

*In the opinion of Brown & Wood LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. In the further opinion of Co-Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. In the further opinion of Co-Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS"*

**\$7,255,000**

**OAKLAND JOINT POWERS FINANCING AUTHORITY  
REASSESSMENT REVENUE BONDS,  
SERIES 1999**

**Dated: Date of Delivery****Due: September 2, as shown below**

The Oakland Joint Powers Financing Authority Reassessment Revenue Bonds, Series 1999 in the principal amount of \$7,255,000 (the "Bonds") are being issued by the Oakland Joint Powers Financing Authority (the "Authority") to: (i) provide funds to finance the purchase of reassessment bonds (the "Reassessment Bonds"), issued by the City of Oakland (the "City") on behalf of a reassessment district (the "Reassessment District") located in the City; (ii) fund a Reserve Fund for the Bonds; and (iii) pay certain costs of issuance associated with the Bonds and the Reassessment Bonds. The Bonds are being issued by the Authority pursuant to a Trust Agreement, dated as of July 1, 1999 (the "Trust Agreement") by and among the Authority, the City and Chase Bank of Texas, National Association, as trustee (the "Trustee"). The Reassessment Bonds are being issued by the City pursuant to a Fiscal Agent Agreement, dated as of July 1, 1999 by and between the City and Chase Bank of Texas, National Association, as fiscal agent (the "Fiscal Agent") to refund the City of Oakland Limited Obligation Improvement Bonds Fire Area Utility Underground Assessment District No. 1994-1, Series 1994A and Series 1994B (Taxable) and the City of Oakland Limited Obligation Improvement Bonds Assessment District No. 1994-2 (Rockridge Area Water Improvements), Series 1994

Interest on the Bonds is payable on March 2 and September 2 of each year, commencing March 2, 2000.

The Bonds are special, limited obligations of the Authority payable from and secured as to the payment of the principal of and interest on, and any redemption premiums on, solely from the Trust Estate, consisting of (i) the proceeds of the sale of the Bonds; (ii) Revenues (as defined herein); (iii) amounts on deposit in the Funds established under the Trust Agreement (other than amounts in the Rebate Fund and the Investment Earnings Fund); and (iv) the Reassessment Bonds.

The Bonds will be issued in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may initially be purchased, in denominations of \$5,000 or any integral multiple thereof, in book-entry only form as described herein. Upon receipt of payments of principal of, premium, if any, and interest on the Bonds, DTC will in turn remit such principal, premium, if any and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX D — "DTC AND THE BOOK-ENTRY ONLY SYSTEM"

**The Bonds are subject to optional, mandatory and special redemption as described herein. See "THE BONDS—Redemption—Provisions."**

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA, ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE TRUST ESTATE PLEDGED THEREFOR, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE REASSESSMENT DISTRICT OR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS OR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

See "BONDHOLDERS' RISKS" for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Bonds.

This cover page contains information for quick reference only. It is *not* a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE**

Maturity (September 2)	Principal Amount	Interest Rate	Price or Yield	CUSIP	Maturity (September 2)	Principal Amount	Interest Rate	Price or Yield	CUSIP
2000	\$145,000	3.70%	3.90%	67227PAA8	2006	\$195,000	4.75%	4.90%	67227PAG5
2001	175,000	4.00	4.15	67227PAB6	2007	205,000	5.00	100.00	67227PAH3
2002	175,000	4.25	4.35	67227PAC4	2008	215,000	5.00	5.05	67227PAJ9
2003	180,000	4.30	4.50	67227PAD2	2009	240,000	5.10	5.15	67227PAK6
2004	195,000	4.40	4.60	67227PAE0	2010	245,000	5.15	5.20	67227PAL4
2005	200,000	4.60	4.75	67227PAF7					

\$2,465,000 5.40% Term Bonds due September 2, 2018 — Yield 5.48% — Price 99.054% — CUSIP 67227PAN0

\$2,620,000 5.50% Term Bonds due September 2, 2024 — Yield 5.58% — Price 98.920% — CUSIP 67227PAP5

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Brown & Wood LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City and the Authority by the City Attorney, and for the Authority and the City by Lofton De Lancie, San Francisco, California, Disclosure Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about July 27, 1999.

**HENDERSON CAPITAL PARTNERS, LLC****REDWOOD SECURITIES GROUP, INC.**

The date of this Official Statement is July 15, 1999

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

The summaries and references to the Trust Agreement, the Fiscal Agent Agreement, the Bond Law, the Reassessment Bond Law and to other statutes and documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each such statute and document. This Official Statement including any amendment or supplement hereto is intended to be deposited with one or more depositories.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT 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 UNDERWRITERS 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 UNDERWRITERS.

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.

**OAKLAND JOINT POWERS FINANCING AUTHORITY  
PRESIDENT AND GOVERNING BOARD  
AND  
CITY OF OAKLAND  
MAYOR AND CITY COUNCIL**

Edmund G. Brown, Jr., *President and Mayor*  
Ignacio De La Fuente, *Representative and President of the City Council*  
Henry Chang, Jr., *Representative and Vice Mayor*  
Jane Brunner, *Representative and Councilmember*  
Nathan Miley, *Representative and Councilmember*  
Nancy Nadel, *Representative and Councilmember*  
Larry Reid, *Representative and Councilmember*  
John Russo, *Representative and Councilmember*  
Richard Spees, *Representative and Councilmember*

**AUTHORITY AND CITY STAFF**

Robert C. Bobb, *Executive Director and City Manager*  
Dolores E. Blanchard, *Assistant City Manager*  
Dr. George G. Musgrove, *Assistant City Manager*  
Deborah Edgerly, *Treasurer/Auditor and Director, Financial Services Agency*  
Roland E. Smith, *City Auditor*  
Joseph T. Yew, Jr., *Treasury Manager*  
Katano Kasaine, *Investment Supervisor*  
Jayne W. Williams, *Counsel to the Authority and City Attorney*  
Ceda Floyd, *Secretary and City Clerk*

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San Francisco, California

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Oakland, California

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***Financial Advisor***

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San Francisco, California

***Trustee and Fiscal Agent***

Chase Bank of Texas, National Association  
Houston, Texas

***Reassessment Engineer***

NBS Government Finance Group  
Temecula, California

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**\$7,255,000**  
**OAKLAND JOINT POWERS FINANCING AUTHORITY**  
**REASSESSMENT REVENUE BONDS,**  
**SERIES 1999**

**INTRODUCTION**

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

**General**

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the Oakland Joint Powers Financing Authority (the "Authority") of \$7,255,000 aggregate principal amount of Oakland Joint Powers Financing Authority Reassessment Revenue Bonds, Series 1999 (the "Bonds").

**Authority for Issuance**

The Bonds will be issued pursuant to a resolution of the Authority adopted on June 29, 1999 (the "Authorizing Resolution") and in accordance with the provisions of the Trust Agreement, dated as of July 1, 1999 (the "Trust Agreement"), by and among the Authority, the City of Oakland (the "City") and Chase Bank of Texas, National Association, as trustee (the "Trustee"). The Bonds will be issued pursuant to 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").

**Redemption**

**The Bonds are subject to optional, mandatory and special redemption prior to their respective stated maturities. See "THE BONDS—Redemption Provisions."**

**Delivery; Denominations**

The Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Upon receipt of payments of principal of, premium, if any, and interest on the Bonds, DTC will in turn remit such principal, premium, if any, and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Description of the Bonds" and APPENDIX D—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

## **Purpose**

The Bonds are being issued by the Authority to: (i) provide funds to finance the purchase by the Authority from the City of Oakland (the "City") of \$7,095,000 aggregate principal amount of City of Oakland Limited Obligation Improvement Refunding Bonds, Reassessment District No. 99-1 (the "Reassessment Bonds"); (ii) fund a Reserve Fund for the Bonds; and (iii) pay certain costs of issuance associated with the Bonds and the Reassessment Bonds.

The Reassessment Bonds are being issued by the City pursuant to a resolution of the City adopted on June 29, 1999 and in accordance with the provisions of a Fiscal Agent Agreement, dated as of July 1, 1999 (the "Fiscal Agent Agreement") between the City and Chase Bank of Texas, National Association, as fiscal agent (the "Fiscal Agent"), for the purpose of, together with other lawfully available funds, refunding the City of Oakland Limited Obligation Improvement Bonds Fire Area Utility Underground Assessment District No. 1994-1, Series 1994A and Series 1994B (Taxable) and the City of Oakland Limited Obligation Improvement Bonds Assessment District No. 1994-2 (Rockridge Area Water Improvements), Series 1994. See "PLAN OF FINANCE." The Reassessment Bonds are payable from the unpaid reassessments levied upon real property within Reassessment District No. 99-1 (the "Reassessment District").

The Reassessment Bonds are issued pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds, constituting Division 11.5 of the California Streets and Highways Code (the "Reassessment Bond Law").

## **Security for the Bonds**

*Security for the Bonds.* The Bonds are secured by a pledge of the Trust Estate, consisting of: (i) the proceeds of the sale of the Bonds; (ii) Revenues of the Authority (as defined herein) (iii) amounts on deposit in the Funds established under the Trust Agreement (other than amounts in the Rebate Fund and the Investment Earnings Fund); and (iv) the Reassessment Bonds. There is also a Reserve Fund established under the Trust Agreement in an amount equal to the Reserve Requirement.

"Revenues" are defined under the Trust Agreement as the Reassessment Revenues (defined below), if any, and all other amounts received by the Trustee, as the payment of interest or premiums on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Reassessment Bonds whether as a result of scheduled payments of reassessment installments, as a result of reassessment prepayments, or as a result of remedial proceedings taken in the event of a default thereon, and all investment earnings on any moneys held in the Funds established under the Trust Agreement, except the Rebate Fund and the Investment Earnings Fund.



"Reassessment Revenues" are defined under the Trust Agreement as all moneys collected and received by the City on account of unpaid Reassessment Bonds, including amounts collected in the normal course via direct billing by the City, Reassessment Prepayments, and amounts received by the City as a result of superior court foreclosure proceedings brought to enforce payment of delinquent reassessments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys' fees and costs paid as a result of foreclosure actions. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Upon issuance, Bonds in the amount of \$160,000 will not be secured by payments of the underlying reassessments on the Reassessment Bonds. It is the expectation of the Authority that such Bonds will be secured by amounts on deposit in the Reserve Fund and earnings thereon. See "BONDOWNERS' RISKS—Depletion of Reserve Fund."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA, ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE TRUST ESTATE PLEDGED THEREFOR, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE REASSESSMENT DISTRICT OR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS OR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

*Security for the Reassessment Bonds.* The principal of and interest on the Reassessment Bonds is payable from the annual reassessment installments collected on the regular property tax bills sent to owners of property within the Reassessment District having unpaid reassessments levied against them.

As authorized by the Reassessment Bond Law, the City has determined not to obligate itself to advance available funds from the City treasury to cure any deficiency or delinquency which may occur in the redemption fund created and held by the City with respect to the Reassessment Bonds by reason of the failure of a property owner to pay a reassessment installment.

### **Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information.

The City has undertaken all responsibility for continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Bondowners of the Bonds or any other person with respect to S.E.C. Rule 15c2-12. The City has covenanted for the benefit of Bondowners and Beneficial Owners to provide certain financial information and operating data relating to the City and the Reassessment District not later than 270 days after the end of the City's fiscal year, commencing with the report for the 1999-2000 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed with each Nationally Recognized Municipal Securities Repository and with any then existing State Repository (collectively, the "Repositories"). The notices of material events will be filed with the Repositories. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX B—"SUMMARY OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

### **Additional Information**

Brief descriptions of the Bonds, the security for the Bonds, the Authority, the City, the Reassessment Bonds, the security for the Reassessment Bonds, and the Reassessment District are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Trust Agreement, the Fiscal Agent Agreement and the Reassessment Engineers' Report are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the Trustee in Houston, Texas.

### **PLAN OF FINANCE**

Proceeds from the sale of the Bonds will be used by the Authority to acquire the Reassessment Bonds.

The Reassessment Bonds are being issued by the City to refund and defease, together with other available moneys, the following assessment Bonds (collectively, the "Refunded Bonds") issued by the City:

- \$3,625,000 outstanding principal amount of City of Oakland Limited Obligation Improvement Bonds Fire Area Utility Underground Assessment District No. 1994-1, Series 1994A (the "Series 1994-1A Bonds"), to be redeemed on September 2, 1999;
- \$2,660,000 outstanding principal amount of City of Oakland Limited Obligation Improvement Bonds Fire Area Utility Underground Assessment District No. 1994-1, Series 1994B (Taxable) (the "Series 1994-1B Bonds") to be defeased on September 2, 2004; and

- \$840,000 outstanding principal amount of City of Oakland Limited Obligation Improvement Bonds Assessment District No. 1994-2 (Rockridge Area Water Improvements), Series 1994 (the "Series 1994-2 Bonds"), to be redeemed on September 2, 1999.

The Series 1994-1A Bonds and the Series 1994-1B Bonds were issued by the City to finance a portion of the costs of the construction and installation of underground electric, telephone and cable television public utility lines and related street improvements located within the Fire Area Utility Underground Assessment District No. 1994-1 (the "1994-1 Assessment District"). All of the projects financed with the proceeds of the Series 1994-1A and the Series 1994-1B Bonds have been constructed and installed.

The Series 1994-2 Bonds were issued by the City to finance a portion of the costs of the acquisition and installation of certain water improvements, utility pipelines, fire hydrants and related street improvements located within Assessment District No. 1994-2 (Rockridge Area Water Improvements) (the "1994-2 Assessment District" and together with the 1994-1 Assessment District, the "Prior Assessment Districts"). All of the projects financed with the proceeds of the 1994-2 Bonds have been acquired and installed.

The Prior Assessment Districts have been consolidated into one reassessment district referred to as Reassessment District No. 99-1 (the "Reassessment District"). The Reassessment District consists of 2,602 parcels which have been reassessed and have unpaid reassessments. See "THE REASSESSMENT DISTRICT."

Upon the sale of the Reassessment Bonds to the Authority, the City will apply the proceeds therefrom, together with certain other available moneys, to establish an irrevocable escrow pursuant to the terms and conditions of an Escrow Deposit and Trust Agreement, dated as of July 1, 1999 (the "Escrow Agreement") by and among the Authority, Chase Bank of Texas, National Association, as escrow agent (the "Escrow Agent") and U.S. Bank Trust National Association, as successor trustee of the Refunded Bonds, of nonprepayable, noncallable direct obligations of the United States, or obligations, the principal and interest on which are fully and unconditionally guaranteed as to timely payment by the United States of America, which when received will be sufficient to pay the principal of, interest on and redemption premium of, the Refunded Bonds as described above. Upon the sale of the Reassessment Bonds by the City to the Authority, Deloitte & Touche LLP, independent certified public accountants, as the Verification Agent, will deliver a report on the verification of the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Financial Advisor relating to the adequacy of the maturing principal of and interest on the obligations to pay all of the principal of, interest on and redemption premium represented by the Refunded Bonds on and prior to their respective redemption dates.

Upon the delivery of the Bonds and the sale of the Reassessment Bonds to the Authority, the Refunded Bonds will be redeemed or defeased and will not be secured by the reassessments.

## THE BONDS

### Authority for Issuance

The Bonds are issued pursuant to the Bond Law, the Authorizing Resolution and the Trust Agreement.

### Purpose of Bonds

For a description of the purpose of the Bonds, see "PLAN OF FINANCE."

### Description of the Bonds

*General.* The Bonds are issued as serial and term bonds and mature in various amounts on each September 2, commencing September 2, 2000, and ending September 2, 2024 as set forth on the cover hereof. Interest on the Bonds is payable semiannually on March 2 and September 2 of each year until maturity, commencing March 2, 2000. The Bonds are issued as fully registered book-entry bonds in Authorized Denominations of \$5,000 or any integral multiple thereof.

The Bonds when issued will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Bonds. So long as the Bonds are registered in the name of the nominee, payment of principal of, premium, if any, and interest on the Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX D—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

### Redemption Provisions

*Optional Redemption.* The Bonds are subject to redemption by the Authority prior to their respective maturity dates, at the option of the Authority from any source, other than funds derived from any Reassessment Prepayments, as a whole or in part on any Interest Payment Date (with the amounts and maturities to be redeemed to be determined by the Authority), at the following redemption prices expressed as a percentage of the principal amount redeemed, together with accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Prices</u>
March 2, 2009 and September 2, 2009	102.0%
March 2, 2010 and September 2, 2010	101.5
March 2, 2011 and September 2, 2011	101.0
March 2, 2012 and September 2, 2012	100.5
March 2, 2013 and thereafter	100.0

*Special Redemption.* The Bonds are subject to mandatory redemption by the Authority prior to their respective maturity dates as a whole or in part on any Interest Payment Date from such maturities as are selected by the Authority and specified to the Trustee in writing, upon notice as provided in the Trust Agreement, from moneys transferred from the Prepayment Account to the Redemption Fund derived as a result of prepayments of the Reassessment Bonds from prepayments by property owners of their special reassessment obligations plus, if applicable, amounts transferred from the Reserve Fund pursuant to the Trust Agreement, at a redemption price equal to 102% of the principal amount redeemed, together with accrued interest to the date fixed for redemption:

*Mandatory Sinking Fund Redemption.* The Bonds maturing on September 2, 2018 (the "2018 Term Bonds") are subject to mandatory redemption by the Authority prior to their stated maturities in part, by lot, on each September 2 commencing September 2, 2011 from Sinking Fund Payments deposited into the Sinking Fund Account, upon notice as provided in the Trust Agreement, at the principal amount thereof, without premium, together with accrued interest thereon to the date fixed for redemption, as follows:

**2018 Term Bonds  
Sinking Fund Payment Schedule**

Sinking Fund Payment Date (September 2)	Sinking Fund Payment
2011	\$260,000
2012	280,000
2013	290,000
2014	305,000
2015	305,000
2016	330,000
2017	340,000
2018†	355,000

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† Stated Maturity.

The Bonds maturing on September 2, 2024 (the "2024 Term Bonds") are subject to mandatory redemption by the Authority prior to their stated maturities in part, by lot, on each September 2 commencing September 2, 2019 from Sinking Fund Payments deposited into the Sinking Fund Account, upon notice as provided in the Trust Agreement, at the principal amount thereof together with accrued interest thereon to the date fixed for redemption, as follows:

**2024 Term Bonds  
Sinking Fund Payment Schedule**

<b>Sinking Fund Payment Date (September 2)</b>	<b>Sinking Fund Payment</b>
2019	\$385,000
2020	400,000
2021	425,000
2022	445,000
2023	475,000
2024†	490,000

† Stated Maturity.

In the event of a partial redemption of any of the Term Bonds pursuant to optional redemption as described above, the amounts of the Sinking Fund Payments shown in the foregoing table will be reduced proportionately by the principal amount of all Term Bonds which are redeemed by such partial redemption.

*Notice of Redemption.* In the case of any redemption of Bonds, the Trustee shall determine that it has in the Funds (other than the Rebate Fund and the Investment Earnings Fund) maintained pursuant to the Trust Agreement and available therefor sufficient money on hand to pay the principal of, the interest on, and the redemption premium, if any, to make any such redemption. In the case of an optional redemption pursuant to the Trust Agreement, in the absence of a Written Order of the Authority the Trustee shall not undertake such redemption unless it has money on hand in an amount not less than \$20,000. If sufficient moneys are available for such redemption, the Trustee shall give notice (as hereinafter described) that Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event such serial number may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof to the Trustee as its Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest on and after such date and that from and after such date such Bond (or such portion thereof) shall no longer be entitled to any lien, benefit or security hereunder, and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such money of such redemption price plus accrued interest to the date fixed for redemption.

Such notice of redemption will be given by the Trustee at least 30 but not more than 60 days before the date fixed for redemption, to (i) the Owners of such Bonds (or portions thereof) so called for redemption, at their respective addresses as the same shall last appear on the Bond Register by first class mail, in a sealed envelope, postage prepaid, and (ii) the Securities Depositories and Information Services by facsimile, certified mail or overnight delivery. No notice of redemption need be given to the Owner of a Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Bonds hereunder nor any error in such notice, nor failure to provide notice to the Securities Depositories or to the Information Services shall affect the validity of the proceedings for the redemption of Bonds.

*Selection of Bonds for Redemption.* Whenever less than all the Outstanding Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Bonds to be redeemed by lot, and in selecting the Bonds for redemption the Trustee shall treat each Bond of a denomination of more than \$5,000 as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bond by \$5,000, and the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be redeemed in an Authorized Denomination.

*Payment of Redeemed Bonds.* If any Bond or any portion thereof is duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, is made or provided for by the Authority, then interest on such Bond or such portion will cease to accrue from such date, and from and after such date such Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

*Purchase in Lieu of Redemption.* In lieu of the redemption of any Bond, amounts on deposit in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to the selection of Bonds for redemption having taken place with respect to such amounts, upon the Written Order of the Authority for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date.

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

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA, ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER OF THE AUTHORITY (INCLUDING THE CITY) IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE TRUST ESTATE PLEDGED THEREFOR, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE**

REASSESSMENT DISTRICT OR GENERAL OBLIGATIONS OF THE AUTHORITY, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS OR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY, THE STATE OF CALIFORNIA, ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

### **General**

The Bonds are special limited obligations of the Authority payable from and secured as to the payment of the principal of, interest on and redemption premiums, if any, solely from the Trust Estate.

The Trust Estate consists of: (i) proceeds of the sale of the Bonds; (ii) the Revenues; (iii) amounts on deposit in the Funds established by under the Trust Agreement (other than amounts in the Rebate Fund and the Investment Fund); and (iv) the Reassessment Bonds. See "—Payment of the Reassessment Bonds," below. The Reassessment Bonds, redemption premiums, if any, and the interest thereon are payable from and secured by moneys on deposit in the Redemption Fund held under the Fiscal Agent Agreement, and by the then unpaid portion of reassessments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Foreclosure Covenant."

### **Reserve Fund**

The Trust Agreement establishes a Reserve Fund (the "Reserve Fund") with the Trustee, moneys in which are to be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of or the redemption premiums, if any, of the Bonds, but solely in the event that insufficient Revenues are received by the Trustee for such purpose due to a default in the payment of amounts due with respect to the Reassessment Bonds. In the case of each such withdrawal from the Reserve Fund, the Trustee will advise the City of the amount so withdrawn and the City will transfer such amount to the Trustee, from the proceeds of redemption or sale of the parcel with respect to which the advance of a delinquent installment was made from the Reserve Fund. Upon receipt by the Trustee from the City of such amount, the Trustee will deposit such amount in the Reserve Fund. See "BONDOWNERS' RISKS—General." **Notwithstanding any other provision of the Trust Agreement, the City is not obligated to advance available surplus moneys from the City treasury to cure any deficiency in the Reserve Fund.**

On the date of issuance of the Bonds, the Reserve Fund will be funded in the amount of \$559,369, which amount is equal to the Reserve Requirement. The Reserve Requirement is defined under the Trust Agreement as, with respect to each Bond Year, the least of: (i) 100% of Maximum Annual Debt Service on the Bonds; (ii) 125% of Average Annual Debt Service on the Bonds; or (iii) 10% of the principal amount of the then Outstanding Bonds.



## **Flow of Funds**

*Receipt and Deposit of Revenues.* All Revenues received by the Trustee, other than Revenues derived from Reassessment Prepayments received by the Trustee, will be deposited by the Trustee into the Revenue Fund. Not later than one Business Day prior to each Interest Payment Date and each Principal Payment Date for the Bonds, the Trustee will transfer Revenues from the Revenue Fund, in the amounts required in the order of priority as set forth below, with the requirements of each Fund being fully satisfied, leaving no deficiencies therein, prior to any deposit into any Fund later in priority:

- First:* To the Interest Fund before each Interest Payment Date an amount which together with any amounts then on deposit therein, is equal to the interest on the Bonds due on such Interest Payment Date;
- Second:* To the Principal Fund (i) before each March 2 Interest Payment Date in an amount equal to one-half of the principal amount of Bonds maturing on the next succeeding September 2 and (ii) before each September 2 Principal Payment Date an amount which, together with any amounts then on deposit in the Principal Fund, is sufficient to pay the Principal Installments due on the Bonds on such Principal Payment Date;
- Third:* To the Reserve Fund in an amount necessary to establish and maintain a balance therein equal to the Reserve Requirement;
- Fourth:* To the Redemption Fund, all money remaining in the Revenue Fund until the date on which the Outstanding principal amount of the Bonds is equal to or less than the Outstanding principal amount of the Reassessment Bonds; and thereafter to the Surplus Fund, all money remaining in the Revenue Fund, except as otherwise directed by Written Order of the Authority. Any amounts transferred to the Surplus Fund pursuant to the Trust Agreement will no longer be considered Revenues and are not pledged to repay the Bonds. From and after the date on which the Outstanding principal amount of the Bonds is equal to or less than the Outstanding principal amount of the Reassessment 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 Reassessment Bonds, the collection of Reassessment Revenues, (ii) transfer to the City to be applied to reduce debt service payments on the Reassessment Bonds, or (iii) accumulation in and expenditure from the Surplus Account for any lawful purpose of the Authority, all as directed from time to time by Written Order of the Authority to the Trustee.

In addition to the foregoing, any amounts on deposit in the Surplus Fund will be used by the Trustee to pay the principal of and interest due on the Bonds on any Interest Payment Date, prior to the use of moneys in the Reserve Fund for such purpose, subject, however, to the approving opinion of Bond

Counsel that such use will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

Upon Written Order of the Authority, the Trustee will transfer all or a portion of moneys on deposit in the Surplus Fund to the Redemption Fund for redemption of the Bonds pursuant to the Trust Agreement.

*Revenues Derived From Prepayments.* Under the Trust Agreement, all Revenues derived from prepayments of the Reassessment Bonds received by the Trustee will immediately be deposited into the Prepayment Account within the Revenue Fund. Thereafter such amounts will be transferred to the Redemption Fund to be applied by the Trustee, upon Written Order of the Authority for the special redemption of Bonds pursuant to the terms of the Trust Agreement. See "THE BONDS—Redemption Provisions—Special Redemption."

### **Payment of the Reassessment Bonds**

*General.* The Reassessment Bonds will be issued pursuant to a resolution of the City adopted on June 29, 1999 and in accordance with the provisions of the Fiscal Agent Agreement and the Reassessment Bond Law. For a description of the Reassessment District, see "THE REASSESSMENT DISTRICT."

The Reassessment Bonds are issued upon and secured by the moneys on deposit in the Redemption Fund held under the Fiscal Agent Agreement, and by the then unpaid reassessments on certain parcels located within the Reassessment District. The unpaid reassessments represent fixed liens on each assessed parcel.

The unpaid reassessments are collected in semi-annual installments, together with interest on the declining balances, on the tax roll on which general taxes on real property are collected, and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes, and the properties upon which the reassessments were levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes.

**AS AUTHORIZED BY THE REASSESSMENT BOND LAW, THE CITY HAS DETERMINED NOT TO OBLIGATE ITSELF TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO CURE ANY DEFICIENCY OR DELINQUENCY WHICH MAY OCCUR IN THE REDEMPTION FUND CREATED AND HELD BY THE CITY WITH RESPECT TO THE REASSESSMENT BONDS BY REASON OF THE FAILURE OF A PROPERTY OWNER TO PAY A REASSESSMENT INSTALLMENT.**

The Reassessment Bonds are being issued in an amount sufficient to pay the principal, redemption premium and interest in the amounts and the times sufficient, in the aggregate, to provide for payment of principal, redemption premium of 3% and interest on \$7,095,000 aggregate principal amount of the Bonds. See "BONDOWNERS' RISKS—Depletion of Reserve Fund."

***Priority of Lien.*** The reassessments and each installment thereof and any interest and penalties thereon constitute a lien against each parcel on which it was imposed until the same is paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens, including the lien of any mortgage or deed of trust, and over all fixed special assessment liens which may thereafter be created under the any assessment law against the property. Such lien is co-equal to and independent of the lien for general property taxes and liens previously or subsequently imposed pursuant to the Mello-Roos Community Facilities Act of 1982.

***Foreclosure Covenant.*** The City covenants in the Fiscal Agent Agreement that it will, no later than September 1 of each year, whether or not any reassessment installments are delinquent and if such delinquencies exist, will order and cause to be commenced or employ a trustee to cause to be commenced not later than November 1 and thereafter diligently prosecute an action in the superior court to foreclose the lien of any delinquent reassessment installment, *provided, however,* that the City is not required to commence such foreclosure proceedings if (i) the total of such delinquencies for such prior fiscal year is less than 5% of the total reassessment installments posted to the tax roll for such prior fiscal year, and (ii) the Reserve Fund remains at or above the Reserve Requirement. Notwithstanding the foregoing, if the City determines that the reassessment installments on any single property, or payable by any single owner, are delinquent in excess of \$1,000 then it will diligently institute, prosecute and pursue foreclosure proceedings against such property.

In conjunction with the institution of judicial foreclosure proceedings, the City shall comply with Section 8833 of the Reassessment Bond Law.

***Limited Obligation; No Required Advances from Available City Moneys.*** The Reassessment Bonds are limited obligation improvements bonds under the Reassessment Bond Law. **Notwithstanding any other provision of the Fiscal Agent Agreement, the City is not obligated to advance available City moneys from the City treasury to cure any deficiency in the Redemption Fund or the Reserve Fund; *provided, however,* that nothing shall affect the right of the City under the Reassessment Bond Law to make advances to cure any deficiencies.**

### **Report of the Reassessment Engineer**

The City has caused a report with respect to the Reassessment District to be prepared which contains, among other things, the amount of the Reassessment levied on each parcel in the Reassessment District. A copy of the Report of the Reassessment Engineer, which includes the reassessment roll and the reassessment diagram may be obtained from the City.

## DEBT SERVICE SCHEDULE

The debt service schedule for the Bonds is set forth below:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Debt Service</u>
March 2, 2000 . . . .		\$225,542.47	\$225,542.47	
September 2, 2000 . .	\$145,000	188,826.25	333,826.25	\$559,368.72
March 2, 2001 . . . .		186,143.75	186,143.75	
September 2, 2001 . .	175,000	186,143.75	361,143.75	547,287.50
March 2, 2002 . . . .		182,643.75	182,643.75	
September 2, 2002 . .	175,000	182,643.75	357,643.75	540,287.50
March 2, 2003 . . . .		178,925.00	178,925.00	
September 2, 2003 . .	180,000	178,925.00	358,925.00	537,850.00
March 2, 2004 . . . .		175,055.00	175,055.00	
September 2, 2004 . .	195,000	175,055.00	370,055.00	545,110.00
March 2, 2005 . . . .		170,765.00	170,765.00	
September 2, 2005 . .	200,000	170,765.00	370,765.00	541,530.00
March 2, 2006 . . . .		166,165.00	166,165.00	
September 2, 2006 . .	195,000	166,165.00	361,165.00	527,330.00
March 2, 2007 . . . .		161,533.75	161,533.75	
September 2, 2007 . .	205,000	161,533.75	366,533.75	528,067.50
March 2, 2008 . . . .		156,408.75	156,408.75	
September 2, 2008 . .	215,000	156,408.75	371,408.75	527,817.50
March 2, 2009 . . . .		151,033.75	151,033.75	
September 2, 2009 . .	240,000	151,033.75	391,033.75	542,067.50
March 2, 2010 . . . .		144,913.75	144,913.75	
September 2, 2010 . .	245,000	144,913.75	389,913.75	534,827.50
March 2, 2011 . . . .		138,605.00	138,605.00	
September 2, 2011 . .	260,000†	138,605.00	398,605.00	537,210.00
March 2, 2012 . . . .		131,585.00	131,585.00	
September 2, 2012 . .	280,000†	131,585.00	411,585.00	543,170.00
March 2, 2013 . . . .		124,025.00	124,025.00	
September 2, 2013 . .	290,000†	124,025.00	414,025.00	538,050.00
March 2, 2014 . . . .		116,195.00	116,195.00	
September 2, 2014 . .	305,000†	116,195.00	421,195.00	537,390.00
March 2, 2015 . . . .		107,960.00	107,960.00	
September 2, 2015 . .	305,000†	107,960.00	412,960.00	520,920.00
March 2, 2016 . . . .		99,725.00	99,725.00	

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Debt Service</u>
September 2, 2016 . .	\$330,000†	\$99,725.00	\$429,725.00	\$529,450.00
March 2, 2017 . . . .		90,815.00	90,815.00	
September 2, 2017 . .	340,000†	90,815.00	430,815.00	521,630.00
March 2, 2018 . . . .		81,635.00	81,635.00	
September 2, 2018 . .	355,000††	81,635.00	436,635.00	518,270.00
March 2, 2019 . . . .		72,050.00	72,050.00	
September 2, 2019 . .	385,000†	72,050.00	457,050.00	529,100.00
March 2, 2020 . . . .		61,462.50	61,462.50	
September 2, 2020 . .	400,000†	61,462.50	461,462.50	522,925.00
March 2, 2021 . . . .		50,462.50	50,462.50	
September 2, 2021 . .	425,000†	50,462.50	475,462.50	525,925.00
March 2, 2022 . . . .		38,775.00	38,775.00	
September 2, 2022 . .	445,000†	38,775.00	483,775.00	522,550.00
March 2, 2023 . . . .		26,537.50	26,537.50	
September 2, 2023 . .	475,000†	26,537.50	501,537.50	528,075.00
March 2, 2024 . . . .		13,475.00	13,475.00	
September 2, 2024 . .	<u>490,000††</u>	<u>13,475.00</u>	<u>503,475.00</u>	<u>516,950.00</u>
TOTAL . . . . .	\$7,255,000	\$6,068,158.72	\$13,323,158.72	\$13,323,158.72

† Sinking Account Payment.

†† Stated Maturity.

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## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

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

### Sources of Funds

Principal Amount of Bonds . . . . .	\$7,255,000
Less: Original Issue Discount . . . . .	<u>(62,170)</u>
Total Sources . . . . .	\$7,192,830

### Uses of Funds

Deposit to Proceeds Fund <sup>(1)</sup> . . . . .	\$6,261,377
Deposit to Reserve Fund . . . . .	559,369
Deposit to Costs of Issuance Account <sup>(2)</sup> . . . . .	312,084
Deposit to Bond Administration Fund . . . . .	<u>60,000</u>
Total Uses . . . . .	\$7,192,830

<sup>(1)</sup> To be used, together with funds relating to the Refunded Bonds and transferred for deposit to the Proceeds Funds to purchase the Reassessment Bonds. See "PLAN OF FINANCE."

<sup>(2)</sup> Includes Underwriters' Discount, fees and expenses of Co-Bond Counsel, the Financial Advisor and Disclosure Counsel, the initial fees of the Trustee, fees of the reassessment engineer, printing costs, rating agency fees and other miscellaneous expenses.

## THE REASSESSMENT DISTRICT

### General

The Reassessment District is primarily a suburban residential area, in which the predominant land use is single-family detached housing. The topography of the Reassessment District is hilly, rising toward the City's northeast border and facing the San Francisco Bay and the City of San Francisco. The reassessments securing the Bonds have been allocated among the parcels within the Reassessment District based upon a proration of the existing individual assessments for the Prior Assessment Districts to the total existing Reassessment. Public property within the Reassessment District is not assessed. There is certain utility property within the Reassessment District that has been assessed.

The Reassessment District consists of 3,376 parcels, of which 2,602 have been reassessed and have unpaid reassessments. The Reassessment District is a consolidation of the 1994-1 Assessment District and the 1994-2 Assessment District.

The area within the 1994-1 Assessment District suffered severe damage by fire in late October 1991 which destroyed over 1,600 acres of residential real estate. The 1994-1 Assessment District was formed to finance a portion of the costs of the construction and installation of underground electric, telephone and cable television public utility line and certain related street improvements which were destroyed by the fire.

A portion of the area within the 1994-2 Assessment District also suffered severe damage by fire in late October 1991. The 1994-2 Assessment District was formed to finance a portion of the costs of the acquisition and installation of certain water improvements, utility pipelines, fire hydrants and related street improvements to upgrade the water system to provide increased fire flow and provide domestic water service within the 1994-2 Assessment District.

The public improvements financed by the Prior Bonds issued on behalf of the Prior Assessment Districts have all been constructed or acquired and installed in the Reassessment District.

### **Valuation of the Reassessment District**

As of January 1, 1998, the aggregate assessed value of all land and improvements in all of the Reassessment District is \$615,266,784. This valuation is based upon gross assessed valuation rather than appraised value or other measure of market value and is net of the homeowners exemption. This amount, and the respective amounts set forth for all real property and improvements within the Reassessment District may, therefore, not be representative of the actual market value of such real property and improvements within the Reassessment District. However, since Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% per year unless property is sold or transferred, assessed values are typically less than actual market value unless the property has recently changed ownership and may not be representative of the actual market value of the property in the Reassessment District. The reassessed values set forth for any real property and improvements do not account for any assessed value determinations based on changes in ownership or improvements to real property occurring after January 1, 1998. See also "BONDOWNERS' RISKS—General" and "—Assessment Appeals."

The aggregate principal amount of the Bonds to be issued to the Authority is \$7,255,000. Therefore, based upon an aggregate assessed value of real property and improvements in the Reassessment District of \$615,266,784, the overall value-to-reassessment lien ratio of the Bonds for the Reassessment District is 84.81:1.

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CITY OF OAKLAND  
Public Works Agency  
Engineering Design Services  
9/30/97



—— CITY OF OAKLAND  
BOUNDARY  
—— FREEWAY

CITY OF  
BERKELEY

ASSESSMENT  
DISTRICT

CITY OF  
EMERYVILLE

SAN FRANCISCO-  
OAKLAND  
BAY  
BRIDGE

CITY OF  
PIEDMONT

CONTRA COSTA COUNTY

CITY OF ALAMEDA

SAN FRANCISCO BAY

CITY OF SAN LEANDRO



Set forth on Table 1 below are the aggregate net assessed values for the Reassessment District by reassessment lien category.

**Table 1**  
**CITY OF OAKLAND**  
**REASSESSMENT DISTRICT NO. 99-1**  
**Value-to-Reassessment Lien Categories**  
**As of 1998-99 Tax Roll**

<u>Value-to-Reassessment Lien Category</u>	<u>Number of Assessed Parcels</u>	<u>Aggregate Assessed Value</u>	<u>% Assessed Value</u>	<u>Reassessment Lien</u>	<u>% of Reassessment Lien<sup>(1)</sup></u>
More than or equal to 20:1	2,027	\$598,957,095.00	97.35%	\$5,307,197.16	74.80%
Less than 20:1	181	8,110,591.00	1.32	473,383.57	6.67
Less than 15:1	179	5,294,520.00	0.86	432,762.99	6.10
Less than 10:1	83	2,016,316.00	0.33	286,862.60	4.04
Less than 5:1	<u>132</u>	<u>888,262.00</u>	<u>0.14</u>	<u>594,793.68</u>	<u>8.38</u>
<b>TOTAL</b>	<b>2,602</b>	<b>\$615,266,784.00</b>	<b>100.00%</b>	<b>\$7,095,000.00</b>	<b>100.00%</b>
Maximum Value-to-Reassessment Lien Ratio			1,099.30:1		
Average Value-to-Reassessment Lien Ratio			86.71:1		
Minimum Value-to-Reassessment Lien Ratio			0.04:1 <sup>(2)</sup>		

(1) Figures may not total due to rounding.

(2) There are two undeveloped residential parcels in the Reassessment District to which this minimum Value-to-Reassessment Lien Ratio is attributable.

Source: NBS Government Finance Group.

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Set forth in Table 2 below the are assessed values by land use classification within the Reassessment District.

**Table 2**  
**CITY OF OAKLAND**  
**REASSESSMENT DISTRICT NO. 99-1**  
**Property Classification by Land Use Category**  
**As of 1998-99 Tax Roll**

<u>Land Use Category</u>	<u>Number of Assessed Parcels</u>	<u>% of Total Assessed Parcels</u>	<u>1998-99 Assessed Value</u>	<u>% of 1998-99 Assessed Value</u>	<u>Reassessment Lien</u>	<u>% of Reassessment Lien</u>
Commercial	3	0.12%	\$837,340.00	0.14%	\$9,727.44	0.14%
Residential <sup>(1)</sup>	1,968	75.63	571,482,265.00	92.88	4,886,841.65	68.88
Governmental/Utility	2	0.08	N/A	0.00	64,842.04	0.91
Vacant Residential	<u>629</u>	<u>24.17</u>	<u>42,947,179.00</u>	<u>6.98</u>	<u>2,133,588.87</u>	<u>30.07</u>
<b>TOTAL</b>	<b>2,602</b>	<b>100.00%</b>	<b>\$615,266,784.00</b>	<b>100.00%</b>	<b>\$7,095,000.00</b>	<b>100.00%</b>

Source: NBS Government Finance Group.

Set forth in Table 3 below are the assessed values by development status within the Reassessment District.

**Table 3**  
**CITY OF OAKLAND**  
**REASSESSMENT DISTRICT NO. 99-1**  
**Development Status**  
**As of 1998-99 Tax Roll**

<u>Development Status</u>	<u>Number of Assessed Parcels</u>	<u>% of Total Assessed Parcels</u>	<u>Assessed Value</u>	<u>% of Assessed Value</u>	<u>Reassessment Lien</u>	<u>% Reassessment Lien</u>
Developed	1,820	69.95%	\$568,756,903.00	92.44%	\$4,726,634.06	66.62
Undeveloped	<u>782</u>	<u>30.05</u>	<u>46,509,881.00</u>	<u>7.56</u>	<u>2,368,365.94</u>	<u>33.38</u>
<b>TOTAL</b>	<b>2,602</b>	<b>100.00%</b>	<b>\$615,266,784.00</b>	<b>100.00%</b>	<b>\$7,095,000.00</b>	<b>100.00%</b>

Source: NBS Government Finance Group.

Set forth in Table 4 below are the value-to-reassessment lien ratios set forth for the top ten property owners by assessed valuation.

**Table 4  
CITY OF OAKLAND  
REASSESSMENT DISTRICT NO. 99-1  
Top Ten Property Owners by Assessed Valuation  
with Value-to-Reassessment Lien Ratio  
As of 1998-99 Tax Roll**

<u>Owner Name</u>	<u>Number of Assessed Parcels</u>	<u>Assessed Value</u>	<u>% of Assessed Value<sup>(1)</sup></u>	<u>Reassessment Lien</u>	<u>Value-to- Reassessment Lien Ratio</u>
Parkwoods Oakland LP	92	\$1,476,300.00	0.24%	\$74,405.10	19.84:1
Kaufman, Michael & Kathryn	1	1,329,700.00	0.22	1,572.82	845.42:1
Pezzola, Stephen P. & Foster, Twila I.	1	1,258,680.00	0.20	1,572.82	800.27:1
Hansen, Riwin C. & Judith A.	2	1,098,967.00	0.18	3,145.64	698.72:1
Raben, Charles S. & Miller, Ann M.	1	1,050,600.00	0.17	4,815.30	218.18:1
Oznowicz, Ronald	2	1,001,094.00	0.16	6,484.96	154.37:1
Brandes, Peter & Laskowsky, Zelda	1	998,472.00	0.16	1,572.82	634.83:1
Wilderotter, Philip J., IV & Mary A.	1	984,300.00	0.16	1,572.82	625.82:1
Kelly, Evon A.	1	977,160.00	0.16	1,572.82	621.28:1
Stephens, Duane D.	<u>1</u>	<u>973,080.00</u>	<u>0.16</u>	<u>3,242.48</u>	<u>300.10:1</u>
 Total Top Ten Property Owners	 103	 \$11,148,353.00	 1.81%	 \$99,957.58	 111.53:1 <sup>(2)</sup>
 All Remaining Ownership	 <u>2,499</u>	 <u>604,118,431.00</u>	 <u>98.19</u>	 <u>6,995,042.42</u>	 <u>86.36:1<sup>(2)</sup></u>
 TOTAL	 2,602	 \$615,266,784.00	 100.00%	 \$7,095,000.00	 86.72:1 <sup>(2)</sup>

(1) Figures do not total due to rounding.

(2) Average value-to-reassessment lien ratio.

Source: NBS Government Finance Group.

Set forth in Table 5 below are the value-to-reassessment lien ratios set forth for the top ten property owners by reassessment lien.

**Table 5**  
**CITY OF OAKLAND**  
**REASSESSMENT DISTRICT NO. 99-1**  
**Top Ten Property Owners by Reassessment Lien**  
**with Value-to-Reassessment Lien Ratio**  
**As of 1998-99 Tax Roll<sup>(1)</sup>**

<u>Owner Name</u>	<u>Number of Assessed Parcels</u>	<u>1998-99 Assessed Value</u>	<u>Reassessment Lien</u>	<u>% of Reassessment Lien<sup>(1)</sup></u>	<u>Value-to- Reassessment Lien Ratio</u>
Parkwoods Oakland LP	92	\$1,476,300.00	\$74,405.10	1.05%	19.84:1
Jensen E.G. & Roberta A., as Trustees	13	358,121.00	51,879.67	0.73	6.90:1
Kansai Development Inc.	15	536,653.00	48,637.20	0.69	11.03:1
PG & E Co.	1	N/A	42,144.71	0.59	N/A
Silveira J.W. & Barbara O., as Trustees	3	178,089.00	32,424.76	0.46	5.49:1
Boddum, Jerry J. & Mary A.	9	161,195.00	29,182.32	0.41	5.52:1
Schneider, Orvil G. Darlene M.	1	5,943.00	29,182.29	0.41	0.20:1
Skyline Estates Joint Venture	1	362,940.00	25,939.81	0.37	13.99:1
Braddock & Logan	2	23,942.00	25,939.81	0.37	0.92:1
Thierry, Raymond L. & Shirley A.	<u>4</u>	<u>539,072.00</u>	<u>24,318.57</u>	<u>0.34</u>	<u>22.17:1</u>
Total Top Ten Property Owners	141	\$3,642,255.00	\$384,054.24	5.41%	9.48:1 <sup>(2)</sup>
All Remaining Ownership	<u>2,461</u>	<u>\$611,624,529.00</u>	<u>6,710,945.76</u>	<u>94.59</u>	<u>94.14:1<sup>(2)</sup></u>
<b>TOTAL</b>	2,602	\$651,963,263.00	\$7,095,000	100.00%	91.89:1 <sup>(2)</sup>

(1) Figures do not total due to rounding.

(2) Average value-to-assessment lien ratio.

Source: NBS Government Finance Group.

### Delinquency Information

Historically, delinquencies for each property tax installment period are initially about 10% immediately following the respective installment payment due date. These initial delinquencies are generally attributable to undeveloped properties. Late payments received after the respective due date reduce the outstanding delinquencies for each installment period, to a level of approximately 5% after 6 months, approximately 4% after one year, and approximately 1.5% after 18 months. As construction has continued in the Reassessment District and the number of undeveloped properties has declined, the delinquency rates have also declined with each installment date. Table 6 shows the delinquency status in the Reassessment District as of April 19, 1999.

Set forth in Table 6 is a summary of assessment installment payment history for assessments levied in the Prior Assessment Districts for Fiscal Years 1995-96 through 1998-99.

**Table 6**  
**CITY OF OAKLAND**  
**REASSESSMENT DISTRICT NO. 99-1**  
**HISTORICAL ASSESSMENT INSTALLMENT DELINQUENCY**  
**(As of April 19, 1999)**

<u>Fiscal Year/ Installment</u>	<u>Dollars Levied</u>	<u>Amount Delinquent</u>	<u>% Amount Delinquent<sup>†</sup></u>	<u>Parcels Levied</u>	<u>Parcels Delinquent</u>	<u>% Parcel Delinquent</u>
1995/96-1	\$409,875.67	\$3,000.16	0.73%	2,715	11	0.41%
1995/96-2	409,875.67	3,950.21	0.96	2,715	16	0.59
1996/97-1	410,661.19	5,421.01	1.32	2,715	20	0.74
1996/97-2	410,661.19	5,689.02	1.39	2,715	22	0.81
1997/98-1	395,334.06	16,262.44	4.11	2,715	78	2.87
1997/98-2	395,334.06	20,960.52	5.30	2,715	106	3.90
1998/99-1	396,853.67	19,368.73	4.88	2,716	112	4.12
1998/99-2	396,853.67	45,009.85	11.34	2,716	249	9.17

<sup>†</sup> The first installment becomes delinquent if not paid by December 10 and the second installment becomes delinquent if not paid by April 10 of the respective Fiscal Year.

Source: NBS Government Finance Group.

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Set forth in Table 7 below is the direct and overlapping debt statement.

**Table 7  
CITY OF OAKLAND  
REASSESSMENT DISTRICT NO. 99-1  
DIRECT AND OVERLAPPING DEBT**

1998-99 Assessed Valuation: \$615,266,784

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/99</u>
Bay Area Rapid Transit District	0.293%	\$120,496
Peralta Community College District	2.161	525,447
Oakland Unified School District	3.517	2,302,439
City of Oakland	3.294	4,432,242
East Bay Municipal Utility District	0.779	59,438
East Bay Municipal Utility District, Special District No. 1	1.954	900,892
East Bay Regional Park District	0.426	792,871
City of Oakland Reassessment District No. 99-01	100.000	— <sup>(1)</sup>
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$9,133,825
Less: East Bay Municipal Utility District and Special District No. 1		960,330
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$8,173,495
 <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Alameda County General Fund Obligations	0.720%	\$4,567,964
Alameda County Pension Obligations	0.720	3,922,187
Alameda County Board of Education Certificates of Participation	0.720	55,116
Alameda-Contra Costa Transit District Certificates of Participation	0.820	203,893
Oakland Unified School District Certificates of Participation	3.933	1,333,287
City of Oakland General Fund Obligations	3.656	24,553,624
City of Oakland Pension Obligations	3.656	15,459,384
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$50,095,455
GROSS COMBINED TOTAL DEBT		\$59,229,280 <sup>(2)</sup>
NET COMBINED TOTAL DEBT		\$58,268,950

(1) Excludes refunding 1915 Act bonds to be sold and issues to be refunded.

(2) Excludes tax and revenues anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease.

Ratios to 1998-99 Assessed Valuation:

Direct Debt . . . . .	—%
Total Gross Direct and Overlapping Tax and Assessment Debt . . . . .	1.48%
Total Net Direct and Overlapping Tax and Assessment Debt . . . . .	1.33%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt . . . . .	9.63%
Net Combined Total Debt . . . . .	9.47%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/98: \$130,726

Source: California Municipal Statistics, Inc.

## **THE AUTHORITY**

The Authority was created by a Joint Exercise of Powers Agreement, dated February 1, 1993 (the "JPA Agreement"), between the City and the Redevelopment Agency of the City of Oakland. The JPA Agreement was entered into pursuant to the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The Authority was created for the purpose of facilitating financing of public improvement facilities within the City.

## **THE CITY**

The City of Oakland (the "City") is located in the County of Alameda (the "County") on the east side of San Francisco Bay, approximately seven miles from San Francisco via the San Francisco-Oakland Bay Bridge. The City ranges from industrialized lands bordering the Bay in the west to suburban foothills in the east. Historically the industrial heart of the Bay Area, the City has developed into a financial, commercial and governmental center. The City is also the hub of an extensive transportation network which includes a freeway system and the western terminals of major railroads and trucking firms, as well as one of the largest container-ship ports in the United States. The City supports an expanding international airport and rapid-transit lines which connect it with most of the Bay Area. The City is the seat of government for Alameda County and is the seventh most populous city in the State of California (the "State").

The City was incorporated as a town in 1852 and as a city in 1854, and became a charter city in 1889. Oakland is governed by a legislative body comprising an eight-member City Council, seven of whom are elected by district and one of whom is elected on a city-wide basis. The Mayor is not a member of the City Council but is the City's chief elective officer. The Mayor and Council members serve staggered four-year terms. The Mayor, subject to confirmation by the City Council, appoints a City Manager who is responsible for daily administration of City affairs and preparation and submission of the annual budget under the direction of the Mayor and City Council for the Mayor's submission to the City Council.

Subject to civil service regulations, the City Manager appoints City employees except the City Attorney, City Clerk and City Auditor. The Mayor, subject to confirmation by the City Council, appoints the City Attorney. Beginning with the 2000 Municipal Election, the City Attorney will be nominated and elected in the same manner, and for the same term, and at the same election, as the Councilmember-at-Large. The City Clerk is appointed by the City Manager subject to City Council confirmation. The City Auditor is elected at the same time as the Mayor. The Director of the Financial Services Agency serves as the City's Treasurer and supervises the City's financial affairs.

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under State law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning and general administrative services.

For additional information concerning the City, its government and its financial affairs, see APPENDIX A—"ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF OAKLAND."

## **BONDOWNERS' RISKS**

### **General**

Under the provision of Reassessment Bond Law, reassessment installments, from which funds for the payment of annual installments of principal of and interest on the Reassessment Bonds are derived, will be billed to properties against which there are reassessments to be paid by the owners of property in the Reassessment District on the regular property tax bills sent to owners of such properties. Such reassessments are based on the land use classification, if developed or size, if undeveloped, of each parcel and due and payable at the same times, and bear the same penalties and interest for non-payment as do regular property tax installments. Reassessment installments cannot be paid separately from property taxes. Failure to pay less than the total of all property taxes and reassessments due is considered a delinquency in the payment of both property taxes and the reassessments.

The reassessments to be paid by the owners of property in the Reassessment District do not constitute a personal indebtedness of the owners of the lots and parcels within the District. There is no assurance such owners will be able to pay their reassessment installments or that they will pay such installments even though they may be financially able to do so.

The Reassessment Bonds are payable from amounts collected from reassessed property owners and deposited in the Redemption Fund established under the applicable Fiscal Agent Agreement. Therefore, timely payment of debt service on the Bonds depends upon the timely payment of the reassessments by the owners of property in the Reassessment District. Should the reassessments not be paid on time, debt service on the Reassessment Bonds will not be sufficient to provide for debt service on the Bonds. In that event, the Trustee shall draw funds for that purpose from the Reserve Fund established under the Trust Agreement. Any draw from the Reserve Fund shall be replenished from the proceeds of redemption or sale of the parcel with respect to which the advance of delinquent installments was made from the Reserve Fund. Additionally, the reassessments are secured by a lien on the affected parcels of land and the City has covenanted to institute and diligently prosecute foreclosure proceedings to sell land with delinquent installments in order to obtain funds to pay debt service on the Reassessment Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Payment of the Reassessment Bonds—Foreclosure Covenant" and the caption "—Bankruptcy" herein.

Failure by owners of the parcels to pay the reassessments when due, depletion of the Reserve Fund, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent reassessment installments may result in the inability of the City to make full or punctual payments of debt service on the Reassessment Bonds and the Bondowners would therefore be adversely affected.



**The Reassessment Bonds are not an obligation of the Authority, the City, the State of California or any of its political subdivisions and 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 Reassessment Bonds.**

Unpaid reassessments constitute fixed liens on the lots and parcels reassessed, they do not constitute a personal indebtedness of the respective owners of such lots and parcels. There is no assurance that the owners will be financially able to pay the Reassessments or that they will pay such installments even though they may be financially able to do so.

### **Depletion of Reserve Fund**

Upon issuance of the Bonds, reassessment liens in the amount of \$7,095,000 will be recorded against the parcels in the Reassessment District subject to the reassessment, and \$160,000 principal amount of the Bonds will not be secured by payments made with respect to such Reassessment Bonds. Such Bonds will be secured by the Reserve Fund, earnings thereon and other available amounts under the Trust Agreement. The Reserve Fund, in the amount of the Reserve Requirement, has been established for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Bonds in the event that insufficient Revenues are received by the Trustee due to a default in the payment of amounts due with respect to the Reassessment Bonds. Neither the Authority nor the City can give any assurance that such amounts will be sufficient to insure the timely payment of principal, interest, or redemption, premium, if any when due on such Bonds.

### **Future Initiatives**

From time to time, initiative measures could be adopted, which may place limitations on the ability of the State, the County or local districts, including the Reassessment District, to increase revenues or the increase appropriations which may affect the revenues of the Authority or its ability to expend its revenues.

### **Limited Obligation of the City Upon Delinquency of the Reassessment Bonds**

Pursuant to the Reassessment Bond Law, the City has elected not to be obligated to advance funds from the treasury of the City for the payment of delinquent reassessment installments. In the event of a delinquency in the payment of any installment of the reassessment levied upon any property for the payment of the principal of and interest on the Reassessment Bonds, the City may be the purchaser of delinquent property upon which any of said reassessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general real property taxes, and in the event the City does so become the purchaser of such property, the City will pay from available funds, if any, and transfer such funds to the Fiscal Agent for deposit into the Redemption Fund the amount of any delinquent reassessment installment and interest thereon. In addition, the City may also pay from available funds, if any, and transfer to the Fiscal Agent for deposit into the Redemption Fund the amount of any subsequent installment of the reassessment that becomes delinquent, and interest thereon, on such property pending redemption or sale. Any amounts so advanced shall be recoverable upon sale or redemption of the property.

## **Limited Obligation of the Authority Upon Delinquency of the Bonds**

The obligation of the Authority to advance money to pay debt service on the Bonds is limited to the balance in the Reserve Fund. There is no assurance that the balance in the Reserve Fund will be adequate to pay the interest on or the principal of or the redemption premiums, if any, on the Bonds.

## **Payment of the Reassessment Installments Not a Personal Obligation of the Property Owners**

**AN OWNER OF PROPERTY IS NOT PERSONALLY OBLIGATED TO PAY THE REASSESSMENTS. RATHER, THE REASSESSMENTS ARE OBLIGATIONS ONLY AGAINST THE PROPERTY. IF THE VALUE OF THE PARCELS OF PROPERTY IS NOT SUFFICIENT, TAKING INTO ACCOUNT OTHER OBLIGATIONS ALSO PAYABLE THEREBY, TO FULLY SECURE THE REASSESSMENTS, THE CITY HAS NO RECOURSE AGAINST THE OWNER.**

## **Land Values and Value-to-Lien Ratios**

If a property owner defaults in the payment of the reassessment installments, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent reassessment installments. Land values could be adversely affected by economic factors beyond the City's control, such as relocation of employers out of the area, stricter land use regulations, the absence of water, or destruction of property caused by, among other eventualities, earthquake, flood or other natural disaster, or by environmental pollution or contamination.

The City and the Authority make no representations as to the value of the property in the Reassessment District.

## **Parity Taxes and Special Assessments**

The Authority may not issue indebtedness payable from the Revenues other than the Bonds. However, neither the Authority nor the City has any control over the amount of additional debt payable from taxes or assessments on all or any portion of the property within the District that may be issued in the future by other governmental entities or districts having jurisdiction over all or a portion of the land within the Reassessment District. To the extent such debt is payable from assessments or special taxes levied pursuant to the applicable law, such assessments or special taxes may have a lien on the property within the District on a parity with the lien of the reassessments.

The ability or willingness of a property owner in the Reassessment District to pay the reassessments could be affected by the existence of other taxes and assessments imposed upon the property. The reassessments and any penalties thereon constitute a lien against the lots and parcels of land on which they have been levied until they are paid. Such lien is subordinate to all fixed special taxes and special assessments previously levied by other agencies on the same property, but has priority over all private liens and all fixed assessment liens which may

thereafter be created against the property. Such a lien is co-equal to and independent of the lien for general property taxes and special taxes, whenever created against the property.

The City has no 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 in the Reassessment District. In addition, the City is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the Reassessment District. The imposition of additional liens on a parity with the assessments could reduce the ability or willingness of the owners of parcels in any Reassessment District to pay the reassessments and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent reassessments or the principal of and interest on the Reassessment Bonds when due. As of the date of this Official Statement, the City has no knowledge of any proposal or plan to levy additional assessments or special taxes on property within the Reassessment District.

### **Bankruptcy**

The payment of the reassessments and the ability of the City to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," the Reassessment District may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Co-Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the lien of the reassessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale of tax sale proceedings, thereby delaying such proceedings perhaps for an extended period. Any such delays would increase the likelihood of a delay or default in payment of the principal of and interest on the Reassessment Bonds and the possibility of delinquent tax installments not being paid in full. The payment of reassessments and the ability of the City to foreclose the lien of a delinquent unpaid tax could be delayed by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting rights of creditors generally or by the laws of the State of California relating to judicial foreclosure. Further, should remedies be exercised under the federal bankruptcy laws against parcels in the Reassessment District, payment of the reassessments may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the reassessments in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

## **FDIC Policies**

The following discussion describes a Policy Statement and a subsequent letter released by the Resolution Trust Corporation (the "RTC"). Effective January 1, 1996, the Federal Deposit Insurance Corporation (the "FDIC") succeeded to the rights and obligations of the RTC. The City has not verified whether the FDIC has explicitly adopted this policy.

The ability of the District to collect interest and penalties specified by state law and to foreclose the lien of delinquent reassessments may be limited in certain respects with regard to properties in which the FDIC has or obtains an interest. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes (the "Policy Statement"). (The FDIC had previously joined with the RTC in a July 12, 1990 joint statement of policy addressing the same subject.) The Policy Statement provides that the RTC intends to pay its proper tax obligations when they come due and to pay claims for delinquencies as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs. It may decline to pay property tax claims in situations where abandonment of its interest in the property is appropriate. The Policy Statement also provides that real property owned by the RTC is subject to state and local real property taxes if those taxes are assessed according to the property's value, but that the RTC is immune from real property taxes assessed on other bases. The Policy Statement further provides that "if any property taxes (including interest) on RTC-owned property are secured by a valid lien (in effect before the property became owned by the RTC), the RTC will pay those claims. With respect to property not owned by the RTC, but in which the RTC has a lien interest, property taxes (including interest) secured by a valid lien with priority over the RTC's lien interest will be paid. However, if abandonment of its interest in the property is appropriate, the RTC may elect not to pay such claims."

The Policy Statement is unclear as to whether the RTC considers "taxes" such as the reassessments levied by the Reassessment District to be "real property taxes" which the RTC intends to pay. Moreover, the Policy Statement provides that, with respect to parcels owned by the RTC or on which the RTC holds a mortgage lien, it will not permit a foreclosure by a taxing authority without its specific consent and that the RTC will not pay or recognize liens for any penalties, fines or similar claims imposed for the nonpayment of taxes, whether arising before or after acquisition of the parcel in question, nor will it pay attorneys' costs incurred by a taxing authority or other person in pursuing a tax claim.

In a letter dated August 25, 1992 to the Treasurer of the State of California, the RTC stated that with respect to property owned by an institution under RTC receivership, the RTC will pay assessments, special taxes and related interest if such taxes were imposed and valid liens secured prior to receivership. If any special tax, assessment or any other non *ad valorem*-based tax is assessed while the institution is in receivership the taxes will not be paid. In the letter the RTC further stated that "where an institution in receivership does not own the underlying real property but holds only a mortgage or other security interest in the property. Assessments and special taxes and related interest, secured by valid lien with priority over the receivership's institutions lien interest, eventually will be paid (e.g., at the time of foreclosure)." However, the RTC may elect not to pay such claims but instead abandon its security interest. Subsequent

correspondence between the RTC and the Treasurer of the State of California indicates that the RTC has not changed its position.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency on a parcel in the Reassessment District in which the FDIC has or obtains an interest. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amounts available to pay the principal of and interest on the Bonds. Prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would likely reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Bonds. The FDIC does not presently have an interest in any of the property in the Reassessment District.

### **Geologic, Topographic and Climatic Conditions**

The value of the property in the Reassessment District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as flooding, fires and droughts.

### **Seismic Risk**

The City is an area considered to be seismically active. During the past 150 years, the San Francisco Bay Area has experienced several major and numerous minor earthquakes. The largest was the 1906 San Francisco earthquake along the San Andreas fault with an estimated magnitude of 8.3 on the Richter scale. The most recent major earthquake was the October 17, 1989 Loma Prieta Earthquake with a magnitude of 7.1 on the Richter scale and an epicenter near Santa Cruz, approximately 60 miles south of San Francisco. Both the San Francisco and Oakland area sustained major damage. The City experienced significant damage to several buildings within the City, especially unreinforced masonry buildings constructed prior to 1970 and prior to current building code requirements. Few, if any, buildings in the Reassessment District are constructed of unreinforced masonry.

The Reassessment District lies in an area affected by three major active earthquake faults: the Hayward fault, the Calaveras fault, and the San Andreas fault. The Hayward fault is a geologic break in the Franciscan bedrock which trends northwesterly along the west front of the Oakland Hills. This fault has a length of at least 70 miles extending from Pinole south towards Hollister and was the source of major earthquakes that caused extensive damage in the San Francisco Bay Region in 1836 and 1868. The magnitudes of those earthquakes have been estimated to be in the range of 6.8 and 7.0 on the Richter scale. According to the most recent United States Geologic Survey Report (1990) (the "Report") the Hayward fault is capable of producing a similar earthquake in the future. According to the Report, there is a 28% chance that a Richter magnitude 7.0 earthquake will occur on the northern segment of the Hayward fault, nearest to the Reassessment District, within the next 30 years.

The northern portion of the San Andreas fault roughly follows the western edge of the tilted bedrock block along the shoreline of the Pacific Ocean, and has a length of over 400 miles. The fault was the source of the Richter magnitude 8.3 San Francisco earthquake of 1906, which caused extensive damage in San Francisco and elsewhere in the Bay Area, and may have been the source of the Richter magnitude 7.1 Loma Prieta earthquake in 1989. Other strong earthquakes occurred on the San Andreas fault in the San Francisco Bay Region in 1808 (Richter magnitude of 6.0); June, 1838 (Richter magnitude of 7.0); and February, 1856 (Richter magnitude of 5.75). The estimated maximum credible Richter magnitude for the San Andreas fault is 8.5.

A third fault located to the east and south of the City is the Calaveras fault which was the source of earthquakes of Richter magnitude greater than 5.0 in 1897, 1911, 1949, 1955, 1979 and 1984. The Calaveras Fault's strongest earthquake was a Richter magnitude 6.6 event in 1911, which occurred near Mount Hamilton, which is located in Santa Clara County. The Calaveras fault is believed to be capable of producing an earthquake in the same magnitude range as could be produced by the Hayward fault. The previous earthquakes on the Calaveras fault are not known to have caused damage in the City.

### **Hazardous Substances**

While governmental taxes, assessments, and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value of a parcel in the Reassessment District is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel 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 "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels in the Reassessment District 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 purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal liability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

While the City is not aware that the owner (or operator) of any of parcels has such a current liability with respect to any of the parcels, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel 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. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel within the Reassessment District that is realizable upon a delinquency.

### **No Acceleration Provision**

Neither the Fiscal Agent Agreement nor the Trust Agreement contain a provision allowing for the acceleration of the Reassessment Bonds or the Bonds in the event of a payment default or other default under the terms thereof.

### **YEAR 2000 READINESS**

The operations of the Authority, the City, the Trustee and the Fiscal Agent, like those of many other business entities, may be impacted by the inability of certain computer programs and electronic systems with imbedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs or microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

In addition, timely payment of the Bonds depends on the systems of the Trustee, the Fiscal Agent and DTC, and the Authority and the City can make no guarantee that these systems will be timely converted and will not have an adverse effect on the collection and distribution of amounts necessary to pay the principal of and interest on the Bonds.

### **Authority and City**

The City has undertaken a major project both to resolve the City's computer hardware and software problems that would result from the turn of the century and to fully integrate many previously WP operating programs. To ensure that all information technology is Year 2000 compliant and fully integrated, replacement software is being developed for financial reporting, budgeting development, and human resources/payroll. In addition, replacement or upgrade of desktop computers as well as the installation of a new client/server environment to support the new business applications is being completed. A review of embedded chip duplications is also underway as part of this project. All City departments are participating in this project. It is anticipated that the Year 2000 project will be completed during summer 1999.

On October 19, 1998, President Clinton signed into law the Year 2000 Information Readiness Disclosure Act (the "Act"). The City of Oakland sent many of its customers letters that outlined the efforts being made by the City to anticipate and solve the problems associated with the Year 2000. The purpose of this notice was to inform the City's customers that those statements issued by the City of Oakland between January 1, 1996 and October 19, 1998 concerning the City's Year 2000 compliances are such "Year 2000 Readiness Disclosures" as described in the Act. In the case of a dispute, the documents and the information contained within it are entitled to the protections of the Act and may reduce customer legal rights regarding use of the documents.

## **Trustee and Fiscal Agent**

*The following information regarding the year 2000 readiness efforts and activities of Chase Bank of Texas, National Association, in its capacities as Trustee and Fiscal Agent, has been provided by Chase Bank of Texas, National Association. The Authority and the City make no representation as to the accuracy or completeness of this information.*

The Trustee has developed and is implementing a program to prepare its systems and applications for the Year 2000, including those used to render services as a trustee. In that connection, the Trustee intends to have such systems and application capable of processing, on and after January 1, 2000, date, and date-related data consistent with the functionality of such systems and applications, without a material adverse effect upon its performance of services as Trustee.

## **The Depository Trust Company**

Public information made available by DTC states that DTC is currently testing its system for year 2000 compliance and fully expects to be year 2000 compliant by December 31, 1999. See APPENDIX D—"DTC AND THE BOOK-ENTRY ONLY SYSTEM—Year 2000 Compliance."

## **LEGAL MATTERS**

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality by Brown & Wood LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel. A copy of the proposed form of Co-Bond Counsel opinion is contained in APPENDIX C to this Official Statement. Co-Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Authority and the City by the City Attorney. Certain other legal matters will be passed on for the Authority and the City by Lofton De Lancie, Disclosure Counsel.

The fees of Co-Bond Counsel and Disclosure Counsel are contingent upon the issuance of the Bonds.



## TAX MATTERS

In the opinion of Brown & Wood LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with the certain covenants in the Trust Agreement and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

In the further opinion of Co-Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest on the Bonds, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Co-Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such document, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Co-Bond Counsel express no opinion as to the exclusion of interest on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Brown & Wood LLP and Webster & Anderson.

Legislation affecting municipal obligations is continually being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds. Legislation or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Bonds.

In the further opinion of Co-Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

A copy of the proposed form of opinion of Co-Bond Counsel is attached hereto as APPENDIX C.

## **NO LITIGATION**

At the time of delivery of and payment for the Bonds, the Authority and the City will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or regulatory agency, public board or body pending or threatened against the Authority or the City affecting their existence, or the titles of their respective officers, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Trust Agreement, or the collection or levy of the reassessment to pay the principal of and interest on the Reassessment Bonds, or in any way contesting or affecting the validity or enforceability of the Reassessment Bonds and the Bonds, the Fiscal Agent Agreement, the Bond Purchase Contract entered into between the Authority and the Underwriters, or any other applicable agreements or any action of the Authority or the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or the City or their authority with respect to the Bonds or any action of the Authority or the City contemplated by any of said documents, nor, to the knowledge of the Authority or the City, is there any basis therefor.

## **RATING**

Standard & Poor's ("S&P") has rated the Bonds "A-." Such rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that the same will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Authority nor the Underwriters undertake any responsibility to oppose any such revision or withdrawal of such rating. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **FINANCIAL ADVISOR**

The City has retained Public Financial Management, Inc. of San Francisco, California, as financial advisor (the "Financial Advisor") in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

The compensation of the Financial Advisor is contingent upon the issuance of the Bonds.

## **UNDERWRITING**

The Bonds were purchased through negotiation by Henderson Capital Partners LLC and Redwood Securities, Inc. (the "Underwriters") at a price of \$7,134,789.70 (which represents the principal amount of the Bonds, less an original issue discount in the amount of \$62,170.30, less an underwriters' discount in the amount of \$58,040.00), which is equal to 98.3431% of the aggregate principal amount thereof. The Underwriters may change the initial public offering prices set forth on the cover page. The Underwriters 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.

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the Bondowners to provide certain financial information and operating data relating to the Bonds not later than 270 days following the end of the City's fiscal year (which is June 30) commencing with the report for the 1999-2000 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is contained within APPENDIX B—"SUMMARY OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Authority, the City or the District and 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 information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City or the Reassessment District since the date hereof.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of such documents and reports are available for inspection at the office of the Treasury Division of the Financial Services Agency, City of Oakland, 150 Frank Ogawa Plaza, Suite 5330, Oakland, California 94612.

The execution and delivery of the Official Statement by the Authority has been duly authorized by the Governing Board of the Authority.

### OAKLAND JOINT POWERS FINANCING AUTHORITY

By: /s/ ROBERT C. BOBB  
Executive Director

## **APPENDIX A**

### **ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF OAKLAND**

#### **Overview**

The City of Oakland (the "City") is located in the County of Alameda (the "County") on the east side of San Francisco Bay, approximately seven miles from San Francisco via the San Francisco-Oakland Bay Bridge. The City ranges from industrialized lands bordering the Bay in the west to suburban foothills in the east. Historically the industrial heart of the Bay Area, the City has developed into a financial, commercial and governmental center. Oakland is also the hub of an extensive transportation network which includes a freeway system and the western terminals of major railroads and trucking firms, as well as one of the largest container-ship ports in the United States. The City supports an expanding international airport and rapid-transit lines which connect it with most of the Bay Area. The City is the seat of government for Alameda County and is the seventh most populous city in the State of California (the "State").

#### **City Government**

The City was incorporated as a town in 1852 and as a city in 1854, and became a charter city in 1889. The Charter provides for the election, organization, powers and duties of the legislative branch, known as the City Council; the powers and duties of the executive and administrative branches; fiscal and budgetary matters, personnel administration, franchise, licenses, permits, leases and sales; employee's pension funds; and the creation and organization of the Port of Oakland. Oakland is governed by an eight-member City Council, seven of whom are elected by district and one of whom is elected on a city-wide basis. The Mayor is not a member of the City Council but is the City's chief elective officer. The Mayor and Council members serve staggered four-year terms. The Mayor, subject to confirmation by the City Council, appoints a City Manager who is responsible for daily administration of City affairs and preparation and submission of the annual budget under the direction of the Mayor and City Council for the Mayor's submission to the City Council.

Subject to civil service regulations, the City Manager appoints City employees except the City Attorney, City Clerk and City Auditor. The Mayor, subject to confirmation by the City Council, appoints the City Attorney. Beginning with the 2000 Municipal Election, the City Attorney will be nominated and elected in the same manner, and for the same term, and at the same election, as the Councilmember-at-Large. The City Clerk is appointed by the City Manager subject to City Council confirmation. The City Auditor is elected at the same time as the Mayor. The Director of Financial Services Agency serves as the City's Treasurer and supervises the City's financial affairs.

The City's charter was most recently amended through the approval of ballot Measure X by voters on November 3, 1998. Changes ratified include the creation of the Mayor-Council form of government, the provision of a two-term limit for the mayor, the institution of a requirement of voter approval for increases to City Council compensation, and a provision for the election of the City Attorney.

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under State law. These services include public safety (police and fire), sanitation and environmental health enforcement, recreational and cultural activities, public improvements, planning, zoning and general administrative services.

### **City Demographic and Economic Information**

The City occupies 53.8 square miles, with 19 miles of coastline on the San Francisco Bay in northern California. The City's convenient access to mass transit, freeways, rail lines and airports; its favorable climate, environmental quality and multiple cultures; its proximity to superior universities and research institutions; and its diverse employee base contribute to the cosmopolitan character of the City and have made it the center of commerce for the Bay Area.

The City's population exceeds 399,000, making it the seventh largest city in California and the third largest in the Bay Area. At least 81 different languages and dialects are spoken within the City; it is the only major city to have no census tract composed of a single race. The City's workforce is both sizable and multi-skilled.

The City's economic base historically has been predominantly industrial. Over the past 25 years, there have been significant gains in diversifying the City's economic base. While manufacturing jobs have decreased, commercial and service-oriented sectors have come to play a larger role in the economy. The City has embraced an aggressive economic development strategy surrounding five primary business clusters: (1) biotechnology/healthcare; (2) telecommunications; (3) software/multimedia; (4) food processing; and (5) transportation.

The City's largest employers include both public and private entities. Many of the City's largest public employers are headquartered in the City, including the City itself, the Bay Area Rapid Transit District ("BART"), the East Bay Municipal Utility District ("EBMUD") and the Alameda Contra Costa Transit District ("AC Transit"). The City's largest private employer is Kaiser Permanente, followed by Summit Medical Center, Southwest Airlines and United Parcel Service.

As a result of heavy leasing activity in both the Central Business District ("CBD") and elsewhere the Oakland Metropolitan area experienced a completed turnaround in net absorption from one year ago. The region concluded the first quarter of 1999 with positive 432,387 square feet of net absorption compared to negative net absorption of 199,382 square feet posted for the first quarter of 1998.

According to the Cushman & Wakefield Office Market Report (First Quarter 1999), total inventory in the Oakland Metropolitan Area exceeds 21 million square feet, split nearly evenly between the CBD and the non-CBD. The overall vacancy rate for all classes of space (CBD and non-CBD) was reported at 12.5%, a 2.7% decrease from the first quarter of 1998; the CBD overall vacancy rate was reported at 13.1%.

A growing number of tenants have found that the East Bay has the infrastructure, economical rental rates, and tax incentive plans they desire. In fact, the East Bay now leads the nine-county Bay Area region in job growth, a position previously held by Silicon Valley. Furthermore, Mayor Jerry Brown is also promoting the City's business-friendly atmosphere and a new image to companies looking to relocate here from surrounding areas.

Development of the City's downtown has long been a primary thrust of city planning. Over the past two decades, the central business district has undergone a dramatic physical renaissance. New office and retail building, refurbished public facilities, luxury hotels, park enhancements and outdoor art have created a cosmopolitan environment enhancing the City's status as the hub of the Bay Area. Recently completed downtown projects include the University of California Office of the President, the Elihu Harris State Building, the City Administration Buildings, the Warriors Headquarters and Practice Facility, the Jack London Square retail project, and the Martin Luther King Jr. Plaza, a biomedical research and senior center. City Center is the premier location in the City's urban business center. Shorenstein Realty Investors purchased four buildings in City Center and have acquired development rights to four and one half blocks in the immediate area. Over 400,000 square feet of space has been leased in the City Center office complex since 1997. City Center is virtually 100% leased.

Projects currently under development include a 195-unit downtown hotel, renovation of the landmark Rotunda and Oakland Tribune Buildings, and the Coliseum Shoreline Retail project. Mayor Jerry Brown's vision to attract 10,000 new residents to downtown Oakland further enhances this focus.

Much of the City's economic strength is attributable to its extensive transportation network. The City is today recognized as the center of commerce for the Bay Area. Nine major U.S. and California highways converge in the City, providing convenient travel throughout the Bay Area and direct access to other regions of the country. High speed light rail transit throughout the Bay Area is provided by BART and local bus service is offered by AC Transit, 98% of whose lines connect with BART. Other transportation services include the Alameda/Oakland Ferry Service, Amtrak and Greyhound Bus Lines.

In addition to ground transportation, the City is home to an international airport and to one of the main sea terminals for cargo moving between the western United States and the Pacific Rim, Latin America and Europe. The Port of Oakland loads and discharges more than 97% of containerized goods bound to and through the Bay Area, making it the third largest container port on the Pacific Coast, the fourth largest in the United States and among the top thirty in the world. About 72.0% of the City's foreign

maritime trade is with Asia. The Port is currently undertaking a project to dredge the bay, which will allow it to compete with other West Coast ports for Pacific Rim trade. Oakland International Airport (the "Airport"), operated by the Port of Oakland, is a major regional center of air passenger and cargo jet operations and the second largest airport in the Bay Area. The Airport currently provides more than 70% of the Bay Area's cargo flights. In 1998, the Airport served over 9.2 million passengers and handled approximately 770,000 tons of air cargo.

Services and other important resources are extensive and locally provided. Five major hospitals are located in the City. Over 170 public and private schools provide elementary, middle, special and secondary education. The Oakland Unified School Districts operates 88 schools, which includes elementary, middle and junior, high, and special education. In addition, there are a wide range of private and nonprofit elementary and secondary schools in the City. Seven colleges are located in the City, reporting enrollment of over 20,000 students. Utility services are provided by Pacific Bell, EBMUD and Pacific Gas & Electric. The City has its own regional newspaper, radio stations and a Fox Network television station.

The City has many well-established medium density residential neighborhoods, consisting primarily of single family homes. The City is also an affordable community containing neighborhoods in price levels from low income (22% of housing units are valued below \$100,000) to high income (32.5% of housing units are valued above \$250,000). Of total housing units, over 38% are owner-occupied and over 55% are rented. Shopping districts such as Montclair, College Avenue, Piedmont Avenue, Grand/Lakeshore Avenues and Park Boulevard form a spine for the surrounding residential areas. The City credits the activity in the commercial/shopping district with mitigating declines in City sales tax revenues after the 1989 Loma Prieta earthquake, despite temporary closure of several major downtown retail stores.

The quality of life in the City is enhanced by abundant opportunities for recreation, entertainment and culture at more than 140 parks, playgrounds, community centers and other recreational facilities operated by the City. The City has a moderate climate and has 64 parks within its borders, including Lake Merritt, which is located downtown. The Oakland-Alameda County Coliseum hosts concerts and other special events, and is the home to the Oakland A's baseball, Oakland Raiders football and Golden State Warriors basketball teams. In addition, a wide and diverse variety of music, dance and theater groups, both amateur and professional, perform regularly in the City. The Alice Arts Center is a multi-cultural and multi-disciplinary performing arts complex that presents local, regional and national theater, dance and music productions.

### **Military Base Closures**

Substantially all major military facilities in the City and the County are scheduled to be closed or downsized. These facilities represent approximately 16,000 military and 6,000 civilian jobs. Several efforts are underway to mitigate the impact of base closures in the City and the County, including the gradual conversion of the bases to civilian uses. Among these are the activities of the Alameda County Economic Development Advisory



Board ("EDAB"), a consortium of public and private entities in the County organized to assist regional conversion efforts, which is working with such organizations as the Bay Area Defense Conversion Action Team, the Bay Area Economic Forum, the Bay Area Regional Technology Alliance and Joint Venture Silicon Valley. The City and the County have formed a local reuse authority (the Oakland Base Reuse Authority) under a joint powers agreement for development of comprehensive local reuse plans with respect to Naval Medical Center Oakland and the Oakland Army Base. The Port will receive approximately 100 acres of waterfront property at the Naval Supply Center and is developing plans for the use of this property. A portion of the property received has been leased by the Port to private employers. Additionally, the East Bay Conversion and Reinvestment Commission is the recipient of grants from the Federal Office of Economic Adjustment to work on a pilot study on defense conversion and to provide community planning assistance. The City is unable to predict what the financial impact of military base closures will be on the City.

### Population

The City is the seventh largest in the State. Between 1990 and 1998, the City's population increased by a total of 7.8% or 28,800. The City has experienced steady population growth since 1980, during this period it is estimated that population has grown by 60,563, or 17.8%. The City is the third most populous in the Bay Area. The following chart illustrates the population of the City and the County from 1970 through January 1, 1999.

#### CITY OF OAKLAND AND ALAMEDA COUNTY POPULATION

<u>Year</u>	<u>City of Oakland</u>	<u>Alameda County</u>
1970	361,561	1,071,446
1980	339,337	1,105,379
1990	371,100	1,276,702
1991	378,200	1,294,700
1992	378,200	1,310,500
1993	379,700	1,326,300
1994	381,400	1,338,400
1995	381,400	1,344,200
1996	387,600	1,356,300
1997	388,100	1,375,900
1998	396,300	1,408,000
1999 <sup>(1)</sup>	399,900	1,413,400

<sup>(1)</sup> Through January 1, 1999.

Source: United States Department of Commerce, Bureau of the Census and State of California Department of Finance.

## Employment

Over the past several years, the City's employment level has grown and unemployment rates have declined. The following table represents the labor patterns in the City, the State of California, and the United States from 1994 through 1998, and for March 1999.

### CITY OF OAKLAND, STATE OF CALIFORNIA AND UNITED STATES CIVILIAN LABOR FORCE, EMPLOYMENT, and UNEMPLOYMENT 1994 through 1998, and March 1999

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
1994				
City	181,280	163,940	17,340	9.6%
State	15,450,000	14,122,100	1,327,900	8.6
United States	131,056,000	123,060,000	7,996,000	6.1
1995				
City	180,540	164,290	16,290	9.0
State	15,412,200	14,202,800	1,209,400	7.8
United States	132,304,000	124,900,000	7,404,000	5.6
1996				
City	180,130	166,040	14,090	7.8
State	15,568,600	14,444,400	1,124,200	7.2
United States	133,943,000	126,708,000	7,236,000	5.4
1997				
City	184,580	171,780	12,800	6.9
State	15,971,800	14,965,500	1,006,300	6.3
United States	136,297,000	129,558	6,739,000	4.9
1998				
City	186,130	174,000	12,130	6.5
State	16,329,100	15,360,600	968,500	5.9
United States	137,673,000	131,463,000	6,210,000	4.5
March 1999				
City	188,370	177,530	10,840	5.8
State	16,401,667	15,398,500	1,003,167	6.1
United States	138,187,670	131,759,000	6,428,670	4.6

Source: California State Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

## Largest Employers

The following tables represent the largest public and private employers in the City.

**CITY OF OAKLAND<sup>(1)</sup>**  
**LARGEST PUBLIC EMPLOYERS**  
**As of May 1999**

<u>Public Entity</u>	<u>Product/Service</u>	<u>Number of Employees</u>
County of Alameda	Governmental Operations	7,030
Oakland Unified School District	Education	5,573
City of Oakland	Governmental Operations	4,027
Bay Area Rapid Transit	Public Transportation	2,104
East Bay Municipal Utility District	Utility/Water	1,900
Peralta Community College	Education	1,434
University of California	Education	1,100
U.S. Army	Military Services	760
Oakland-Alameda County Coliseum, Inc.	Sports Stadium	700
East Bay Regional Park District	Parks	500

<sup>(1)</sup> Federal and State Government not included.

Source: City of Oakland Financial Services Agency, Treasury Division.

**CITY OF OAKLAND**  
**LARGEST PRIVATE EMPLOYERS**  
**As of May 1999**

<u>Private Entity</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Kaiser Permanente	Health Services	7,388
Summit Medical Center	Hospital Services	2,240
Southwest Airlines	Transportation	2,084
United Parcel Services	Delivery Services	2,060
Children's Hospital of Oakland	Hospital Services	1,980
United Airlines	Transportation	1,950
Fed Ex	Delivery Services	1,918
The Clorox Company	Household Products	1,340
Waste Management of Alameda County	Waste Disposal	1,130
Diocese of Oakland	Church	882

Source: City of Oakland, Community and Economic Development Agency.

## Commercial Activity

A five-year history of total taxable transactions for the City is shown in the following table.

### CITY OF OAKLAND TAXABLE TRANSACTIONS 1993-1997

<u>Year</u>	<u>Total Sales</u>
1993	\$2,264,740,000
1994	2,322,874,000
1995	2,495,567,000
1996	2,596,521,000
1997	2,767,367,000

Source: State Board of Equalization, Department of Research and Statistics.

## Construction Activity

A five-year history of building permits and valuation appears in the following table.

### CITY OF OAKLAND BUILDING PERMITS AND VALUATIONS 1994-1998

<u>Year</u>	Number of Permits <u>Issued</u>	Authorized New Dwelling <u>Units</u>	Residential Valuation <u>(In Thousands)</u>	Nonresidential Valuation <u>(In Thousands)</u>
1994	8,557	N/A	\$51,710	\$ 96,004
1995	9,692	290	47,129	132,865
1996	12,154	180	79,278	99,844
1997	12,459	176	39,425	202,995
1998	12,545	233	121,006	302,080

Source: Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 1998.

## 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. Median household EBI for the City is shown in the table below.

### CITY OF OAKLAND AND ALAMEDA COUNTY MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME 1993-1997<sup>(1)</sup> Median EBI

<u>Year</u>	<u>City of Oakland</u>	<u>Alameda County</u>	<u>California</u>	<u>United States</u>
1993	31,203	42,284	39,330	35,056
1994	32,842	44,381	40,969	37,070
1995 <sup>(2)</sup>	28,033	38,436	34,533	32,238
1996 <sup>(2)</sup>	28,786	39,658	35,216	33,482
1997 <sup>(2)†</sup>	29,784	41,127	36,483	34,618

<sup>(1)</sup> Most recent data available.

<sup>(2)</sup> The definition of "EBI" changed beginning in 1995, accordingly the data for 1995 and subsequent years is not directly comparable with the data for years prior to 1995.

Source: "Survey of Buying Power," Sales and Marketing Management Magazine.

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**CITY OF OAKLAND**  
**Statement of Direct and Overlapping Debt**

1997-98 Assessed Valuation: \$18,677,062,503  
 Redevelopment Incremental Valuation: 1,848,428,477  
 Adjusted Assessed Valuation: \$16,828,634,026

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/22/99</u>
East Bay Municipal Utility District	21.299%	\$1,625,114
East Bay Municipal Utility District, Special District No. 1	53.596	24,618,226
East Bay Regional Park District	11.657	21,696,008
Peralta Community College District	54.940	13,358,661
Castro Valley Unified School District	0.016	960
Oakland Unified School District	99.996	64,663,405
San Leandro Unified School District	22.377	3,358,788
City of Oakland	100.000	132,960,000 <sup>(1)</sup>
City of Oakland 1915 Act Bonds	100.000	10,585,000
City of Emeryville 1915 Act Bonds	10.417-18.790	<u>1,769,443</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$274,635,605</b>
Less: East Bay Municipal Utility District (100% self-supporting)		1,625,114
East Bay Municipal Utility District, Special District No. 1 (100% self-supporting)		<u>24,618,226</u>
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$248,392,265</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Alameda-Contra Costa Transit District Certificates of Participation	22.421%	\$5,574,982
Alameda County and Coliseum Authority General Fund Obligations	19.683	124,583,433
Alameda County Pension Obligations	19.683	107,222,785
Alameda County Board of Education Public Facilities Corporation	19.683	1,506,734
Chabot-Las Positas Community College District Certificates of Participation	3.142	191,819
Oakland Unified School District Certificates of Participation	99.996	31,128,755
San Leandro Unified School District Certificates of Participation	22.377	556,068
Castro Valley Unified School District Certificates of Participation	0.016	614
City of Oakland and Coliseum Authority General Fund Obligations	100.000	671,598,025
City of Oakland Pension Obligations	100.000	<u>422,849,659</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$1,365,212,874</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$1,639,848,479 <sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$1,613,605,139</b>

(1) Excludes tax and revenue anticipation notes.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 1997-98 Assessed Valuation:

Direct Debt (\$132,960,000) . . . . . 0.71%  
 Total Gross Direct and Overlapping Tax and Assessment Debt . . . . . 1.47%  
 Total Net Direct and Overlapping Tax and Assessment Debt . . . . . 1.33%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$1,227,407,684) . . . . . 7.29%  
 Gross Combined Total Debt . . . . . 9.74%  
 Net Combined Total Debt . . . . . 9.59%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/98: \$3,323,702

Source: California Municipal Statistics, Inc.

## **APPENDIX B**

### **SUMMARY OF CONTINUING DISCLOSURE CERTIFICATE**

The following is a summary of certain provisions of the Continuing Disclosure Certificate and is supplemental to the summary of the provisions of such documents contained elsewhere in this Official Statement. Such summary does not purport to be complete or definitive and is qualified in their entirety by reference to the full text of the Continuing Disclosure Certificate.

**SECTION 1. Purpose of the Disclosure Certificate.** The Disclosure Certificate is being executed and delivered by the City 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 Trust Agreement, which apply to any capitalized term used in the Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean any entity designated in writing by the City to perform the duties specified in Section 3(c) of the Disclosure Certificate and which has filed with the City a written acceptance of such designation.

"Fiscal Year" shall mean with respect to the City, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any twelve month or fifty-two week period thereafter selected by the City with notice of such selection of change in fiscal year to be provided as set forth herein.

"Holders" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of Depository Trust Company or another recognized depository, any applicable participant in its depository system.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently

approved by the Securities and Exchange Commission are set forth in Exhibit B to the Disclosure Certificate.

"Participating Underwriter" shall mean collectively, Henderson Capital Partners, LLC and Redwood Securities, Inc., the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository, if any.

"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.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of the Disclosure Certificate, there is no State Repository.

### **SECTION 3. Provision of Annual Reports.**

(a) The City shall, not later than 270 days after the end of the City's fiscal year (which currently is June 30), commencing with the report for the 1999-2000 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of the Disclosure Certificate. 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 the Disclosure Certificate; *provided* that the audited financial statements of the City 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 they are not available by that date. If the City'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) Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. If the City is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the City shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A to the Disclosure Certificate.

(c) The Dissemination Agent shall:

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

(ii) file the Annual Report with each Repository by the date required therefor by Section 3(a) and file any notice of a listed Event, if requested by the City, as soon as practicable following receipt from the City of such notice; and



(iii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to the Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

**SECTION 4. Content of Annual Reports.** The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's comprehensive audited financial report for the prior fiscal year, 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 City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in 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) A maturity schedule for the outstanding Bonds, and a listing of Bonds redeemed prior to maturity during the prior fiscal year.

(c) Balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior fiscal year:

(i) the Revenue Fund (with a statement of the debt service requirement to be discharged by the Revenue Fund prior to the receipt of additional revenue);

(ii) the Reserve Fund (with a statement of the current Reserve Requirement).

(d) The amount of assessments levied and collected for each reassessment district as of the close of the prior fiscal year; and

(e) Identification of each parcel for which any installment of due and unpaid reassessment is delinquent, together with the following information respecting each such parcel:

(i) the amount delinquent (exclusive of late charges and monthly penalties for reinstatement);

(ii) the date (December 10 or April 10) of the first delinquency;

(iii) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed in the Superior Court; and

(iv) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

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 City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission; *provided*, that if the documents included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and *provided further*, that the City shall clearly identify each such other document so included by reference.

**SECTION 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the City 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) modifications to rights of Bondholders.
- (iv) optional, contingent or unscheduled bond calls.
- (v) defeasances.
- (vi) rating changes.
- (vii) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.
- (viii) unscheduled draws on the Reserve Fund reflecting financial difficulties.
- (ix) unscheduled draws on the credit enhancements reflecting financial difficulties.
- (x) substitution of the credit or liquidity providers or their failure to perform.
- (xi) release, substitution or sale of property securing repayment of the Bonds.
- (xii) initiation of bankruptcy proceedings by the City or by or on behalf of any person owning property representing more than five percent (5%) of the unpaid reassessments.

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

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository, if any. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(iv) and (a)(v) 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 Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The City's obligations under the 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 City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the 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;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such

change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the 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 the Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Certificate, the City shall have no obligation under the 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 City to comply with any provision of the Disclosure Certificate any Holder or Beneficial Owner outstanding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the 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 the Disclosure Certificate, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or wilful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the City, 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.

**APPENDIX C**

**FORM OF OPINION OF CO-BOND COUNSEL**

**BROWN & WOOD LLP**

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TELEPHONE: 415-772-1200  
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**LAW OFFICES OF  
WEBSTER & ANDERSON**

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July 27, 1999

Governing Board  
Oakland Joint Powers Financing Authority  
Oakland, California

**Oakland Joint Powers Financing Authority  
Reassessment Revenue Bonds,  
Series 1999**

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the Oakland Joint Powers Financing Authority (the "Authority") of \$7,255,000 aggregate principal amount of its Reassessment Revenue Bonds, Series 1999 (the "Bonds") pursuant to 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 "Act") and a Trust Agreement, dated as of July 1, 1999 (the "Trust Agreement"), by and among the City of Oakland (the "City"), the Authority and Chase Bank of Texas, National Association, as trustee (the "Trustee"). The Bonds are being issued to enable the Authority to purchase from the City certain obligations (the "Reassessment Bonds") issued by the City pursuant to a Fiscal Agent Agreement, dated as of July 1, 1999 (the "Fiscal Agent Agreement") by and between the City and Chase Bank of Texas, National Association, as fiscal agent, the proceeds of which will be used by the City to refund certain outstanding assessment bonds of the City. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In our capacity as Co-Bond Counsel, we have reviewed the Trust Agreement, certifications of the Authority, the City, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to questions of fact material to our opinions, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The Reassessment Bonds may be sold, certain other requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, which may include delivery of an Opinion of Co-Bond Counsel. No opinion is expressed herein as to any Bond or the interest thereon if any Reassessment Bond is sold, if any such change occurs or if any such action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed the accuracy of the factual matters represented, warranted or certified in the documents, and the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Based upon the foregoing and subject to the limitations and qualifications hereinafter specified, we are of the opinion that:

1. The Bonds constitute valid and binding obligations of the Authority enforceable in accordance with their terms.
2. The Trust Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, of the Trust Estate, consisting of (i) the proceeds of the sale of the Bonds, (ii) Revenues (as defined in the Trust Agreement); (iii) amounts on deposit in the funds and accounts established under the Trust Agreement (other than amounts in the Rebate Fund and the Investment Earnings Fund); and (iv) the Reassessment Bonds, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.
3. Based on existing statutes, regulations, rulings and judicial decisions, and assuming compliance by the Authority and the City with the covenants contained in the Trust Agreement and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of the Bond proceeds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the

gross income of the owners of the Bonds for purposes of federal income taxation. Failure of the Authority and the City to comply with such covenants and requirements may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the Bonds. Interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum taxable income of individuals and corporations; however, interest on the Bonds will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

4. Interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Other than as described herein, we have neither addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

With respect to the opinions expressed herein, the rights and obligations under the Bonds and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities in the State of California.

Respectfully submitted,

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## APPENDIX D

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the Trustee and the Underwriters believe to be reliable, but the Authority, the Trustee and the Underwriters take no responsibility for the accuracy thereof. The Beneficial Owners should confirm the following information with DTC or the DTC Participants.*

#### **General**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). (Direct and Indirect Participants may be jointly referred to as "Participants.") The Rules applicable to DTC and Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 interest in the Bonds are to be accomplished by entries made on the books of Direct Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Prepayment notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee or the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond will be printed and delivered.

The City and the Trustee may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond will be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR HOLDERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL

MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

NEITHER THE CITY, THE TRUSTEE, NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT, OR INDIRECT PARTICIPANT; (II) THE DELIVERY OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE INDENTURE; (III) THE SELECTION BY DTC OR ANY DTC DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL PREPAYMENT OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DTC DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR PREPAYMENT PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF BONDS; OR (VI) ANY OTHER MATTER.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PREPAYMENT OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC DIRECT PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE PREPAYMENT OF THE BONDS CALLED FOR PREPAYMENT OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

### **Year 2000 Compliance**

DTC management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical reassessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provisions of services, including telecommunication and electrical utility services providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant; and (ii) determine the extent

of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

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