, as traded on the open market; and, (d) zero coupon United States Treasury Bonds.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

"Improvement Bonds" means the Limited Obligation Improvement Refunding Bonds, City of Alameda Marina Village Reassessment District No. 10-1 issued by the City under and pursuant to the Refunding Bond Act.

"Indenture" means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City, or who may be the City's administrator for both or either of the Districts.

"Independent Financial Consultant" means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom: (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City, or who may be the City's administrator for both or either of the Districts.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Incorporated, 580 Kingsley Park Drive, Fort Mill, South Carolina 29715; Standard & Poor's Corporation, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Called Bond Data; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Authority may designate in a Request of the Authority delivered to the Trustee.

"Interest Payment Date" means March 2 and September 2 in each year, beginning September 2, 2010, and continuing thereafter so long as any Bonds remain Outstanding.

"Local Obligations" means, collectively, the Special Tax Bonds and the Improvement Bond.

"Moody's" means Moody's Investors Service, its successors and assigns.

"1999 Bonds" means the Authority's 1999 Revenue Bonds (1997 Revenue Bond Refinancing), issued and outstanding under the 1999 Indenture.

"1999 Indenture" means the Indenture of Trust, dated as of January 1, 1999, between the Authority and The Bank of New York Mellon Trust Company, N.A. (successor to U.S. Bank Trust National Association), as trustee.

"1996 Bonds" means the Authority's Local Agency Revenue Bonds, 1996 Series A (Community Facilities District No. 1 (Harbor Bay) Refinancing), issued and outstanding under the 1996 Indenture.

"1996 Indenture" means the Indenture of Trust, dated as of July 1, 1996, between the Authority and The Bank of New York Mellon Trust Company, N.A. (successor to First Trust of California, National Association), as trustee.

"Original Purchaser" means the first purchaser of the Bonds from the Authority.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation pursuant to the Indenture; (b) Bonds paid or deemed to have been paid within the meaning of the Indenture or Bonds called for redemption for which funds have been provided as described in the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

"Owner" or "Bond Owner," when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

"Permitted Investments" means any of the following which at the time of investment are determined by the Authority (any investment direction to the Trustee shall be deemed to be a representation by the Authority that such determination has been made as to such investment by the Authority) to be legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) Federal Securities.
- (b) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration.
- (c) Senior debt obligations rated AAA by S&P and Aaa by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (or any other U.S.-sponsored agency) with remaining maturities not exceeding three (3) years.
- (d) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks, including the Trustee, its parent, if any, and its affiliates which have a rating on their short term certificates of deposit on the date of purchase of A-1 or A-1+ by S&P and P-1 by Moody's, and maturing no more than 360 days after the date of purchase.
- (e) Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, in each case, rated at least A by Moody's or S&P.
- (f) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the City, or by a department, board, agency, or authority of the City, in each case, rated at least A by Moody's or S&P.
- (g) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, or in obligations, participations, or other instruments of, or issued by, or fully guaranteed as to

principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

(h) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System. Purchases of bankers acceptances may not exceed 270 days' maturity.

(i) Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's or S&P. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an A or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's or S&P. Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

(j) Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the Financial Code of the State) or by a state-licensed branch of a foreign bank.

(k) Investments in fully collateralized repurchase agreements or reverse repurchase agreements of any securities authorized by this definition, so long as the proceeds of the reverse repurchase agreement are invested solely to supplement the income normally received from these securities. Investments in a reverse repurchase agreement shall be made only upon prior approval of the City Council of the City. For purposes of this paragraph, the term "repurchase agreement" means a purchase of securities by the City, pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the City by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery. The term "counterparty" for the purposes of this paragraph, means the other party to the transaction whose general obligations are rated "A" or better by Moody's or S&P. A counterparty bank's trust department or safekeeping department may be used for physical delivery of the underlying security. The term of repurchase agreements shall be for one year or less. The term "securities," for purpose of repurchase under this paragraph, means securities of the same issuer, description, issue date, and maturity. The term "reverse repurchase agreement" means a sale of securities by the City pursuant to an agreement by which the City will repurchase such securities on or before a specified date and for a specified amount.

(l) Medium-term notes of a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this paragraph shall be rated in a rating category of AA or better by S&P and Aa or better by Moody's.

(m) Notes, bonds, or other obligations which are at all times secured by a valid first priority security interest in securities of the types listed by Section 53601 of the Government Code of the State as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by said Section 53601 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(n) The Local Agency Investment Fund maintained by the Treasurer of the State.

(o) Guaranteed investment contracts with financial institutions whose (or whose holding company's) long-term unsecured debt is rated at least A by Moody's or S&P, for all or

any portion of the moneys on deposit in the funds and accounts established under the Indenture, the provisions of which guaranteed investment contracts shall include the right of the Trustee or the Authority to draw in full under the Indenture in the event of the reduction or loss of the long-term debt rating of the issuer thereof and the maximum term for which guaranteed investment contracts shall be the payment date of the final scheduled maturity of the Bonds Outstanding under the Indenture.

(p) Money market mutual funds (including those of the Trustee and its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM-G or AAAM by S&P or Aaa by Moody's.

(q) Any other investment described in Section 53601 of the California Government Code and otherwise permitted under the City's investment policy as in effect at the time the investment is made.

"Prior Bonds" means, collectively, the 1996 Bonds and the 1999 Bonds.

"Program Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Reassessments" means the unpaid reassessments levied by the City on parcels in the Assessment District which have been pledged to repay the Improvement Bonds pursuant to the Refunding Bond Act.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Rebate Regulations" means the Treasury Regulations issued under Section 148(f) of the Code.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

"Refunding Bond Act" means the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code).

"Refunding Law" means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as in effect on the Closing Date.

"Request of the Authority" means a request in writing signed by the Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board for that purpose.

"Request of the City" means a request in writing signed by an Authorized Representative of the City.

"Representation Letter" means the representation letter dated as of the Closing Date among the Authority, the Trustee and DTC.

"Responsible Officer" means any officer of the Trustee assigned to administer the Trustee's duties under the Indenture.

"Revenue Fund" means the fund by that name established by the Trustee pursuant to the Indenture.

"Revenues" means: (a) all payments on the Local Obligations received by the Trustee; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds, other than the Program Fund, the Rebate Fund and the Surplus Fund; and (c) investment income with respect to any moneys held by the Trustee in the funds and

accounts established under the Indenture with respect to the Bonds, other than investment income on moneys held in the Rebate Fund and the Surplus Fund.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 1 SL, New York, New York 10041-0099, Attention: Call Notification Department, Fax (212) 855-3274; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Request of the Authority delivered by the Authority to the Trustee.

"Senior Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Senior Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Special Tax Bonds" means the City of Alameda Community Facilities District No. 1 (Harbor Bay) Special Tax Refunding Bonds issued by the City under and pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311) of Article 1 of Division 2 of Title 5 of the Government Code of the State.

"Special Taxes" means the taxes authorized to be levied by the City in the District on parcels within the District which have been pledged to repay the Special Tax Bonds.

"Standard & Poor's" means Standard & Poor's Ratings Group, its successors and assigns.

"State" means the State of California.

"Subordinate Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Subordinate Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Supplemental Indenture" means any indenture, agreement or other instrument duly executed by the Authority in accordance with the provisions of Article VII of the Indenture.

"Surplus Fund" means the fund by that name established pursuant to the Indenture.

"Tax Certificate" means the arbitrage certificate executed by the Authority and the City on the Closing Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"Tax Collector" means the Tax Collector of the County of Alameda.

"Trust Office" means the corporate trust office of the Trustee, currently located at 350 California Street, 11th Floor, San Francisco, California 94104; except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust business shall be conducted.

Pledge of Revenues; Assignment of Rights

Subject to the provisions of the Indenture regarding redemption of Series B Bonds, payment of Trustee fees and expenses and defeasance, the Series A Bonds are secured by a first lien on and pledge of all of the Revenues and all amounts in the Revenue Fund, and by a first and exclusive lien on and pledge of all amounts on deposit in the Senior Interest Account and the Senior Principal Account. The Series A Bonds are equally secured by a pledge, charge and lien upon the Revenues without priority for any Series A Bond over any other Series A Bond; and the payment of the interest on and principal of the Series A Bonds shall be and are secured by a pledge, charge and lien upon the Revenues.

Subject to the provisions of the Indenture regarding redemption of Series B Bonds, payment of Trustee fees and expenses and defeasance, the Series B Bonds are secured by a lien on and pledge of all of the Revenues and all amounts in the Revenue Fund subordinate to the lien thereon and pledge thereof for the benefit of the Series A Bonds, and by a first and exclusive lien on and pledge of all amounts on deposit in the Subordinate Interest Account and the Subordinate Principal Account. The Series B Bonds are equally secured by a pledge, charge and lien upon the Revenues and amounts in such fund and accounts without priority for any Series B Bond over any other Series B Bond.

The Authority in the Indenture transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Indenture provides that the Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. Subject to the provisions of the Indenture, the Trustee also is entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

Establishment of Funds and Accounts; Flow of Funds

Revenue Fund. There is established and maintained by the Trustee under the Indenture a separate fund to be known as the "Revenue Fund" and a separate Interest Account and Principal Account therein. All Revenues described in clause (a) of the definition thereof shall be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. On each Interest Payment Date and date for redemption of the Bonds, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority, subject, in any event, to the provisions of the following paragraph:

(1) Senior Interest Account. On each Interest Payment Date, the Trustee shall deposit in the Senior Interest Account an amount required to cause the aggregate amount on deposit in the Senior Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Series A Bonds. No deposit need be made into the Senior Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Series A Bonds on such Interest Payment Date. All moneys in the Senior Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series A Bonds as it shall become due and payable. In the event that the amounts on deposit in the Senior Interest Account on any Interest Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Series A Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Series A Bonds on a pro rata basis.

(2) Senior Principal Account. On each Interest Payment Date on which the principal of the Series A Bonds is payable, the Trustee shall deposit in the Senior Principal Account an amount required to cause the aggregate amount on deposit in the Senior Principal Account to equal the principal amount of the Series A Bonds coming due and payable on such Interest Payment Date. All moneys in the Senior Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series A Bonds at the maturity thereof.

(3) Subordinate Interest Account. On each Interest Payment Date, the Trustee shall deposit in the Subordinate Interest Account an amount required to cause the aggregate amount on deposit in the Subordinate Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Series B Bonds or the amount of interest to be paid on the Series B Bonds being redeemed on such date. No deposit need be made

into the Subordinate Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Series B Bonds on such Interest Payment Date. All moneys in the Subordinate Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series B Bonds as it shall become due and payable (including accrued interest on any Series B Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Subordinate Interest Account on any Interest Payment Date or redemption date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Series B Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Series B Bonds on a pro rata basis.

(4) **Subordinate Principal Account.** On each Interest Payment Date and redemption date on which principal of the Series B Bonds is payable, the Trustee shall deposit in the Subordinate Principal Account an amount required to cause the aggregate amount on deposit in the Subordinate Principal Account to equal the principal amount of, and premium (if any) on, the Series B Bonds coming due and payable on such Interest Payment Date, or required to be redeemed on such date pursuant to the Indenture. All moneys in the Subordinate Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Series B Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Series B Bonds upon the redemption thereof pursuant to the Indenture.

Notwithstanding the foregoing, any Revenues arising by reason of the redemption of the Improvement Bonds prior to their maturity from prepayments of Reassessments shall be deposited by the Trustee as follows: an amount equal to the interest on the Series B Bonds to be redeemed with such Revenues shall be deposited from such Revenues to the Subordinate Interest Account to be used to pay the interest on the Series B Bonds so called for redemption on the redemption date, and an amount equal to the principal of and premium, if any, on the Series B Bonds to be redeemed shall be deposited from such Revenues to the Subordinate Principal Account to be used to pay the principal of and premium, if any, due on the Series B Bonds so called for redemption on the redemption date.

If on any Interest Payment Date or date for redemption of Bonds the amount on deposit in the Revenue Fund is inadequate to make the transfers described above, the Trustee shall immediately notify the City of the amount needed to make the required deposits as provided above and shall transfer any amounts on deposit in the Surplus Fund to the Interest Account and the Principal Account, in that order, as necessary to cure such deficiency.

On each Interest Payment Date after making the above required transfers, upon receipt of a Request of the Authority to do so, the Trustee shall transfer from the Revenue Fund to the Rebate Fund the amounts specified in such Request.

On September 3, 2010, after making the deposits required by the fourth preceding paragraph for September 2, 2010, the Trustee is directed to transfer any amount then remaining on deposit in the Revenue Fund to the City, to be used by the City to pay administrative costs of the Bond program. On September 3 of each year thereafter, after making the required deposits as described above, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Surplus Fund.

Surplus Fund. The Trustee shall establish and maintain a separate fund to be known as the "Surplus Fund" which shall be administered as described in the Indenture. Any amounts transferred to the Surplus Fund pursuant to the Indenture shall no longer be considered Revenues and are not pledged to repay the Bonds. Any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, (i) the payment of expenses of the City and the Authority relating to the Bonds, the Local Obligations, the District or the Assessment District, and (ii) transfer to the City to be applied to reduce debt service payments on Local Obligations or, with respect to the Improvement Bonds, credited pursuant to the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code).

In addition to the foregoing, any amounts on deposit in the Surplus Account shall be used by the Trustee to make transfers to the Revenue Fund pursuant to the Indenture to pay the principal of and interest due on the Bonds on any Interest Payment Date or redemption date of the Bonds.

Costs of Issuance Fund. There will be established and maintained under the Indenture a fund known as the "Costs of Issuance Fund" into which shall be deposited the amount set forth in the Indenture. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. On the date which is one hundred eighty (180) days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed and the Trustee shall no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee shall comply with such request.

Program Fund. There will be established and maintained under the Indenture a separate fund to be known as the "Program Fund" into which shall be deposited the proceeds of sale of the Bonds of pursuant to the Indenture. The Trustee shall transfer, on the Closing Date, the amounts on deposit in the Program Fund the respective amounts specified in the Indenture to the Escrow Bank acting as such under the Escrow Agreement – 1996 Bonds; and to the Escrow Bank acting as such under the Escrow Agreement – 1999 Bonds.

Rebate Fund. The Trustee shall establish and maintain under the Indenture a separate fund to be known as the "Rebate Fund." The Rebate Fund shall be administered as described in the Indenture. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of the Indenture, the Trustee shall be deemed conclusively to have complied with the Indenture and the Tax Certificate if it follows the directions set forth in any Request of the Authority or Certificate of the Authority and shall be fully protected in so doing. The Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Authority with the terms of the Rebate Fund provisions of the Indenture or the Tax Certificate.

Investment of Funds

All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall invest any such moneys in Permitted Investments described in clause (p) of the definition thereof. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made.

For purposes of acquiring any investments under the Indenture, the Trustee may commingle moneys held by it in any of the funds and accounts held by it under the Indenture. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted in the Indenture through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture.

The Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code), shall be acquired and disposed of and valued at Fair Market Value; provided, however, that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code).

Certain Covenants

Punctual Payment. The Authority agrees to punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall have been so extended. Nothing in this paragraph shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the Local Obligations and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

No Additional Parity Debt. Except for the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds or any of the Prior Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The Authority will make no use of the proceeds of the Bonds, of the Prior Bonds, of the Local Obligations or of any other amounts or property, regardless of the

source, or take or omit to take any action which would cause the Bonds or any of the Prior Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) Federal Guarantee. The Authority will make no use of the proceeds of the Bonds, of the Prior Bonds, of the Local Obligations or take or omit to take any action that would cause the Bonds or any of the Prior Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) Miscellaneous. The Authority will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

Local Obligations. Subject to the provisions of the Indenture, the Trustee shall use reasonable efforts to collect all amounts due from the City pursuant to the Local Obligations and shall diligently enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City. The Authority shall instruct the City to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and the City may at any time consent to, amend or modify any of the Local Obligations or either of the Fiscal Agent Agreements pursuant to which the Local Obligations were issued: (a) with the prior consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners, if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in such Local Obligations or Fiscal Agent Agreements, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the District or the City, as applicable; or

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligations or Fiscal Agent Agreements, or in any other respect whatsoever as the City may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(iii) to amend any provision thereof to the extent necessary to maintain the exclusion from gross income of the owners thereof of the interest on the Bonds for federal income tax purposes under the Code, in the opinion of Bond Counsel filed with the Trustee.

Nothing in the Indenture shall prevent the City from entering into any amendment or modification of a Local Obligation or a Fiscal Agent Agreement pursuant to which a Local Obligation was issued which solely affects a particular Bond or Bonds all of the Owners of which shall have consented to such amendment or modification.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, the Authority may cause the Trustee to sell, from time to time, all or a portion of an issue of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations, the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with respect to any Local Obligations not then in default), together with interest and principal due on any noncallable Federal Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds (other than the Rebate Fund and the

Surplus Fund) and accounts established under the Indenture (valuing any Permitted Investments held under the Indenture at the then Fair Market Value thereof), will be sufficient to pay the principal of and interest on the Bonds when due; and

(b) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall transfer such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations as directed in such Request of the Authority.

Continuing Disclosure. The Authority covenants and agrees in the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of the Original Purchaser or the owners of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any Bondholder may, take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations under the Continuing Disclosure Agreement, including seeking mandate or specific performance by court order.

Not later than October 30 of each year, commencing October 30, 2010 and in each calendar year thereafter until the October 30 following the final maturity of the Bonds, the Treasurer of the Authority shall cause the following information to be supplied to CDIAC: (i) the name of the Authority; (ii) the full names of the Districts; (iii) the name, title, and series of the Bond issue; (iv) any credit rating for the Bonds and the name of the rating agency; (v) the Closing Date of the Bond issue and the original principal amount of the Bond issue; (vi) the amount of the Reserve Requirement for each of the Local Obligations, as such term is defined in the instrument pursuant to which the respective Local Obligation was issued; (vii) the principal amount of Bonds outstanding; (viii) the balance in the Reserve Fund for the Special Tax Bonds and in the Reserve Fund for the Improvement Bonds; (ix) that there is no capitalized interest account for the Bonds; (x) the number of parcels in the Districts that are delinquent with respect to the payment of Assessments or Special Taxes, the amount that each parcel is delinquent, the total amount of Special Taxes and Assessments due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified; (xi) the balance in the Improvement Fund under the instrument pursuant to which the Improvement Bonds were issued, if any; (xii) the assessed value of all parcels subject to the Assessments or Special Taxes to repay the Local Obligations as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information; (xiii) the total amount of Special Taxes and Assessments due, the total amount of unpaid Special Taxes and Assessments, and whether or not the Special Taxes and Assessments are paid under the County's Teeter Plan (Chapter 6.6 (commencing with Section 54773) of the California Government Code); (xiv) the reason and the date, if applicable, that the Bonds were retired; and (xv) contact information for the party providing the foregoing information. The annual reporting shall be made using such form or forms as may be prescribed by CDIAC.

Until the final maturity of the Bonds, the Treasurer of the Authority shall notify CDIAC by mail, postage prepaid, to the extent required by CDIAC, within 10 days of any failure to pay principal and interest due on the Bonds.

The failure by the Authority to comply with the provisions of the Indenture described in the preceding three paragraphs is not an Event of Default under the Indenture. The foregoing provisions are deemed to be amended to reflect any applicable change in Section 6599.1(b) or (c) of the California Government Code, without any action by the Authority or the Trustee.

Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Amendment of Indenture

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision hereof relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds; or

(d) to amend the provisions of the Indenture related to the Surplus Fund and the use of amounts on deposit therein.

The Trustee may, as it deems appropriate in its sole discretion, obtain an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion and shall be fully protected in relying thereon.

Events of Default; Remedies

The following events shall be Events of Default under the Indenture.

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default (other than a default arising from nonpayment of the

Trustee's fees and expenses, which must be cured within such 60-day period unless waived by the Trustee) shall not constitute a Event of Default under the Indenture if the Authority shall commence to cure such default within said sixty (60) day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time; or

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

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. In the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from funds of the Authority and not from Revenues.

If an Event of Default shall have occurred and be continuing, if requested to do so by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture and, as applicable, under the Local Obligations, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Disposition of Funds Following Event of Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Series A Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Series A Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

(a) first to the payment of all installments of interest on the Series A Bonds then due and unpaid,

(b) second, to the payment of all installments of principal of the Series A Bonds then due and unpaid, and

(c) third, to the payment of interest on overdue installments of principal and interest on Series A Bonds.

Third, to the payment of the whole amount of interest on and principal of the Series B Bonds then due and unpaid, with interest on overdue installments of principal to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Series B Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

(a) first to the payment of all installments of interest on the Series B Bonds then due and unpaid,

(b) second, to the payment of all installments of principal of the Series B Bonds then due and unpaid, and

(c) third, to the payment of interest on overdue installments of principal on Series B Bonds.

Fourth, any remaining amounts to the Surplus Fund, to be used for purposes of the Surplus Fund.

In the event that the Trustee, upon the happening of a Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non-Waiver. Nothing in the Indenture or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Revenues and other moneys in the Indenture pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be

construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Limitations on Remedies. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared in the Indenture, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions or any other provision of the Indenture.

In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Limited Liability of Authority

Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained in the Indenture. The Authority may in its sole and absolute discretion, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in the Indenture provided.

Discharge of Indenture

If the Authority shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, the securities set forth in the final preceding paragraph in such amount as Bond Counsel or an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the Request of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in the Indenture, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and to pay all expenses and costs of the Trustee. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority.

The Fiscal Agent Agreements

The two Fiscal Agent Agreements are substantially similar, except for the name of the respective Local Obligations and the Assessment District or the Community Facilities District to which each Fiscal Agent Agreement pertains. The following is a brief summary of certain provisions of the Fiscal Agent Agreements not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the text of the two Fiscal Agent Agreements for the complete terms thereof. Each Fiscal Agent Agreement is independent of each other Fiscal Agent Agreement, and funds held under one Fiscal Agent Agreement may not be used to pay the Local Obligation issued under the other Fiscal Agent Agreement.

When used in the following pages, the term "Bonds" means the respective Local Obligation issued under the applicable Fiscal Agent Agreement, and "Authority Bonds" means the Bonds issued under the Indenture.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given.

"Act" means, with respect to the Improvement Bonds, the Refunding Act of 1984 for 1915 Improvement Act Bonds, as amended, being Division 11.5 of the California Streets and Highways Code, and, with respect to the Special Tax Bonds, the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the California Government Code.

"Administrative Expenses" means any or all of the following with respect to the Special Tax Bonds: the fees and expenses of the Fiscal Agent (including any indemnification payment or any fees or expenses of its counsel), the expenses of the City in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds pursuant to the Fiscal Agent Agreement, any costs of the City in employing consultants and/or attorneys in connection with the discharge of any of the City's obligations hereunder (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Fiscal Agent Agreement or in connection with the refunding of the Prior Bonds and, in the case of the City, in any way related to the administration of the Community Facilities District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid, and any advances of funds by the City under the Fiscal Agent Agreement.

"Agreement" means the respective Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement executed pursuant to the provisions hereof.

"Assessment District" means the area within the City designated "City of Alameda Marina Village Reassessment District No. 10-1," formed by the City under the Act.

"Auditor" means the auditor/controller or tax collector of the County, or such other official of the County who is responsible for preparing real property tax bills.

"Authorized Investments," for purposes of the Improvement Bond Fiscal Agent Agreement, means any of the following, to the extent acquired at Fair Market Value: (i) securities (other than those identified in paragraphs (a) and (d) of section 53601 of the Government Code of the State) in which the City may legally invest funds subject to its control, pursuant to Article 1, commencing with section 53600, of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as now or hereafter amended, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government code which invests exclusively in investments permitted by section 53635

of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended, including but not limited to the California Arbitrage Management Program (CAMP); and (iii) the Local Agency Investment Fund of the State of California, created pursuant to section 156429.1 of the California Government Code.

“Bond Law” means, for purposes of the AD Fiscal Agent Agreement, the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code.

“Bond Register” means the books maintained by the Fiscal Agent the registration and transfer of ownership of the Bonds.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its Principal Office are authorized or obligated by law or executive order to be closed.

“Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year.

“Delinquency Maintenance Fund” means the fund established and administered under the Fiscal Agent Agreement for the Improvement Bonds.

“DMF Requirement” means, as of any date of calculation, an amount equal to the amount specified in the Fiscal Agent Agreement for the Improvement Bonds.

“District” means the City of Alameda Community Facilities District No. 1 (Harbor Bay) formed pursuant to Resolution No. 11681 of the City, adopted on March 22, 1988.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the code, (iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or (ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

“Finance Director” means the Finance Director of the City or the person acting as chief financial officer of the City, or designee thereof.

“Fiscal Agent” means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers provided in the applicable Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the applicable Fiscal Agent Agreement.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Formation Act” means the Municipal Improvement Act of 1913, as amended, being Division 12 of the California Streets and Highways Code.

“List of Unpaid Reassessments” means the list on file with the City showing the amounts of the Reassessments upon each of the parcels in the Assessment District.

“Maximum Annual Debt Service” means the largest Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the City levying the Special Taxes.

“Original Purchaser” means the Authority, as the first purchaser of the Bonds from the City.

“Outstanding” when used as of any particular time with reference to Bonds, means, subject to the provisions of the Fiscal Agent Agreement, all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

“Permitted Investments” means, when used in the Fiscal Agent Agreement for the Special Tax Bonds, the following, but only to the extent that the same are acquired at Fair Market Value and are otherwise eligible investments of the City for funds held pursuant to this Agreement:

(i) Federal Securities;

(ii) any of following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development;

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent and its affiliates), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is

the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

(iv) repurchase agreements with a registered broker/dealer subject to the Securities Investors' Protection Corporation Liquidation in the event of insolvency, or any commercial bank provided that: (a) the unsecured obligations of such bank shall be rated in one of the top two rating categories by a nationally recognized rating service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by a nationally recognized rating service; (b) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (c) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (d) the entity holding such securities as described in clause (c) shall have a pledged first security interest therein for the benefit of the Fiscal Agent under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. and are rated in one of the top two rating categories by a nationally recognized rating service;

(v) bankers acceptances endorsed and guaranteed by banks described in clause (iv) above;

(vi) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are rated in the one of the top two rating categories by a nationally recognized rating service;

(vii) money market funds which invest solely in Federal Securities or in obligations described in the preceding clause (ii) of this definition, or money market funds which are rated in the highest rating category by Standard & Poor's Corporation and Moody's Investor Service, including funds for which the Fiscal Agent, its parent holding company, if any, or any affiliate or subsidiary of the Fiscal Agent or such holding company provides investment advisory or other management services;

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) or (iv) above;

(ix) any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the City or the Fiscal Agent or any successor Fiscal Agent and a financial institution or governmental body whose long term debt obligations are rated in one of the top two rating categories by a nationally recognized rating service;

(x) commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, or Standard and Poor's Corporation, of issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "AA" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation, and provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation;

(xi) any general obligation of a bank or insurance company whose long term debt obligations are rated in one of the two highest rating categories of a national rating service; or

(xii) any other lawful investment for City funds.

"Project" means the improvements authorized to be financed by the City under the proceedings pursuant to the Resolution No. 10421 of the City Council of the City adopted on August 21, 1984, and any resolution of the City Council of the City in furtherance thereof or which supersede such resolution.

“Reassessments” means the unpaid reassessments levied within the Assessment District by the City Council under the proceedings taken pursuant to the Act for the Assessment District.

“Redemption Fund” means the fund by that name established and administered under the Fiscal Agent Agreement for the Improvement Bonds.

“Refunding Agreement” means the Agreement Regarding Refunding of Authority Bonds, dated as of July 1, 2010, by and among the CIC, the Authority, the City, the Trustee for the Authority Bonds, the agent for the Prior Bonds and the other parties identified therein.

“Reserve Fund” means the fund by that name established pursuant to the Fiscal Agent Agreement for the Special Tax Bonds.

“Reserve Requirement” means, as of any date of calculation an amount equal to ten percent (10%) of the outstanding principal amount of the Special Tax Bonds.

“Special Taxes” means the special taxes levied within the Community Facilities District pursuant to the Act, the Ordinance and the Fiscal Agent Agreement for the Special Tax Bonds.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments and any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest, but shall not include any interest or penalties in excess of the interest due on the Special Tax Bonds collected in connection with any such foreclosure.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Council of the City under the Bond Law or the Act, as applicable, and which agreement is amendatory of or supplemental to a Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Trustee” means Union Bank, N.A., in its capacity as trustee for the Authority Bonds, or any successor thereto under the Authority Bonds Indenture.

Funds and Accounts

Redemption Fund. The Redemption Fund is established under the Fiscal Agent Agreement for the Improvement Bonds as a separate fund to be held by the Finance Director, to the credit of which deposits shall be made as required by such Fiscal Agent Agreement, and any other amounts required to be deposited therein by such Fiscal Agent Agreement or the Bond Law. Moneys in the Redemption Fund will be held by the Finance Director for the benefit of the City and the Owners of the Improvement Bonds, will be disbursed for the payment of the principal of, and interest and any premium on, the Improvement Bonds and as otherwise provided below.

Within the Redemption Fund the Finance Director will establish a Prepayment Account into which shall be placed the proceeds of the prepayment of any Reassessment and which Prepayment Account shall be administered in accordance with the provisions of Section 8767 of the Bond Law.

On or before each Interest Payment Date, the Finance Director shall withdraw from the Redemption Fund and pay to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, an amount equal to the principal of, and interest and any premium, then due and payable on the Improvement Bonds. Prior to each Interest Payment Date, the Finance Director shall determine if the amounts then on deposit in the Redemption Fund are sufficient to pay the debt service due on the Improvement Bonds on such Interest Payment Date. If there are insufficient funds in the Redemption Fund to make the payments provided for in the first sentence of this paragraph, the Finance Director shall transfer from the Delinquency Maintenance Fund an amount necessary to cure such insufficiency (not to exceed the amount then on deposit in the Delinquency Maintenance Fund). In the event of any delinquency in payment of the Bonds, the Finance Director shall transfer to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, the first available moneys in the Redemption Fund arising from the collection of delinquent Reassessments up to the delinquent amount then owing on the Bonds.

Funds placed in the Prepayment Account of the Redemption Fund shall be disbursed therefrom by the Finance Director to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, to be used by the Fiscal Agent for the call and redemption of the Improvement Bonds on the redemption date, and in the amounts as set forth in the Fiscal Agent Agreement for the Improvement Bonds.

Funds placed in the Administrative Expense Fund shall be used by the City to pay the costs of the City in complying with the provisions of the Fiscal Agent Agreement for the Improvement Bonds and the administration of the Assessment District.

Any earnings on investments not required to be disbursed under AD Fiscal Agent Agreement, shall be credited against Debt Service; provided, however, that before any such credit shall be made, such earnings shall be available for the payment of any rebate that may be owed under the Fiscal Agent Agreement for the Improvement Bonds.

Moneys in the Redemption Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement for the Improvement Bonds. Interest earnings and profits resulting from such investment and deposit shall be retained in the Redemption Fund to be used for the purposes of such fund.

Special Tax Fund. There is established under the Fiscal Agent Agreement for the Special Tax Bonds as a separate account to be held by the Finance Director, the Special Tax Fund, to the credit of which the City shall deposit, immediately upon receipt, all Special Tax Revenue received by the City and any amounts required by the Fiscal Agent Agreement for the Special Tax Bonds to be deposited therein. Moneys in the Special Tax Fund shall be held by the City for the benefit of the City and the Owners of the Special Tax Bonds, shall be disbursed as provided below and, pending and disbursement, shall be subject to a lien in favor of the Owners of the Special Tax Bonds.

From time to time as needed to pay the obligations of the District, but no later than each Interest Payment Date commencing with the March 2, 2011 Interest Payment Date, the Finance Director shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority: (i) to the Administrative Expense Fund, whenever required for the purposes of such fund, an amount equal to that portion of any Special Tax Revenues received which are attributable to the levy of Special Taxes for Administrative Expenses (determined by multiplying the aggregate Special Taxes received by a fraction the numerator of which is the percentage of the aggregate Special Tax levy, to which such Special Taxes received pertain, constituting Administrative Expenses and the denominator of which is one hundred), and (ii) to the Fiscal Agent for deposit in the Bond Fund, (a) within thirty (30) days of receipt of any Special Tax Revenue during any period that principal and/or interest is past due on the Bonds, an amount equal to any principal or interest on the Bonds not paid when due, together with interest thereon at the interest rate on the Bonds from the date such payment was due to the date of transfer, and (b) on or before each Interest Payment Date, an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the Interest Payment Date; provided that no such transfers shall exceed the amount then available to be transferred from the Special Tax Fund.

Moneys in the Special Tax Fund shall be invested and deposited in accordance with the Fiscal Agent Agreement for the Special Tax Bonds. Interest earnings and profits resulting from such investment and deposit shall be retained in the Special Tax Fund to be used for the purposes thereof.

Bond Fund. There is established under the Fiscal Agent Agreement for the Special Tax Bonds as a separate account to be held by the Fiscal Agent the Bond Fund, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement for the Special Tax Bonds, and any other amounts required to be deposited therein by such Agreement or the Act. Moneys in the Bond Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Special Tax Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Special Tax Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Special Tax Bonds.

On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of a redemption of the Bonds required by the Special Tax Bonds Fiscal Agent Agreement.

In the event that amounts in the Bond Fund are insufficient for the purpose set forth in the first sentence of the preceding paragraph, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein the amount necessary to cover the amount of such Bond Fund insufficiency, and amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the second preceding paragraph, the Fiscal Agent shall the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds. Any payment not made in full as scheduled shall continue to bear interest at the interest rate on the Bonds until paid, and shall be paid from amounts transferred to the Bond Fund from the Special Tax Fund pursuant to the Fiscal Agent Agreement for the Special Tax Bonds, promptly following any such transfer.

Moneys in the Bond Fund shall be invested and deposited in accordance with the CFD Fiscal Agent Agreement. Interest earnings and profits resulting from such investment and deposit shall be retained in the Bond Fund.

Payment Fund. There is a Payment Fund established under the Fiscal Agent Agreement for the Improvement Bonds as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement for the Improvement Bonds. Moneys in the Payment Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Improvement Bonds, and shall be disbursed to pay the principal of, premium, if any, and interest due on the Improvement Bonds.

Amounts transferred to the Fiscal Agent, other than the proceeds of prepayments of Reassessments, shall be remitted, on the Interest Payment Date with respect to which the transfer was made, by the Fiscal Agent to the Owners of the Improvement Bonds in respect of the scheduled principal of and interest due on the Improvement Bonds on such Interest Payment Date.

Amounts transferred to the Fiscal Agent constituting prepayments of Reassessments shall be remitted, on the redemption date with respect to which the transfer was made, by the Fiscal Agent to the Owners of the Improvement Bonds to be redeemed in respect of the redemption price due on such Improvement Bonds.

Moneys in the Payment Fund shall be held therein by the Fiscal Agent uninvested.

Reserve Fund. There is established under the Fiscal Agent Agreement for the Special Tax Bonds as a separate fund to be held by the Fiscal Agent, the Reserve Fund, to the credit of which the Fiscal Agent shall deposit funds as required by such Fiscal Agent Agreement. Any moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of and interest on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise described below, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Special Tax Bonds.

Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Finance Director of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund, to be used to pay interest on the Special Tax Bonds on the next Interest Payment Date.

Any amounts in the Reserve Fund shall be withdrawn for purposes of making payment to the federal government, upon receipt by the Fiscal Agent of an Officer's Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Special Tax Bonds, including interest accrued to the date of maturity, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the Reserve Fund to the Bond Fund to be applied to the payment of the Outstanding Special Tax Bonds as such payments become due. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay the Outstanding Special Tax Bonds, the balance in the Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Moneys in the Reserve Fund shall be invested in accordance with the Fiscal Agent Agreement for the Special Tax Bonds. On or before each Interest Payment Date, if the amount on deposit in the Reserve Fund equals the then Reserve Requirement, interest earnings and profits resulting from said investment shall be transferred by the Fiscal Agent to the Bond Fund, to be used to pay interest on the Special Tax Bonds on the next Interest Payment Date.

Delinquency Maintenance Fund. The Delinquency Maintenance Fund is established under the Fiscal Agent Agreement for the Improvement Bonds as a separate fund to be held by the Finance Director, to the credit of which a deposit shall be made as required by such Fiscal Agent Agreement. Moneys in the Delinquency Maintenance Fund shall be held in trust by the Finance Director for the benefit of the Owners of the Improvement Bonds, and shall be subject to a lien in favor of the Owners of the Improvement Bonds.

Except as otherwise provided in the Fiscal Agent Agreement for the Improvement Bonds, all amounts deposited in the Delinquency Maintenance Fund shall be used and withdrawn by the Finance Director solely for the purpose of making transfers to the Redemption Fund as necessary to pay the principal of and interest on the Improvement Bonds on any Interest Payment Date in the event of any deficiency at any time in the Redemption Fund of the amount then required for such purpose.

Whenever the amount in the Redemption Fund is insufficient to pay the principal of and interest on the Improvement Bonds on any Interest Payment Date due to a deficiency in the Redemption Fund, the Finance Director shall transfer the amount so needed from the Delinquency Maintenance Fund to the Redemption Fund.

Whenever on any date the amount in the Delinquency Maintenance Fund exceeds the DMF Requirement, the Finance Director may transfer the amount of the excess from the Delinquency Maintenance Fund to the Redemption Fund to be used for the payment of interest on the Improvement Bonds on the next Interest Payment Date.

Whenever the balance in the Delinquency Maintenance Fund equals or exceeds the amount required to pay the Outstanding Improvement Bonds, including the scheduled interest and principal thereof, the Finance Director shall transfer the amount in the Delinquency Maintenance Fund to the Redemption Fund to be applied, on the next succeeding Interest Payment Date, to the payment of all of the Outstanding Improvement Bonds. In the event that the amount so transferred from the Delinquency Maintenance Fund to the Bond Fund exceeds the amount required to pay the Outstanding Improvement Bonds, the balance in the Delinquency Maintenance Fund shall be transferred to the City to be used for any lawful purpose of the City under the Bond Law.

Amounts in the Delinquency Maintenance Fund may at any time be used, at the written direction of an Authorized Officer, for purposes of paying any rebate liability under the Fiscal Agent Agreement for the Improvement Bonds.

Improvement Fund. There is an Improvement Fund established as a separate fund to be held by the Finance Director under the Fiscal Agent Agreement for the Improvement Bonds. Moneys shall be deposited to the Improvement Fund as provided in such Fiscal Agent Agreement. Moneys in the Improvement Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed for the payment or reimbursement of costs of the Project.

Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer's Certificate which shall: (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, the person to which the disbursement is to be paid and state that such disbursement is for a Project cost; and (ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement. Upon the filing of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund as directed in said Officer's Certificate which directions shall be pursuant to the Prior Resolutions and to the provisions of Sections 10427 and 10427.1 of the Formation Act and the Improvement Fund shall be closed.

Administrative Expense Funds. There is established under the Fiscal Agent Agreement for the Special Tax Bonds as a separate account to be held by the Finance Director, an Administrative Expense Fund, to the credit of which a deposit shall be made as provided in the Special Tax Bonds Fiscal Agent Agreement. Moneys in the Administrative Expense Fund shall be held by the Treasurer for the benefit of the City, shall be disbursed as provided below.

Amounts in the Administrative Expense Fund established under the Fiscal Agent Agreement for the Special Tax Bonds shall be withdrawn by the Finance Director and paid to the City or its order upon receipt by the Finance Director of an Officer's Certificate stating the amount to be withdraw, that such amount is to be used to pay an Administrative Expense and the nature of such Administrative Expense. Annually, on the last day of each Fiscal Year, the Finance Director shall withdraw any amounts then remaining in the Administrative Expense Fund that have not been allocated to pay Administrative Expenses incurred but not yet paid, and transfer such amounts to the Special Tax Fund.

Moneys in such Administrative Expense Fund shall be invested and deposited in accordance with the Special Tax Bonds Fiscal Agent Agreement. Interest earnings and profits resulting from said investment shall be retained by the Finance Director in such Administrative Expense Fund to be used for the purposes of such fund.

There is an Administrative Expense Fund established under the Fiscal Agent Agreement for the Improvement Bonds as a separate fund to be held by the Finance Director, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement for the Improvement Bonds. Moneys in such Administrative Expense Fund shall be held by the Finance Director for the benefit of the City and shall be disbursed for payment or reimbursement of costs of the City in connection with the administration of the Fiscal Agent Agreement for the Improvement Bonds, the Improvement Bonds and the Assessment District.

Amounts in such Administrative Fund shall be withdrawn by the Finance Director and paid to the City or its order upon receipt by the Finance Director of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay a cost of the City to administer the Fiscal Agent Agreement for the Improvement Bonds, the Improvement Bonds or the Assessment District, and the nature of such administrative expense.

Moneys in such Administrative Expense Fund shall be invested in accordance with the Fiscal Agent Agreement for the Improvement Bonds. Interest earnings and profits resulting from said investment shall be retained in such Administrative Expense Fund to be used for the purposes of such fund.

Refunding of Improvement Bonds

The Improvement Bonds may be refunded by the City pursuant to Divisions 11 or 11.5 of the Bond Law upon the conditions as set forth in appropriate proceedings therefor; provided, however, that so long as the Authority is the Owner of the Improvement Bonds, the Improvement Bonds may be refunded only with the prior written consent of the Authority. This Section shall not apply to or in any manner limit advancement of the maturity of any of the Improvement Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Law, nor shall this Section apply to or in any manner limit the redemption and

payment of any Improvement Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Reassessments.

Covenants of the City

Collection of Reassessments. In the Fiscal Agent Agreements for the Improvement Bonds, the City has agreed to comply with all requirements of the Act, the Bond Law and the Fiscal Agent Agreement to assure the timely collection of the Reassessments, including, without limitation, the enforcement of delinquent Reassessments. Any funds received by the City in and for the Assessment District, including, but not limited to, collections of Reassessments upon the secured tax rolls, collections of delinquent Reassessments and penalties thereon, through foreclosure proceedings and the prepayment of Reassessments or portions thereof, and, with respect to the Fiscal Agent Agreement for the 90-2 Bonds, any Pledged Enterprise Revenues paid by the City under the Fiscal Agent Agreement for the 90-2 Bonds, shall be immediately deposited into the Redemption Fund. To that end, the following shall apply:

(a) The Reassessments as set forth on the list thereof on file with the Finance Director together with the interest thereto, shall be payable in annual series corresponding in number to the number of serial maturities of the Bonds issued. An annual proportion of each Reassessment shall be payable in each year preceding the date of maturity of each of the several series of Bonds issued sufficient to pay the Bonds when due and such proportion of each Reassessment coming due in any year, together with the annual interest thereon, shall be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interests after delinquency as do the general taxes on real property. All sums received from the collection of the Reassessments and of the interest and penalties thereon shall be transmitted by the City to the Finance Director, to be placed in the Redemption Fund; provided that (i) amounts collected with the Reassessments for administrative expenses shall be deposited by the City in the Administrative Expense Fund, (ii) any prepayments of Reassessments shall be placed in the Prepayment Subaccount, and (iii) amounts representing the collection of delinquent Reassessments (whether by foreclosure or otherwise) shall, after deduction of the costs of collection, be transferred to the Redemption Fund only in the amount of any then delinquency in the payment of the principal of or interest on the Bonds and otherwise shall be deposited to the Delinquency Maintenance Fund, except as otherwise specified in the Fiscal Agent Agreement for the Improvement Bonds with respect to certain amounts collected in respect of delinquent Reassessments which are to be remitted by the City to the CIC.

(b) The Finance Director shall, before the final date on which the Auditor will accept the transmission of the Reassessments for the parcels within the Assessment District for inclusion on the next tax roll, prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the installments of the Reassessments on the next secured tax roll. The Finance Director is authorized to employ consultants to assist in computing the installments of the Reassessments under the Fiscal Agent Agreement for the Improvement Bonds and in reconciling Reassessments billed to amounts received.

(c) The Reassessments shall be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

(d) In addition to any amounts authorized pursuant to Section 8682 of the Bond Law to be included with the annual amounts of installments as aforesaid, the City, pursuant to Section 8682.1 of the Bond Law, may cause to be entered on the Reassessment roll on which taxes will next become due, opposite each lot or parcel of land within the Assessment District in the manner set forth in said Section 8682, each lot's pro rata share of the estimated annual expenses of the City in connection with the administrative duties thereof for the Bonds, including, but not limited to, the costs of registration, authentication, transfer and compliance with the provisions of the Fiscal Agent Agreement, which amounts shall be placed in the Administrative Expense Fund.

(e) Delinquent Reassessments shall be subject to foreclosure pursuant to the Fiscal Agent Agreement.

Collection of Special Tax Revenues. In the Fiscal Agent Agreement for the Special Tax Bonds, the City has agreed to comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. On or about each June 1, the Finance Director shall communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The Finance Director shall effect the levy the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next tax roll. Upon the completion of the computation of the amounts of the levy, the Finance Director shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next tax roll.

The Finance Director shall fix and levy the amount of Special Taxes within the Community Facilities District required for the payment of principal of and interest on any outstanding Bonds of the Community Facilities District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund, and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the rate and method of apportionment of special taxes for the Community Facilities District. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same items and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Foreclosure. The City covenants with and for the benefit of the Owners of the Improvement Bonds that it will order, and cause to be commenced not later than 150 days after the occurrence of a delinquency and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Reassessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Sections 8830 and 8835, inclusive of the Bond Law. The Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney shall commence, or cause to be commenced, such foreclosure proceedings. The City Attorney is authorized to employ counsel to conduct any such foreclosure proceedings.

The City hereby covenants with and for the benefit of the owners of the Special Tax Bonds that it will order, and cause to be commenced within 150 days following the date of notice to the City of a delinquency, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due. The Finance Director shall notify the City Attorney of any such delinquency of which it is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreements and all Supplemental Agreements and of the Bonds.

In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement 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 City, such claim for

interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

No Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the unpaid Reassessments or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement, the Act or the Bond Law. The City shall not issue any additional bonds secured by the Reassessments or any other assessments authorized under the Prior Resolutions.

The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement for the Special Tax Bonds.

Protection of Security. The City will preserve and protect the security of the Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Fiscal Agent Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Fiscal Agent Agreement.

Tax Covenants. The City shall assure that the proceeds of the Prior Bonds and of the Bonds are not so used as to cause the Authority Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(b) of the Code.

The City shall assure that the proceeds of the Prior Bonds and of the Bonds are not so used as to cause the Authority Bonds to satisfy the private loan financing test of section 141(c) of the Code.

The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Authority Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Prior Bonds and of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Authority Bonds would have caused the Authority Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

The City shall take all actions necessary to assure the exclusion of interest on the Authority Bonds from the gross income of the owners of the Authority Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Authority Bonds.

The City shall take all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, as applicable to the Bonds, the Prior Bonds and/or the Authority Bonds.

No Additional Special Tax Bonds. The City shall not issue any additional bonds or incur any additional indebtedness (other than Administrative Expenses) secured by a pledge of Special Taxes or any amounts in any funds or accounts established hereunder.

Reduction of Special Taxes. The City covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of Maximum Annual Debt Service with respect to the Special Tax Bonds. It is hereby acknowledged that Authority is purchasing the Bonds in reliance on

the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

Continuing Disclosure. The City covenants and agrees that it will assist the Authority in complying with and carrying out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered a default under the Fiscal Agent Agreement; however, any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or any holder or beneficial owner of the Authority Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations thereunder, including seeking mandate or specific performance by court order.

Actions With Respect to the Monitoring of the Collection of Reassessments Levied, and Payments to be Made by the CIC in Respect of Delinquent Reassessments. The City acknowledges that it has agreed, in Section 8 of the Refunding Agreement, to monitor the payment of Reassessments levied in the Assessment District and to advise the CIC on or prior to February 15 and August 15 of each year that the Improvement Bonds are outstanding of any delinquency in the payment of a Reassessment that is subject to the Reimbursement Obligation (as such term is used in the Refunding Agreement). The CIC has agreed in the Refunding Agreement to remit to the Fiscal Agent, upon receiving any such notice from the City of a delinquency in payment of a Reassessment subject to the Reimbursement Obligation, on or before the immediately succeeding March 1 or September 1, as applicable, an amount equal to the amount it would have been obligated under the OPA (as such term is used in the Refunding Agreement) to reimburse the owner of the property on which the Reassessment was levied had such owner paid the Reassessment.

The City has agreed in the Refunding Agreement that, when and if it collects, by foreclosure proceedings or otherwise, any delinquent Reassessment with respect to which the CIC has advanced funds pursuant to the preceding paragraph, it will remit to the CIC, from the funds collected, an amount equal to the amount advanced by the CIC in respect of the delinquent Reassessment.

The Finance Director or the Finance Director's designee is directed in the Fiscal Agent Agreement for the Improvement Bonds to take the actions, on behalf of the City, described in the preceding two paragraphs to be taken by the City. At the time any funds are remitted to the Fiscal Agent pursuant to the second preceding paragraph, the City shall advise the Fiscal Agent as to the disposition of such funds, which shall be used to pay debt service due on the Improvement Bonds.

Investments

Moneys in any fund or account created or established by the Fiscal Agent Agreement for the Special Tax Bonds and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

The Fiscal Agent may act as principal or agent in the acquisition or disposition of any investment. The Fiscal Agent shall incur no liability for losses arising from any investments made pursuant to the Fiscal Agent Agreement. For purposes of determining the amount on deposit in any fund or account held under the Fiscal Agent Agreement, all Authorized Investments or investments credited to such fund or account shall be valued at the lesser of the cost thereof (excluding accrued interest and brokerage commissions, if any) or fair market value.

Investments in any and all funds and accounts may at the discretion of the Fiscal Agent be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for the Special Tax Bonds for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent under the Fiscal Agent Agreement for the Special Tax Bonds, provided that the Fiscal Agent shall at all

times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement for the Special Tax Bonds.

The Fiscal Agent shall sell at the highest price reasonably obtainable, or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Fiscal Agent shall not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Amounts held by the Finance Director in the Redemption Fund, the Administrative Expense Fund or in the Delinquency Maintenance Fund under the Fiscal Agent Agreement for the Improvement Bonds may be invested in any lawful investment for City funds.

Limited Liability of City

The City shall not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly provided therein or in the Bonds. The City shall not be liable to any Owner in connection with the performance of its duties thereunder, except for its own negligence or willful misconduct. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default thereunder.

In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of the Fiscal Agent Agreement. The City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts other than to the extent of money improperly obtained or retained by the City.

No provision of the Fiscal Agent Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to (i) imposing and collecting the Reassessments and transferring the same to the Fiscal Agent; and (ii) defending the validity of the Reassessments and the Bonds and the proceedings related thereto); and (iii) the foreclosure proceedings for delinquent Reassessments and the payment of fees and costs of the Fiscal Agent) in the performance of any of its obligations under the Fiscal Agent Agreement or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

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

The City shall not be bound to recognize any person as the Owner of a Bond unless duly registered and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Fiscal Agent Agreement) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other expert retained by the City for the purposes hereof, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Finance Director may employ such persons or entities as he deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care and in good faith under the Fiscal Agent Agreement, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Amendment of the Fiscal Agent Agreement

A Fiscal Agent Agreement and the rights and obligations of the City and of the Owners of the Bonds issued thereunder may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Reassessments superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the Resolution of Issuance, the laws of the State of California or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement. No such amendment may modify any of the rights or increase any of the obligations of the Fiscal Agent (except as otherwise specifically provided therein) without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (A) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the City;
- (B) to make modifications not adversely affecting any outstanding series of Bonds of the City in any material respect;
- (C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; or
- (D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Authority Bonds.

The provisions of the Fiscal Agent Agreement shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Discharge of the Fiscal Agent Agreement

Subject to the provisions of the respective Fiscal Agent Agreement, if the City shall pay and discharge the entire indebtedness on all Bonds Outstanding under a Fiscal Agent Agreement in any one or more of the following ways:

- (A) by well and truly paying or causing to be paid the principal of and interest and any premium on, all Bonds Outstanding under such Fiscal Agent Agreement, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the fund provided for in the Fiscal Agent Agreement is fully sufficient to pay all Bonds Outstanding under such Fiscal Agent Agreement, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine, as confirmed by Bond Counsel or an independent certified public accountant, which will, together with the interest to accrue thereon and moneys then on deposit in the fund provided for in the respective Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on all Bonds issued thereunder (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds issued under the applicable Fiscal Agent Agreement shall not have been surrendered for payment, the pledge of the Reassessments or Special Taxes, as applicable, and other funds provided for in such Fiscal Agent Agreement and all other obligations of the City under such Fiscal Agent Agreement with respect to all Bonds Outstanding thereunder shall cease and terminate, except only the obligation of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to such Fiscal Agent Agreement; and thereafter Reassessments or Special Taxes, as applicable, shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent. Any funds thereafter held by the Fiscal Agent which are not required for said purpose shall be paid over to the City to be used by the City as provided in the Act and the Bond Law.

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

July __, 2010

Alameda Public Financing Authority
2263 Santa Clara Avenue
Alameda, California 94501

OPINION: \$10,675,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Series 2010A (Harbor Bay CFD and Marina Village AD) and \$8,020,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (Harbor Bay CFD and Marina Village AD)

Boardmembers:

We have acted as bond counsel in connection with the issuance by the Alameda Public Financing Authority (the "Authority") of its \$10,675,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Series 2010A (Harbor Bay CFD and Marina Village AD) (the "Series A Bonds") and its \$8,020,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (Harbor Bay CFD and Marina Village AD) (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law"), the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law"), an Indenture, dated as of July 1, 2010 (the "Indenture"), between the Authority and Union Bank, N.A., as Trustee, and Resolution No. 10-20 adopted by the Board of Directors of the Authority on June 15, 2010 (as amended by Resolution No. 10-21 adopted by the Board of Directors of the Authority on June 24, 2010, the "Resolution"). The proceeds of the Bonds will be used by the Authority to purchase the City of Alameda Community Facilities District No. 1 (Harbor Bay) 2010 Special Tax Refunding Bonds to be issued by the City of Alameda, California (the "City") for and on behalf of the City of Alameda Community Facilities District No. 1 (Harbor Bay), and the Limited Obligation Improvement Refunding Bonds, City of Alameda Marina Village Reassessment District No. 10-1 to be issued by the City (collectively, the "Local Obligations").

In connection with this opinion, we have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly created and validly existing as a joint exercise of powers authority under the laws of the State of California, with the power to adopt the Resolution, enter into the Indenture and perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly entered into by the Authority and constitutes a valid and binding obligation of the Authority enforceable upon the Authority in accordance with its terms.

3. Pursuant to the Refunding Law and the Bond Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds. Except as provide in the Indenture, Revenues (as defined in the Indenture) will be used to pay amounts due and payable on the Series A Bonds before Revenues are used to pay amounts due and payable on the Series B Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the sources provided therefor in the Indenture.

5. Subject to the Authority's and the City's compliance with certain covenants, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure by the Authority and the City to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. It is also our opinion that the Bonds are "qualified tax exempt obligations" under section 265(b)(3) of the Code.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution, the Indenture and the Local Obligations may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Authority, the City and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

OVERLAPPING DEBT REPORTS FOR THE DISTRICTS

The following tables summarize direct and overlapping bonded debt within the Community Facilities District and the Assessment District, as of June 1, 2010. The Authority has not reviewed the following tables, and there can be no assurance as to their accuracy. Inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc., Oakland, California.

CITY OF ALAMEDA COMMUNITY FACILITIES DISTRICT NO. 1 (HARBOR BAY)

2009-10 Local Secured Assessed Valuation: \$387,206,227

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/10</u>
Bay Area Rapid Transit District	0.079%	\$ 331,800
East Bay Municipal Utility District, Special District No. 1	0.644	175,522
East Bay Regional Park District	0.118	232,195
Peralta Community College District	0.549	2,446,591
Alameda Unified School District	4.137	3,285,412
City of Alameda	4.137	396,325
City of Alameda Community Facilities District No. 1 (Harbor Bay)	100.	12,325,000 (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$19,192,845

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County General Fund Obligations	0.227%	\$ 952,633
Alameda County Pension Obligations	0.227	404,938
Alameda-Contra Costa Transit District Certificates of Participation	0.275	110,921
Peralta Community College District Pension Obligations	0.698	1,084,476
Alameda Unified School District Certificates of Participation	4.922	77,275
City of Alameda Certificates of Participation	4.922	654,872
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,285,115

COMBINED TOTAL DEBT **\$22,477,960 (2)**

- (1) Represents outstanding bonds to be refunded. Excludes Special Tax Bonds to be acquired with Bond proceeds.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Local Secured Assessed Valuation:

Direct Debt (\$12,325,000)	3.18%
Total Direct and Overlapping Tax and Assessment Debt	4.96%
Combined Total Debt	5.81%

CITY OF ALAMEDA MARINA VILLAGE REASSESSMENT DISTRICT NO. 10-1

2009-10 Local Secured Assessed Valuation: \$319,523,176

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/10</u>
Bay Area Rapid Transit District	0.065%	\$ 273,000
East Bay Municipal Utility District, Special District No. 1	0.026	7,086
East Bay Regional Park District	0.097	190,872
Peralta Community College District	0.453	2,018,772
Alameda Unified School District	3.414	2,711,239
City of Alameda	3.414	327,061
City of Alameda Assessment District No. 89-1 Marina Village	100.	<u>13,960,000</u> (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$19,488,030

<u>OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable (2)</u>	<u>Debt 6/1/10</u>
Alameda County General Fund Obligations	0.009%	\$ 37,770
Alameda County Pension Obligations	0.009	16,055
Alameda-Contra Costa Transit District Certificates of Participation	0.011	4,437
Peralta Community College District Pension Obligations	0.028	43,503
Alameda Unified School District Certificates of Participation	0.201	3,156
City of Alameda Certificates of Participation	0.201	<u>26,743</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$131,664

COMBINED TOTAL DEBT **\$19,619,694 (3)**

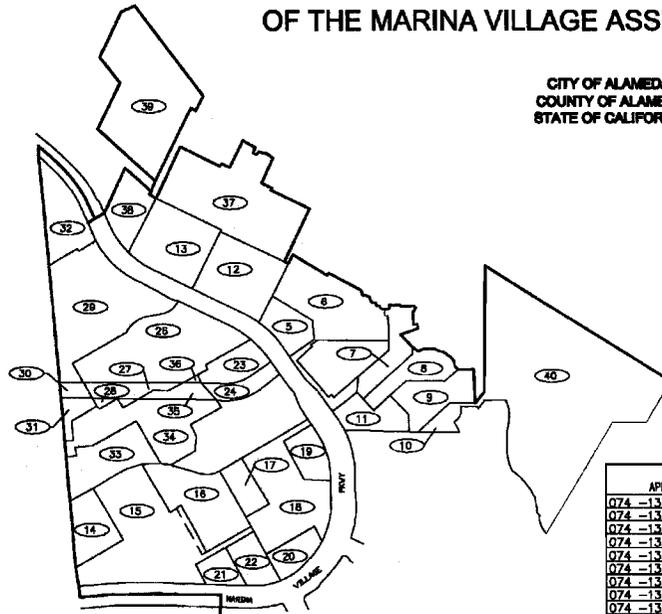
- (1) Represents outstanding bonds to be refunded. Excludes Improvement Bonds to be acquired with Bond Proceeds.
- (2) Based on redevelopment adjusted all property assessed valuation of \$15,778,273.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Local Secured Assessed Valuation:

Direct Debt (\$13,960,000)	4.37%
Total Direct and Overlapping Tax and Assessment Debt	6.10%
Combined Total Debt	6.14%

REASSESSMENT DIAGRAM OF THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1

CITY OF ALAMEDA
COUNTY OF ALAMEDA
STATE OF CALIFORNIA



LEGEND
—— REASSESSMENT BOUNDARY
○ REASSESSMENT NUMBER

APN	REASSESSMENT NUMBER
074-1334-008-00	4
074-1334-009-00	5
074-1334-010-00	6
074-1334-012-04	7
074-1334-013-04	8
074-1334-016-07	9
074-1334-018-00	10
074-1334-019-01	11
074-1334-023-00	12
074-1334-024-00	13
074-1334-032-01	14
074-1334-033-05	15
074-1334-034-05	16
074-1334-035-05	17
074-1334-036-04	18
074-1334-037-01	19
074-1334-038-00	20
074-1334-048-00	21
074-1334-049-00	22
074-1334-053-00	23
074-1334-054-00	24
074-1334-055-00	25
074-1334-056-00	26
074-1334-057-00	27
074-1334-058-00	28
074-1334-059-00	29
074-1334-060-00	30
074-1334-061-00	31
074-1334-062-00	32
074-1334-063-00	33
074-1334-064-00	34
074-1334-065-00	35
074-1334-066-00	36
074-1334-067-00	37
074-1334-073-00	38
074-1334-074-00	39
074-1334-077-01	40

FILED THE _____ DAY OF _____ 2010, IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ALAMEDA, ALAMEDA COUNTY, CALIFORNIA.

CITY CLERK,
CITY OF ALAMEDA, CA.

FILED THIS _____ DAY OF _____ 2010, IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF ALAMEDA, ALAMEDA COUNTY, CALIFORNIA.

CITY ENGINEER,
CITY OF ALAMEDA, CA.

A REASSESSMENT WAS LEVIED BY THE CITY COUNCIL, CITY OF ALAMEDA ON THE PARCELS OF LAND SHOWN ON THE REASSESSMENT DIAGRAM. THE REASSESSMENT WAS LEVIED ON THE _____ DAY OF _____ 2010. THE REASSESSMENT DIAGRAM AND REASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE CITY CLERK ON THE _____ DAY OF _____ 2010. REFERENCE IS MADE TO THE REASSESSMENT ROLL RECORDED IN THE OFFICE OF THE CITY CLERK FOR THE EXACT AMOUNT OF EACH REASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM.

CITY CLERK,
CITY OF ALAMEDA, CA.

THIS REASSESSMENT DIAGRAM IS RECORDED PURSUANT TO THE REFUNDING ACT OF 1984 FOR 1915 ACT BONDS (SECTION 9500 AND FOLLOWING, CALIFORNIA STREETS AND HIGHWAY CODE). THE RECORDING OF THE REASSESSMENTS FROM THESE PROCEEDINGS HAS SUPERSEDED AND SUPPLANTED THE EARLIER ASSESSMENTS FOR THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1, CITY OF ALAMEDA, CALIFORNIA, WHICH BECAME A LIEN BY VIRTUE OF THE RECORDING OF THE FOLLOWING:

THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1, CITY OF ALAMEDA, CALIFORNIA, WHICH BECAME A LIEN BY VIRTUE OF THE RECORDING OF THE FOLLOWING:

- ASSESSMENT DIAGRAM-BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ ON _____ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF ALAMEDA, STATE OF CALIFORNIA.
- NOTICE OF ASSESSMENT-BOOK _____ OF OFFICIAL RECORDS, PAGE _____ DOCUMENT NO. _____

FILED THIS _____ DAY OF _____ 2010, AT THE HOUR OF _____ O'CLOCK _____ MIN BOOK _____ IN MAPS OF ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS AT PAGES _____ IN THE OFFICE OF THE COUNTY RECORDER OR THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

DOCUMENT NO. _____

COUNTY RECORDER

FEE _____

BY: DEPUTY

F-1

ASSESSMENT DISTRICT DIAGRAMS

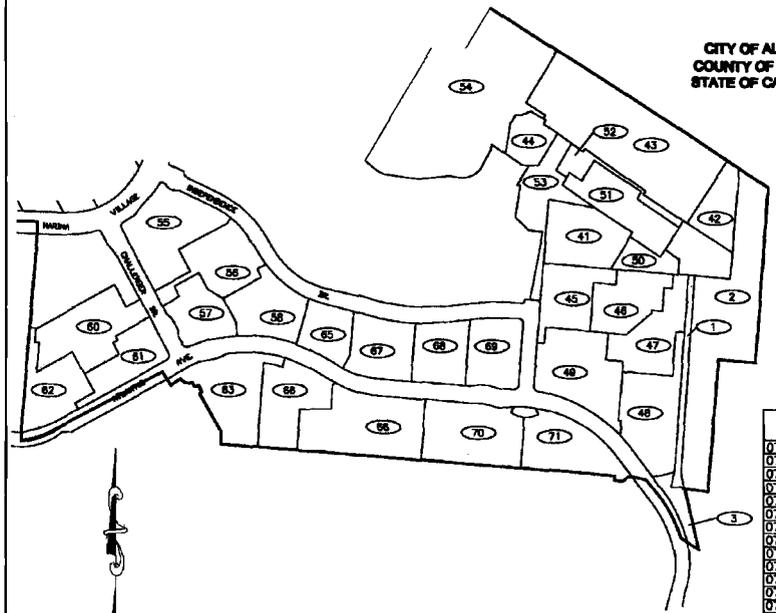
APPENDIX F

NBS
3880 Temescal Parkway, Suite 100
Berkeley, CA 94709
Local Government Solutions



REASSESSMENT DIAGRAM OF THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1

CITY OF ALAMEDA
COUNTY OF ALAMEDA
STATE OF CALIFORNIA



LEGEND
 _____ REASSESSMENT BOUNDARY
 (82) REASSESSMENT NUMBER

APN	REASSESSMENT NUMBER
072-0382-012-00	1
072-0382-013-00	2
072-0382-015-00	3
074-1340-005-00	41
074-1340-016-00	42
074-1340-017-02	43
074-1340-018-00	44
074-1340-023-00	45
074-1340-024-00	46
074-1340-025-00	47
074-1340-026-00	48
074-1340-027-00	49
074-1340-028-00	50
074-1340-029-00	51
074-1340-031-00	52
074-1340-032-00	53
074-1340-029-00	54
074-1341-106-00	55
074-1341-107-00	56
074-1341-108-00	57
074-1341-109-00	58
074-1343-001-00	59
074-1343-002-00	60
074-1343-003-00	61
074-1343-004-00	62
074-1343-008-00	63
074-1343-009-00	64
074-1344-019-00	65
074-1344-021-00	66
074-1344-087-00	67
074-1344-088-00	68
074-1344-089-02	69
074-1344-127-00	70
074-1344-128-00	71



NBS
 2005 Broadway, Suite 100
 Berkeley, CA 94702
 and Government Relations



FILED THE _____ DAY OF _____ 2010, IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ALAMEDA, ALAMEDA COUNTY, CALIFORNIA.

 CITY CLERK
 CITY OF ALAMEDA, CA.

FILED THIS _____ DAY OF _____ 2010, IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF ALAMEDA, ALAMEDA COUNTY, CALIFORNIA.

 CITY ENGINEER
 CITY OF ALAMEDA, CA.

A REASSESSMENT WAS LEVIED BY THE CITY COUNCIL, CITY OF ALAMEDA ON THE PARCELS OF LAND SHOWN ON THE REASSESSMENT DIAGRAM. THE REASSESSMENT WAS LEVIED ON THE DAY OF _____ 2010. THIS REASSESSMENT DIAGRAM AND REASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE CITY CLERK ON THE _____ DAY OF _____ 2010. REFERENCE IS MADE TO THE REASSESSMENT ROLL RECORDED IN THE OFFICE OF THE CITY CLERK FOR THE EXACT AMOUNT OF EACH REASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM.

 CITY CLERK
 CITY OF ALAMEDA, CA.

THIS REASSESSMENT DIAGRAM IS RECORDED PURSUANT TO THE REFUNDING ACT OF 1984 FOR 1915 ACT BONDS (SECTION 9100 AND FOLLOWING, CALIFORNIA STREETS AND HIGHWAY CODE). THE RECORDING OF THE REASSESSMENTS FROM THESE PROCEEDINGS HAS SUPERSEDED AND SUPPLANTED THE EARLIER ASSESSMENTS FOR THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1, CITY OF ALAMEDA, CALIFORNIA, WHICH BECAME A LIEN BY VIRTUE OF THE RECORDING OF THE FOLLOWING:

THE MARINA VILLAGE ASSESSMENT DISTRICT 89-1, CITY OF ALAMEDA, CALIFORNIA, WHICH BECAME A LIEN BY VIRTUE OF THE RECORDING OF THE FOLLOWING:

1. ASSESSMENT DIAGRAM-BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ ON _____ IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF ALAMEDA, STATE OF CALIFORNIA.
2. NOTICE OF ASSESSMENT-BOOK _____ OF OFFICIAL RECORDS, PAGE _____ COOCUMENT NO. _____

FILED THIS _____ DAY OF _____ 2010, AT THE HOUR OF _____ O'CLOCK _____ MIN BOOK _____ OF MAPS OF ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS AT PAGES _____ IN THE OFFICE OF THE COUNTY RECORDER OR THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA.

DOCUMENT NO. _____ COUNTY RECORDER

FEE _____ BY: DEPUTY

F-2

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the ALAMEDA PUBLIC FINANCING AUTHORITY (the "Authority") in connection with the issuance of its \$10,675,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, 2010 Series A (Harbor Bay CFD and Marina Village AD) and its \$8,020,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (Harbor Bay CFD and Marina Village AD) (collectively, the "Bonds"). The Bonds are being issued by the Authority pursuant to an Indenture of Trust, dated as of July 1, 2010 (the "Indenture"), by and between the Authority and Union Bank, N.A., as trustee (the "Trustee"). The Authority covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the 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 Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Authority's fiscal year (which date currently would be March 31, based upon the Authority's June 30 fiscal year-end), commencing with the report for the 2010-2011 fiscal year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual

Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Trustee may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Authority is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying, to the extent it can confirm the same, that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing the Repository to which it was provided.

(d) It is expected that the obligations of the Authority under this Section 3, and under Section 5 below, will be undertaken by the chief financial officer of the Authority, with assistance from the Finance Director of the City of Alameda, California.

Section 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements for the Authority 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 Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following additional items:

1. The principal amount of the Series A Bonds and the Series B Bonds outstanding.
2. The balance in the reserve fund for the Special Tax Bonds and in the delinquency maintenance fund with respect to the Improvement Bonds.
3. The aggregate assessed value of all parcels in the Districts subject to the Special Taxes or the Reassessments for the most recent year.
4. Special Tax and property tax delinquency rate for parcels in the Community Facilities District, and Reassessment and property tax delinquency rate for parcels in the Assessment District, in each case for the most recent year for which such information is available.

5. Concerning delinquent parcels:
 - number of parcels delinquent in payment of a Special Tax and the number of parcels delinquent in payment of a Reassessment,
 - amount of total delinquency of Special Taxes and as a percentage of total Special Tax levy,
 - amount of total delinquency of Reassessments and as a percentage of total Reassessment levy, and
 - status of the District's actions on covenants to pursue foreclosure proceedings upon delinquent properties.
6. So long as the Improvement Bonds are outstanding, a list of all parcels in the Assessment District that have unpaid Reassessments showing for each such parcel the (i) parcel number, (ii) property owner, (iii) total Reassessment lien by dollar amount, (iv) total assessed value, and (v) assessed value to lien ratio.
7. So long as the Improvement Bonds are outstanding, in the event the Authority has actual knowledge that the vacancy rate of commercial properties in the Assessment District that have unpaid Reassessments as of the preceding December 31 exceeded fifteen percent (15%), information showing the total square footage of commercial buildings which is vacant as of such date and the percent of such square footage to the total square footage of all commercial properties in the Assessment District that have unpaid Reassessments.
8. To the extent not otherwise provided pursuant to the preceding items 1-6, annual information required to be filed by the City with respect to the District and the Special Tax Bonds the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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 Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Material Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or uncheduled bond calls.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Authority determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Authority shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Authority.

If the Authority appoints a Dissemination Agent other than itself, the Dissemination Agent so appointed may at any time resign by providing thirty days written notice to the Authority and the Trustee, such resignation to become effective upon acceptance of appointment by a successor Dissemination Agent. Upon receiving notice of such resignation, the Authority shall promptly appoint a successor Dissemination Agent by an instrument in writing, delivered to the Trustee. If no appointment of a successor Dissemination Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Dissemination Agent shall have given to the Authority and the Trustee written notice of its resignation, the Dissemination Agent may apply to any court of competent jurisdiction to appoint a successor Dissemination Agent. Said court may thereupon, after such notice, if any, as

such court may deem proper, appoint a successor Dissemination Agent. The Authority shall provide the Trustee with written notice of the identity of any initially appointed or successor Dissemination Agent appointed by the Authority.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 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, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution 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 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific

performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent (if other than the Authority), 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. Any monetary obligation of the Authority by reason of the preceding sentence shall be payable solely from Revenues or contributions from the City legally available for such purpose. The Dissemination Agent shall be paid compensation by the Authority or the City for its services provided hereunder and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bondholders or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July __, 2010

ALAMEDA PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alameda Public Financing Authority

Name of Bond Issue: \$10,675,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Series 2010A (Harbor Bay CFD and Marina Village AD) and \$8,020,000 Alameda Public Financing Authority Local Agency Refunding Revenue Bonds, Subordinate Series 2010B (Harbor Bay CFD and Marina Village AD)

Date of Issuance: July __, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.10 of the Indenture of Trust, dated as of July 1, 2010, by and between the Authority and Union Bank, N.A., as trustee. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

ALAMEDA PUBLIC FINANCING
AUTHORITY, as Dissemination Agent

By: _____
Title: _____

cc: Union Bank, N.A.
300 California Street, 11th Floor
San Francisco, CA 94104
Attention: Corporate Trust Administration

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APPENDIX H

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 Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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 the 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 Bonds (the "Issuer") nor the trustee appointed with respect to the 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 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 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 securities (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from 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 nor its nominee, the Agent, or the 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 the Issuer or the 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. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

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