

NEW ISSUE-BOOK-ENTRY ONLY

NOT RATED

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject however, to certain qualifications described herein, under existing law, the interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$3,148,482.77
CITY OF OAKLAND, CALIFORNIA
UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
PIEDMONT PINES PHASE I
2010 LIMITED OBLIGATION IMPROVEMENT BONDS

Dated: Date of Delivery

Due: September 2, as shown on inside cover

The City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds (the "Bonds") are being issued by the City of Oakland, California (the "City") pursuant to a Fiscal Agent Agreement, dated as of March 1, 2010 (the "Fiscal Agent Agreement"), by and between the City and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent") to: (i) finance a portion of the costs of the undergrounding of street lighting, electric power, telephone and other communication lines of special benefit to the property within the City's Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I (the "District"), (ii) pay costs related to the issuance of the Bonds, (iii) make a deposit to a Reserve Fund for the Bonds, and (iv) fund interest on the Bonds through September 2, 2010.

Assessments will be levied on real property in the District pursuant to the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code) (the "1913 Act"). The Bonds are being issued pursuant to provisions of the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code (the "Bond Law"), and are secured by the unpaid assessments.

Interest on the Bonds will be payable September 2 and March 2 of each year commencing September 2, 2010. The Bonds will be delivered as full book-entry bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Depository Trust Company will act as securities depository (the "Securities Depository") of the Bonds. Individual purchases of Bonds will be made in book-entry form only, in authorized denominations of \$5,000 and any increment of \$5,000 in excess thereof (except that one Bond maturing on September 2, 2011 may be a different denomination). Beneficial Owners (as defined herein) of Bonds will not receive physical certificates representing the Bonds purchased. Principal of and interest on the Bonds will be paid by the Fiscal Agent to the Securities Depository, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. See "THE BONDS-General" and APPENDIX E-"DTC AND THE BOOK ENTRY ONLY SYSTEM."

To provide funds for payment of the Bonds and interest thereon in the event of any delinquent assessment installments, the City will establish a Reserve Fund to be held by the Fiscal Agent and will deposit therein Bond proceeds in an amount equal to the initial Reserve Requirement. See "SECURITY FOR THE BONDS-Establishment of Funds and Accounts-Reserve Fund." Additionally, the City has covenanted to initiate judicial foreclosure in the event of a delinquency in the payment of assessments under certain circumstances set forth in the Fiscal Agent Agreement; however, 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 by reason of the failure of a property owner to pay an assessment installment.

The Bonds are subject to redemption, including redemption on any Interest Payment Date from prepayments of assessments, as described herein. See "THE BONDS-Redemption Provisions."

THE BONDS ARE NOT A GENERAL OBLIGATION OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF 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 BONDS.

This cover page contains certain information for general reference only. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds. See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

The Bonds will be offered when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney, and by Lofton & Jennings, San Francisco, California, Disclosure Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery in New York, New York, on or about March 9, 2010.

STONE & YOUNGBERG

Dated: February 23, 2010

MATURITY SCHEDULE

Maturity (September 2)	Principal Amount	Interest Rate	Yield	Price	CUSIP No. [†]
2011	\$53,482.77	2.000%	2.000%	100.000%	672343 AA8
2012	55,000.00	2.500	2.500	100.000	672343 AB6
2013	55,000.00	3.000	3.000	100.000	672343 AC4
2014	60,000.00	3.375	3.375	100.000	672343 AD2
2015	60,000.00	3.750	3.750	100.000	672343 AE0
2016	60,000.00	4.000	4.100	99.435	672343 AF7
2017	65,000.00	4.250	4.350	99.366	672343 AG5
2018	70,000.00	4.500	4.600	99.303	672343 AH3
2019	70,000.00	4.750	4.800	99.621	672343 AJ9
2020	75,000.00	4.875	4.950	99.391	672343 AK6
2021	75,000.00	5.000	5.100	99.137	672343 AL4
2022	80,000.00	5.125	5.250	98.864	672343 AM2
2023	85,000.00	5.250	5.375	98.810	672343 AN0
2024	90,000.00	5.375	5.500	98.761	672343 AP5
2025	95,000.00	5.500	5.600	98.972	672343 AQ3
2026	100,000.00	5.625	5.700	99.203	672343 AR1
2027	105,000.00	5.750	5.800	99.453	672343 AS9
2028	110,000.00	5.875	5.900	99.719	672343 AT7
2029	120,000.00	6.000	6.000	100.000	672343 AU4
2030	125,000.00	6.000	6.050	99.415	672343 AV2
2031	135,000.00	6.000	6.100	98.809	672343 AW0
2032	140,000.00	6.000	6.150	98.184	672343 AX8
2033	150,000.00	6.125	6.200	99.077	672343 AY6
2034	160,000.00	6.125	6.250	98.441	672343 AZ3
2035	170,000.00	6.250	6.300	99.367	672343 BA7

\$785,000.00 6.250% Term Bonds Due September 2, 2039, Yield: 6.350%, Dollar Price: \$98.672, CUSIP No. 672343 BB5[†]

[†] Copyright 2010, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither of the City nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby, 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 a representation of facts. The information set forth herein has been obtained sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder, under any circumstances, shall create any implication that there has been no change in the affairs of any party described herein subsequent to the date as of which such information is presented.

All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

IN CONNECTION WITH THIS OFFICIAL STATEMENT, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

The City maintains a website. The information presented on that website is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

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

CITY OF OAKLAND, CALIFORNIA

MAYOR
RONALD V. DELLUMS

CITY COUNCIL

JANE BRUNNER, *President*
DISTRICT 1

JEAN QUAN, *Vice Mayor*
DISTRICT 4

DESLEY BROOKS
DISTRICT 6

IGNACIO DE LA FUENTE
DISTRICT 5

REBECCA KAPLAN
AT LARGE

PATRICIA KERNIGHAN
DISTRICT 2

NANCY NADEL
DISTRICT 3

LARRY REID, JR.
DISTRICT 7

CITY OFFICIALS

DAN LINDHEIM, *City Administrator*
MARIANNA MARYSHEVA-MARTINEZ, *Assistant City Administrator*
JOSEPH T. YEW, JR., *Finance Director/City Treasurer*
COURTNEY A. RUBY, *City Auditor*
JOHN RUSSO, *City Attorney*
LATONDA SIMMONS, *City Clerk*
KATANO KASAINÉ, *Treasury Manager*

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San Francisco, California
Fiscal Agent

Harris & Associates
Concord, California
Assessment Engineer

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Direct and Overlapping Bonded	
General	1	Indebtedness	25
Authority and Purpose	1	Property Tax Delinquencies in the District ..	27
Form of Bonds	2	BONDOWNERS' RISKS	27
Payment of Interest	2	General.....	27
Redemption	2	Collection of the Assessments	28
The Parcels.....	2	Risks Associated with Real Estate Secured	
Property Values.....	3	Investments.....	29
Tax Matters	3	Availability of Funds to Pay Delinquent	
Professionals Involved in the Offering	3	Assessment Installments.....	29
Continuing Disclosure.....	4	Current Market Conditions Increasing Risk	
Bond Owner's Risks	4	of Mortgage Default	29
Limited Liability	4	Owner Not Obligated to Pay Bonds or	
Other Information	4	Assessments.....	30
THE BONDS	5	Land Values	30
General.....	5	Parity Taxes and Special Assessments	30
Redemption Provisions	5	Foreclosure	31
No Additional Bonded Indebtedness of the		Property or Loan owned by Federal	
District	7	Agencies or Instrumentalities	32
Bonds Subject to Refunding	7	Limited City Obligation Upon	
SECURITY FOR THE BONDS	8	Delinquency.....	34
General.....	8	Price Realized Upon Foreclosure	34
Limited Obligation; No Required		Refunding Bonds	35
Advances from Available Surplus		Hazardous Materials	35
Funds.....	9	Natural Hazard Risks	36
Establishment of Funds and Accounts	9	Loss of Tax Exemption.....	36
Investments	10	Limitations on Remedies	36
Priority of Lien.....	10	Secondary Markets and Prices	37
Foreclosure Covenant	11	No Acceleration Provision.....	37
Sales of Tax-Defaulted Property Generally .	11	LEGAL MATTERS	37
Delinquency Resulting in Ultimate Loss or		TAX MATTERS	37
Temporary Default on Bonds	11	ABSENCE OF MATERIAL LITIGATION ...	39
DEBT SERVICE SCHEDULE.....	13	NO RATING	39
ESTIMATED SOURCES AND USES OF		UNDERWRITING	40
FUNDS	14	FINANCIAL ADVISOR.....	40
THE DISTRICT	14	CONTINUING DISCLOSURE.....	40
General Description of the District	14	MISCELLANEOUS	41
Assessment Diagram.....	16		
Improvements to be Financed	24		
Land Values	24		
APPENDIX A – CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND	A-1		
APPENDIX B – SUMMARY OF THE FISCAL AGENT AGREEMENT	B-1		
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	C-1		
APPENDIX D – FORM OF OPINION OF BOND COUNSEL.....	D-1		
APPENDIX E – DTC AND THE BOOK-ENTRY ONLY SYSTEM.....	E-1		
APPENDIX F – INFORMATION REGARDING THE PARCELS IN THE DISTRICT			
WITH UNPAID ASSESSMENTS	F-1		

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OFFICIAL STATEMENT

\$3,148,482.77

**CITY OF OAKLAND, CALIFORNIA
UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
PIEDMONT PINES PHASE I
2010 LIMITED OBLIGATION IMPROVEMENT BONDS**

The purpose of this Official Statement, which includes the cover page and appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance by the City of Oakland, California (the “City”) of its City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds (the “Bonds”). Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given such terms in the Fiscal Agent Agreement identified below, some of which are set forth in APPENDIX B—“SUMMARY OF THE FISCAL AGENT AGREEMENT.”

INTRODUCTION

General

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and such documents. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Authority and Purpose

The City of Oakland Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I (the “District”) was formed by the City and the assessments (the “Assessments”) were levied under the Municipal Improvement Act of 1913, being Division 12 of the California Streets and Highways Code (the “1913 Act”), and the Bonds are being issued pursuant to the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code (the “Bond Law”). See “THE DISTRICT—General Description of the District” herein. The Bonds are being issued pursuant to a resolution of the City Council of the City adopted on December 8, 2009, and in accordance with the provisions of a Fiscal Agent Agreement, dated as of March 1, 2010 (the “Fiscal Agent Agreement”), by and between the City and Wells Fargo Bank, National Association, as fiscal agent (the “Fiscal Agent”). The proceeds from the sale of the Bonds will be used to: (i) finance the costs of the undergrounding of street lighting, electric power, telephone and other communication lines of special benefit to property within District (the “Improvements”), (ii) pay costs related to the issuance of the Bonds, (iii) fund the Reserve Fund for the Bonds, and (iv) fund interest on the Bonds through September 2, 2010. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE DISTRICT” herein.

Installments of the Assessments and interest thereon (the “Assessment Installments”) which, along with certain investment earnings on funds held under the Fiscal Agent Agreement, are expected to be sufficient to pay the debt service on the Bonds, are to be included in the bills for ad valorem real property taxes mailed each year to the owners of parcels with unpaid Assessments by the Treasurer-Tax Collector of the County of Alameda. The Assessment Installments and all moneys and securities from time to time held by the Fiscal Agent in certain specified funds and accounts under the Fiscal Agent Agreement are pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds. See “SECURITY FOR THE BONDS—Establishment of Funds and Accounts.”

To provide funds for payment of the Bonds and the interest thereon in the event of a delinquency in the payment of Assessment Installments, the City will establish a Reserve Fund for the Bonds and will deposit therein from the proceeds of the sale of the Bonds an amount in cash equal to the initial Reserve Requirement. Upon the occurrence of such a delinquency in the District, the Fiscal Agent is required to transfer the amount of the delinquency from the Reserve Fund into the Redemption Fund. See “SECURITY FOR THE BONDS—Establishment of Funds and Accounts—*Reserve Fund*.” There is no assurance that funds will be available for this purpose; and if there are insufficient moneys in the Reserve Fund during the period of delinquency, a delay may occur in payments to the owners of the Bonds. No funds of the City other than the Reserve Fund will be available to cure any deficiency which may occur in the Redemption Fund. See “BONDOWNERS’ RISKS.” The City has covenanted to commence, or cause to be commenced, judicial foreclosure proceedings with respect to parcels with delinquent Assessments under the circumstances described in the Fiscal Agent Agreement. See “SECURITY FOR THE BONDS—Foreclosure Covenant.”

Form of Bonds

The Bonds are being issued in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, which will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in Authorized Denominations consisting (subject to certain exceptions related to redemption) of principal amounts of \$5,000 or any integral multiple of \$5,000 in excess thereof (except that one Bond maturing on September 2, 2011 may be in a different denomination). See “THE BONDS—General” and APPENDIX E—“DTC AND THE BOOK ENTRY ONLY SYSTEM.” *So long as the Bonds are in book-entry form only, all references in this Official Statement to the owners or holders of the Bonds shall mean DTC and not the Beneficial Owners of the Bonds.*

Payment of Interest

Interest on the Bonds is payable semiannually on each March 2 and September 2, commencing September 2, 2010. See “THE BONDS—General.”

Redemption

The Bonds are subject to redemption prior to maturity from mandatory sinking fund payments, from prepayments of Assessments, from the proceeds of refunding bonds and from any other available funds. Redemption may occur on any Interest Payment Date. See “THE BONDS—Redemption Provisions.”

The Parcels

The District consists of 262 separate Alameda County Assessor’s assessed parcels located in a residential area of the City. One parcel of roughly 24.36 acres is owned by the Oakland Unified School District and contains an elementary school and a middle school. The Assessment on the school site is \$43,474.70, which has been prepaid. The City owns two small parcels in the District with aggregate Assessments of \$29,441.92, which have been prepaid.

Of the 262 parcels in the District on which Assessment are being levied, 44 parcels have prepaid their respective Assessments prior to the issuance of the Bonds; so that the Assessments on the other 218 parcels in the District are security for the repayment of the Bonds. The proceeds of the prepayments of Assessments received by the City prior to the issuance of the Bonds will be deposited in the Improvement Fund by the date of issuance of the Bonds.

Property Values

The Alameda County assessed value to Assessment lien ratio for 175 of the 218 parcels with unpaid Assessments in the District is 10:1 or above, based on the County's secured tax roll as of July 1, 2009. These parcels represent approximately 79.90% of the total unpaid Assessments levied in the District. The assessed value to Assessment lien ratio for 28 of the parcels in the District with unpaid Assessments is between 5:1 and 9.99:1, based on the County's secured roll, and these parcels represent approximately 13.09% of the total unpaid Assessments levied in the District. Only 11 of the parcels with unpaid Assessments (approximately 7.01% of total unpaid Assessments) are reported to have a County assessed value to lien ratios of less than 5:1. The current market value of these parcels, however, may be significantly in excess of their County assessed value. See "THE DISTRICT—Land Values" herein and APPENDIX F—"INFORMATION REGARDING THE PARCELS IN THE DISTRICT WITH UNPAID ASSESSMENTS."

The Assessments are levied separately on each County Assessor's parcel in the District with unpaid Assessments, and the values of individual parcels may vary significantly from those of other parcels. Also, assessed values may not reflect the true value of the parcels because of the manner in which assessed values are determined and maintained by the County of Alameda. See "BONDOWNERS' RISKS" herein for a discussion of various circumstances that could adversely affect the value of the parcels in the District. See also "THE DISTRICT—Land Values."

Tax Matters

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, under existing law and assuming compliance by the City with certain covenants, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure by the City to comply with certain of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for federal income tax purposes retroactively to the date of issuance of the Bonds. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

Professionals Involved in the Offering

KNN Public Finance, a division of Zions First National Bank served as Financial Advisor to the City with respect to the District and the Bonds. Wells Fargo Bank, National Association, San Francisco, California, will act as Fiscal Agent under the Fiscal Agent Agreement. All proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, and subject to certain other conditions. Harris & Associates, Concord, California, acted as the Engineer of Work for the District. Certain legal matters will be passed upon for the City by the City Attorney, and by Lofton & Jennings, San Francisco, California, in its capacity as Disclosure Counsel to the City. Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and the Financial Advisor is contingent upon the sale and issuance of the Bonds.

Continuing Disclosure

The City has covenanted to provide, or cause to be provided, certain information and relating to the Bonds by not later than nine months following the end of the City's Fiscal Year (which currently would be June 30) commencing with the report for the 2009-10 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by means of the Electronic Municipal Market Access (EMMA) site maintained by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is contained within APPENDIX C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Bond Owner's Risks

Certain events could affect the availability of funds sufficient to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "BONDOWNERS' RISKS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency.

Limited Liability

As authorized by the 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 Fiscal Agent by reason of the failure of a property owner to pay an Assessment Installment.

The Bonds are not an obligation of the State of California (the "State") or any of its political subdivisions, other than the City to the limited extent set forth in the Indenture, and neither the City nor the State or any of its political subdivisions has pledged its full faith and credit for the payment of the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Fiscal Agent Agreement, the Bonds and the laws of the State as well as the proceedings of the City are qualified in their entirety by reference to such documents, laws and proceedings, and with respect to the Bonds, by reference to the form thereof included in the Fiscal Agent Agreement.

Unless the context clearly requires otherwise, capitalized terms not otherwise defined herein shall have the meanings set forth in the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement, and the resolutions and other documents described or referred to herein may be obtained from the City. The City's address for such purpose is: City of Oakland, 150 Frank H. Ogawa Plaza, Suite 5330, Oakland, California 94612, Attention: Treasury Manager. The City may charge for duplication and mailing in response to requests for documents.

THE BONDS

General

The Bonds will be dated their date of initial delivery, and will bear interest at the respective rates per annum and mature on September 2 of the respective years and in the amounts set forth on the cover page hereof. Interest on the Bonds shall be paid in lawful money of the United States of America on March 2 and September 2 of each year (each, an “interest payment date”), commencing September 2, 2010, by check of the Fiscal Agent mailed by first-class mail, postage prepaid, on each interest payment date to the registered owners thereof at the owners addresses as they appear on the Fiscal Agent’s books of registration as of the close of business on the 15th day of the month immediately preceding said interest payment date regardless of whether such day is a business day (the “Record Date”) or by wire transfer to an account in the United States of America made on an interest payment date upon written instructions received by the Fiscal Agent on or before the Record Date from an owner of \$1,000,000 or more in aggregate principal amount of Bonds. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The principal of, and any premium due on the redemption of the Bonds, shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Fiscal Agent.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC,” together with any successor securities depository, the “Securities Depository”). DTC will act as Securities Depository for the Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., payment of the 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 E—“DTC AND THE BOOK ENTRY ONLY SYSTEM.” *So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the Bonds.*

Redemption Provisions

Redemption of Bonds. The Bonds may be redeemed and paid in advance of maturity, in whole or in part, on any Interest Payment Date in any year by giving at least 30 days notice to the Owner thereof in accordance with the Bond Law and by paying the principal amount thereof, plus interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, together with a redemption premium of expressed as a percentage of the principal amount of Bonds being redeemed, as follows:

<u>Redemption Date</u>	<u>Redemption Premium</u>
any Interest Payment Date from September 2, 2010 to and including March 2, 2012	3%
September 2, 2012 and March 2, 2013	2
September 2, 2013 and March 2, 2014	1
September 2, 2014 and any Interest Payment Date thereafter	0

The Bonds maturing on September 2, 2039, are subject to mandatory sinking payment redemption in part on September 2, 2036, and on each September 2 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Mandatory Sinking Fund Redemption Schedule
Term Bonds

<u>Sinking Fund Redemption Date (September 2)</u>	<u>Principal Amount</u>
2036	\$180,000
2037	190,000
2038	200,000
2039 [†]	215,000

[†] Final Maturity.

The amounts in the foregoing table will be reduced as a result of any prior partial redemption of the Bonds described in the preceding paragraph, in the manner set forth in the Fiscal Agent Agreement.

Selection of Bonds for Redemption. If less than all of the outstanding Bonds are to be redeemed, the Fiscal Agent shall select the Bonds to be redeemed in authorized denominations in such a way that the ratio of outstanding Bonds to issued Bonds shall be approximately the same for each annual maturity insofar as possible, and the Fiscal Agent will select the Bonds of each maturity to be redeemed by lot.

Purchase of Bonds in lieu of Redemption. In lieu of payment at maturity or redemption under the Fiscal Agent Agreement, monies in the Redemption Fund may be used and withdrawn by the Fiscal Agent for purchase of outstanding Bonds, upon the filing with the Fiscal Agent an Officer's Certificate of the City requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, the premium, if any, plus interest accrued to the date of maturity or redemption that would otherwise be payable.

Notice of Redemption. The Fiscal Agent shall cause notice of any redemption to be mailed as provided in the Fiscal Agent Agreement at least 30 days prior to the date of redemption, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Fiscal Agent, to the Original Purchaser, to the Securities Depositories and to one or more Information Services; provided that the failure to so mail or of any person or entity to receive any such notice, or any defect in any notice of redemption, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the Bond numbers of the Bonds to be redeemed by giving the individual Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds, or the portion thereof to be redeemed, will not accrue from and after the redemption date.

So long as the Bonds are held in book-entry only form, notice of redemption will be mailed by the Fiscal Agent only to DTC and not to the Beneficial Owners (as defined in Appendix E) of Bonds under the DTC book-entry only system. Neither the City nor the Fiscal Agent is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See APPENDIX E—"DTC AND THE BOOK ENTRY ONLY SYSTEM."

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Redemption Fund on the date fixed for redemption, such Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date.

No Additional Bonded Indebtedness of the District

The City will not issue any additional bonds secured by the unpaid Assessments levied against property within the District.

Bonds Subject to Refunding

The Bonds are subject to refunding pursuant to Division 11 or 11.5 of the Streets and Highways Code of the State of California. Under either of those Divisions, the City may issue refunding bonds for the purpose of redeeming the Bonds. Division 11.5 provides that the City may issue and sell refunding bonds without giving notice to and conducting a hearing for the owners of property in the Assessment District, or giving notice to the owners of the Bonds, if the City Council finds that:

(a) each estimated annual installment of principal and interest on the reassessment to secure the refunding bonds is less than the corresponding annual installment of principal and interest on the portion of the original assessment being superseded and supplanted by the same percentage for all subdivisions of land within the District, and any amount added to the annual installments on the reassessment due to a delinquency in payment on the original assessment need not be considered in this calculation;

(b) the number of years to maturity of all refunding bonds is not more than the number of years to the last maturity of the Bonds; and

(c) the principal amount of the reassessment on each subdivision of land within the District is less than the unpaid principal amount of the portion of the original assessment being superseded and supplanted by the same percentage for each subdivision of land within the District, and any amount added to a reassessment because of a delinquency in payment on the original assessment need not be considered in this calculation.

Upon issuing refunding bonds, the City Council could require that the Bonds be exchanged for refunding bonds on any basis which the City Council determines is for the City's benefit, if the Bondowners consent to the exchange. As an alternative to exchanging the refunding bonds for the Bonds, the City could sell the refunding bonds and use the proceeds to pay the principal of and interest and redemption premium, if any, on the Bonds as they become due, or advance the maturity of the Bonds and pay the principal of and interest and any applicable redemption premium thereon. See "THE BONDS—Redemption Provisions—Redemption of Bonds."

SECURITY FOR THE BONDS

General

The Bonds are secured by a first pledge under the Fiscal Agent Agreement of all of the Assessments and all moneys deposited in the Redemption Fund and the Reserve Fund. The Assessments and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Bond Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with the defeasance provisions of the Fiscal Agent Agreement. Amounts in the Improvement Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Improvements financed with the proceeds of the Bonds is not in any way pledged to pay the Debt Service on the Bonds.

Unpaid Assessments do not constitute a personal indebtedness of the owners of the parcels within the District and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. In the event of delinquency, proceedings may be conducted only against the real property securing the delinquent Assessment. Thus, the value of the real property within the District is a critical factor in determining the investment quality of the Bonds. A summary of land values of the parcels within the District is set forth under the heading "THE DISTRICT—Land Values" below. The unpaid Assessments are not required to be paid upon sale of property within the District. There is no assurance the property owners will be able to pay the Assessment Installments or that they will pay the Assessment Installments even though financially able to do so. See "BONDOWNERS' RISKS."

The unpaid Assessments are collected in semi-annual installments, together with interest on the declining balances, on the tax roll on which general ad valorem 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 ad valorem taxes, and the properties upon which the Assessments are levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general ad valorem taxes.

The Assessments may be prepaid in whole or in part at any time by the property owners in the District. Any such prepayment will result in a redemption of the Bonds prior to maturity. See "THE BONDS—Redemption Provisions." If only Assessments on parcels with high value to lien ratios are prepaid, the credit quality of the Bonds that remain outstanding and are secured by unpaid Assessments on parcels with lower value to lien ratios could deteriorate. See "BONDOWNERS' RISKS" herein.

The Assessments securing the Bonds have been allocated among the parcels within the District in proportion to the special benefits to be received from the improvements to be financed by the District. The Assessment for each parcel was determined by the Engineer of Work for the District, the City's Director of Public Works and City Engineer, who determined that the parcels within the District received approximately equal benefit, so that each parcel within the District has the same Assessment as all other

parcels in the District. Reference is made to the Assessment Engineer's Report on file with the City for a full discussion of the manner in which the Assessments were determined.

Limited Obligation; No Required Advances from Available Surplus Funds

The Bonds are limited obligation improvements bonds under the Bond Law. Notwithstanding any other provision of the Fiscal Agent Agreement, the City is not obligated to advance available surplus funds from the City treasury to cure any deficiency in the Redemption Fund or the Reserve Fund.

The Bonds are not an obligation of the City (except to the limited extent set forth in the Fiscal Agent Agreement), the State 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 Bonds.

Establishment of Funds and Accounts

For administering the proceeds of the sale of Bonds and payment of interest and principal on the Bonds, the following funds and accounts will be established pursuant to the Fiscal Agent Agreement:

Improvement Fund. Except for deposits to the Reserve Fund, the Redemption Fund (being an amount equal to the accrued interest on the Bonds as of the date of issuance of the Bonds), and the Costs of Issuance Fund as provided in the Fiscal Agent Agreement, proceeds of sale of the Bonds will be deposited in the Improvement Fund to be maintained by the Fiscal Agent. Proceeds of any Assessment prepayments received by the City prior to the issuance of the Bonds will also be deposited to the Improvement Fund. The monies in the Improvement Fund shall be used only for the payment of costs of the Project, as that term is defined in the Fiscal Agent Agreement. "Project" (sometimes referred to as the "Improvements" herein) is so defined in the Fiscal Agent Agreement to mean the improvements authorized to be financed in the assessment proceedings, which are more particularly described in the Assessment Engineer's Report for the Assessment District on file with the City, as it may be amended from time to time pursuant to the Municipal Improvement Act of 1913.

Upon completion of the acquisition and construction of the Project, any surplus in the Improvement Fund shall be utilized or distributed as directed in writing by the City and authorized by the Act. Amounts in the Improvement Fund are not pledged as security for the Bonds.

Redemption Fund. The Fiscal Agent is directed in the Fiscal Agent Agreement to keep the Redemption Fund into which shall be placed (i) the accrued interest on the Bonds as of the date of issuance of the Bonds, (ii) amounts received from the collection of the Assessments, and (iii) any surplus in the Improvement Fund to the extent directed by the City for deposit to the Redemption Fund. Within the Redemption Fund the Fiscal Agent shall establish the Prepayment Subaccount into which shall be placed the proceeds of the prepayment of any Assessment (other than prepayments of Assessments that occur prior to the date of issuance of the Bonds, which will be deposited to the Improvement Fund) and which Prepayment Account shall be administered in accordance with the provisions of Section 8767 of the Bond Law. Except for certain amounts received upon the collection of delinquent Assessments to be deposited to the Reserve Fund and administrative fees to be deposited in the Administrative Expense Fund, the City shall transfer or cause to be transferred to the Fiscal Agent for deposit to the Redemption Fund all sums received from the collection of the Assessments and any interest thereon and all sums received for the partial or full prepayment of Assessments as required by Streets and Highways Code Section 8767.

Principal of, redemption premium, if any, and interest on, the Bonds will be paid by the Fiscal Agent from amounts on deposit in the Redemption Fund. Under no circumstances will the Bonds or interest thereon be paid out of any other fund except for the Redemption Fund.

Reserve Fund. The Fiscal Agent will establish and maintain a fund under the Fiscal Agent Agreement designated as the Reserve Fund. The Reserve Fund shall be initially funded from a portion of the Bond proceeds in an amount specified in the Fiscal Agent Agreement. The Fiscal Agent will also deposit in the Reserve Fund funds transferred to the Fiscal Agent from the City which represent the proceeds of (i) payments made to redeem delinquent Assessment Installments, or (ii) the judicial foreclosure sale of parcels with delinquent Assessment Installments, all as provided in the Fiscal Agent Agreement.

Monies in the Reserve Fund will be applied, under the terms of the Fiscal Agent Agreement, as follows:

(a) Amounts in the Reserve Fund will be transferred to the Redemption Fund if there are insufficient monies in the Redemption Fund to pay principal of and interest on the Bonds when due. There is no assurance that funds will be available in the Reserve Fund for this purpose and if, during the period of delinquency, there are insufficient funds in the Reserve Fund, a delay may occur in payments to the Bondowners or there may be insufficient funds to make such payments. If there are additional delinquencies after exhaustion of funds in the Reserve Fund, the City has no direct or contingent liability to transfer into the Redemption Fund the amount of delinquency out of any other available monies of the City. Amounts transferred from the Reserve Fund to the Redemption Fund will be repaid to the Reserve Fund from proceeds of the redemption or foreclosure of property with respect to which an Assessment is unpaid and from payments of the delinquent Assessments.

(b) Interest earned on the permitted investment of monies on deposit in the Reserve Fund will remain in the Reserve Fund to the extent required to maintain the Reserve Fund at the Reserve Requirement. On the fifteenth day prior to each Interest Payment Date, any amount on deposit in the Reserve Fund in excess of the "Reserve Requirement" will be transferred from the Reserve Fund to the Redemption Fund and credited to the unpaid Assessment Installments. "Reserve Requirement" means the least of (i) maximum annual debt service on the outstanding Bonds, (ii) 125% of the average annual debt service on the outstanding Bonds, or (iii) 8% of the then outstanding principal amount of the Bonds.

(c) Whenever monies in the Reserve Fund are sufficient to retire all of the Bonds outstanding, plus accrued interest thereon, such money shall be transferred to the Redemption Fund.

(d) In the event an Assessment is prepaid in cash, the City shall credit the prepaid Assessment with a proportionate share of the Reserve Fund and transfer an amount equal to such credit to the Redemption Fund to be utilized for the advance retirement of Bonds.

(e) Amounts in the Reserve Fund may be used at any time to pay any rebate liability due to the federal government.

Investments

Moneys held in any of fund or account established under the Fiscal Agent Agreement will be invested at the written direction of the Treasurer of the City only in Authorized Investments, as defined in the Fiscal Agent Agreement. Obligations purchased as investments of monies in any of the funds in which investments are authorized are at all times part of such funds.

Priority of Lien

The Assessments and each installment thereof and any interest and penalties thereon constitutes 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 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. The City is not aware of any fixed assessment lien or special tax lien on the parcels in the District that is superior to or on a parity with the lien of the Assessments. See, however, “THE DISTRICT–Direct and Overlapping Bonded Indebtedness” and “BONDOWNERS’ RISKS–Parity Taxes and Special Assessments” herein.

Foreclosure Covenant

The City has covenanted in the Fiscal Agent Agreement that, on or about August 15 of each Fiscal Year, the Treasury Manager shall compare the amount of Assessments theretofore levied in the Assessment District to the amount of Assessments theretofore received by the City, and, if the amount then on deposit in the Reserve Fund is less than 95% of the then amount of the Reserve Requirement, the Treasury Manager shall notify the City Attorney of any parcel in the Assessment District with delinquent Assessments of \$2,000.00 or more, and the City Attorney shall commence, or cause to be commenced, foreclosure proceedings (beginning with sending the owner of the subject parcel a notice of delinquency and demand for payment) with respect to each such parcel with delinquent Assessment of \$2,000.00 or more.

Upon the redemption or sale of the real property responsible for any such delinquent Assessment Installment, the City will apply the net proceeds thereof (after deduction for costs of collection) to: (a) deposit to the Redemption Fund an amount equal to any then delinquency in the payment of the principal of or interest on the Bonds, and (ii) the balance, if any, to the Reserve Fund.

Sales of Tax-Defaulted Property Generally

Property securing delinquent Assessment Installments which is not sold pursuant to the judicial foreclosure proceedings described above may be sold, subject to redemption by the property owner, in the same manner and to the same extent as real property sold for nonpayment of general County property taxes. On or before June 30 of the year in which such delinquency occurs, the property becomes tax-defaulted. This initiates a five-year period during which the property owner may redeem the property. At the end of the five-year period the property becomes subject to sale by the County Treasurer and Tax Collector. Except in certain circumstances, as provided in the Bond Law, the purchaser at any such sale takes such property subject to all unpaid Assessments, interest and penalties, costs, fees and other charges which are not satisfied by application of the sales proceeds and subject to all public improvement Assessments which may have priority. Nine of the parcels in the District with unpaid Assessments have *ad valorem* property tax delinquencies dating back five years or more. See “THE DISTRICT–Property Tax Delinquencies to the District.”

Delinquency Resulting in Ultimate Loss or Temporary Default on Bonds

If a temporary deficiency occurs in the Redemption Fund with which to pay Bonds which have matured, past due interest or the principal and interest on Bonds coming due during the current tax year, but it does not appear to the Treasurer that there will be an ultimate loss to the Bondholders, the Treasurer shall, pursuant to the Bond Law, pay the principal of Bonds which have matured as presented and make interest payments on the Bonds when due as long as there are available funds in the Redemption Fund, in the following order of priority:

- (a) All matured (past due) interest payments shall be made before the principal of any Bonds is paid.
- (b) Interest on Bonds of earlier maturity shall be paid before interest on Bonds of later maturity.

(c) Within a single maturity, interest on lower-numbered Bonds shall be paid before interest on higher-numbered Bonds.

(d) The principal of Bonds shall be paid in the order in which the Bonds are presented for payment. Any Bond which is presented but not paid shall be assigned a serial number according to the order of presentment and shall be returned to the Bondholder.

When funds become available for the payment of any Bond which was not paid upon presentment, the Treasurer shall notify the registered owner of such Bond by registered mail to present the Bond for payment. If the Bond is not presented for payment within ten (10) days after the mailing of the notice, interest shall cease to run on the Bond.

If it appears to the Treasurer that there is a danger of an ultimate loss accruing to the Bondholders for any reason, he or she is required pursuant to the Bond Law to withhold payment on all matured Bonds and interest on all Bonds and report the facts to the City Council so that the City Council may take proper action to equitably protect all Bondholders.

Upon the receipt of such notification from the Treasurer, the City Council is required to fix a date for a hearing upon such notice. At the hearing the City Council shall determine whether in its judgment there will ultimately be insufficient money in the Redemption Fund to pay the principal of the unpaid Bonds and interest thereon.

If the City Council determines that in its judgment there will ultimately be a shortage in the Redemption Fund to pay the principal of the unpaid Bonds and interest thereon (an "Ultimate Default"), the City Council shall direct the Treasurer to pay to the owners of all outstanding and unpaid Bonds such proportion thereof as the amount of funds on hand in the Redemption Fund bears to the total amount of the unpaid principal of the Bonds and interest which has accrued or will accrue thereon. Similar proportionate payments shall thereafter be made periodically as monies come into the Redemption Fund.

Upon the determination by the City Council that an Ultimate Default will occur, the Treasurer shall notify all Bondholders to surrender their Bonds to the Treasurer for cancellation. Upon cancellation of the Bonds, the Bondholder shall be credited with the principal amount of the Bond so canceled. The Treasurer shall then pay by warrant the proportionate amount of principal and accrued interest due on the Bonds of each Bondholder as may be available from time to time out of the money in the Redemption Fund. Interest shall cease on principal payments made from the date of such payment, but interest shall continue to accrue on the unpaid principal at the rate specified on the Bonds until payment thereof is made. No premiums shall be paid on payments of principal on Bonds made in advance of the maturity date thereon.

If Bonds are not surrendered for registration and payment, the Treasurer shall give notice to the Bondholder by registered mail, at the Bondholder's last address as shown on the registration books maintained by the Registrar, of the amount available for payment. Interest on such amount shall cease as of ten days from the date of mailing of such notice.

If the City Council determines that in its judgment there will not be an Ultimate Default, it shall direct the Treasurer to pay matured Bonds and interest as long as there is available money in the Redemption Fund.

DEBT SERVICE SCHEDULE

The table below sets forth the scheduled annual debt service payments on the Bonds, assuming no redemption of the Bonds (other than pursuant to mandatory sinking payments) prior to their respective maturities.

<u>Year Ending (September 2)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	–	\$83,635.12	\$83,635.12
2011	\$53,482.77	174,038.40	227,521.17
2012	55,000.00	172,968.76	227,968.76
2013	55,000.00	171,593.76	226,593.76
2014	60,000.00	169,943.76	229,943.76
2015	60,000.00	167,918.76	227,918.76
2016	60,000.00	165,668.76	225,668.76
2017	65,000.00	163,268.76	228,268.76
2018	70,000.00	160,506.26	230,506.26
2019	70,000.00	157,356.26	227,356.26
2020	75,000.00	154,031.26	229,031.26
2021	75,000.00	150,375.00	225,375.00
2022	80,000.00	146,625.00	226,625.00
2023	85,000.00	142,525.00	227,525.00
2024	90,000.00	138,062.50	228,062.50
2025	95,000.00	133,225.00	228,225.00
2026	100,000.00	128,000.00	228,000.00
2027	105,000.00	122,375.00	227,375.00
2028	110,000.00	116,337.50	226,337.50
2029	120,000.00	109,875.00	229,875.00
2030	125,000.00	102,675.00	227,675.00
2031	135,000.00	95,175.00	230,175.00
2032	140,000.00	87,075.00	227,075.00
2033	150,000.00	78,675.00	228,675.00
2034	160,000.00	69,487.50	229,487.50
2035	170,000.00	59,687.50	229,687.50
2036	180,000.00	49,062.50	229,062.50
2037	190,000.00	37,812.50	227,812.50
2038	200,000.00	25,937.50	225,937.50
2039	<u>215,000.00</u>	<u>13,437.50</u>	<u>228,437.50</u>
TOTAL	\$3,148,482.77	\$3,547,354.86	\$6,695,837.63

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the Bonds and other funds are set forth below.

Estimated Sources:

Principal Amount of the Bonds	\$3,148,482.77
<i>Plus:</i> Prepaid Assessments	574,381.39
<i>Less:</i> Original Issue Discount	(28,562.05)
<i>Less:</i> Underwriter’s Discount	<u>(31,116.46)</u>
TOTAL SOURCES OF FUNDS	\$3,663,185.65

Estimated Uses of Funds

Deposit to Improvement Fund ⁽¹⁾	\$3,059,044.27
Deposit to Reserve Fund ⁽²⁾	230,506.26
Deposit to Costs of Issuance Fund ⁽³⁾	290,000.00
Deposit to Redemption Fund ⁽⁴⁾	<u>83,635.12</u>
TOTAL USES OF FUNDS	\$3,663,185.65

-
- (1) To be used to pay costs of the Improvements to be financed by the District.
 - (2) Equal to the initial Reserve Requirement. See “SECURITY FOR THE BONDS–Establishment of Funds and Accounts–Reserve Fund.”
 - (3) To be used to pay costs of issuance of the Bonds. Costs of issuance include Bond Counsel and Disclosure Counsel fees and expenses, Financial Advisor fees, Fiscal Agent fees, printing costs and other costs of issuance.
 - (4) Equal to capitalized interest on the Bonds from the date of issuance of the Bonds to September 2, 2010.

THE DISTRICT

General Description of the District

The District is a special assessment district formed by the City Council under the 1913 Act under proceedings taken pursuant to a resolution of intention adopted by the City Council on May 6, 2008 for the purpose of providing for the costs of the Project more fully described below. A public hearing and assessment ballot proceeding with respect to the establishment of the District and the levy of the Assessments was held by the City Council of the City on July 15, 2008, and 75% of the ballots cast by the landowners in the District were in favor of the District and the Assessments. On December 8, 2009, the City Council adopted a resolution authorizing the issuance of the Bonds.

The Assessment District has been formed in a long-established residential area of the City referred to by its residents as Piedmont Pines. It is generally bounded by Highway 13 (the *Warren Freeway*) to the west, Shepherd Canyon Road to the north, Skyline Drive to the east, Castle Drive to the southeast, and Joaquin Miller Park to the south. Two Oakland public schools are included in the area, Montera Middle School and Joaquin Miller Elementary School. There is no business section in Piedmont Pines.

Piedmont Pines has an active neighborhood association which began discussions with the City in 1987 to replace overhead power lines. The neighborhood association and the City identified a major source of funding for the utility undergrounding as California Public Utilities Commission (“CPUC”) Rule 20A. The CPUC regulates privately owned telecommunications, electric, natural gas, water, railroad, rail transit and passenger transportation companies. Under Rule 20A, electrical utilities are required to set aside funds for undergrounding projects which are recognized through company-wide rates and charges.

Under Rule 20A, Pacific Gas & Electric Company (PG&E) allocates funds (on a calendar year basis) to replace existing overhead electrical facilities with underground electrical facilities within the communities it serves. Similar rules, tariffs and legislation require AT&T and Comcast to budget funds for the conversion of their own facilities within the districts legislated for Rule 20A funding. PG&E is the lead contractor for the utility undergrounding project.

The District consists of approximately 80 acres. The total project costs are estimated to be \$28,900,000, of which PG&E, AT&T and Comcast are collectively responsible for \$26,000,000. \$3,830,000 is being generated by the levy of the Assessments.

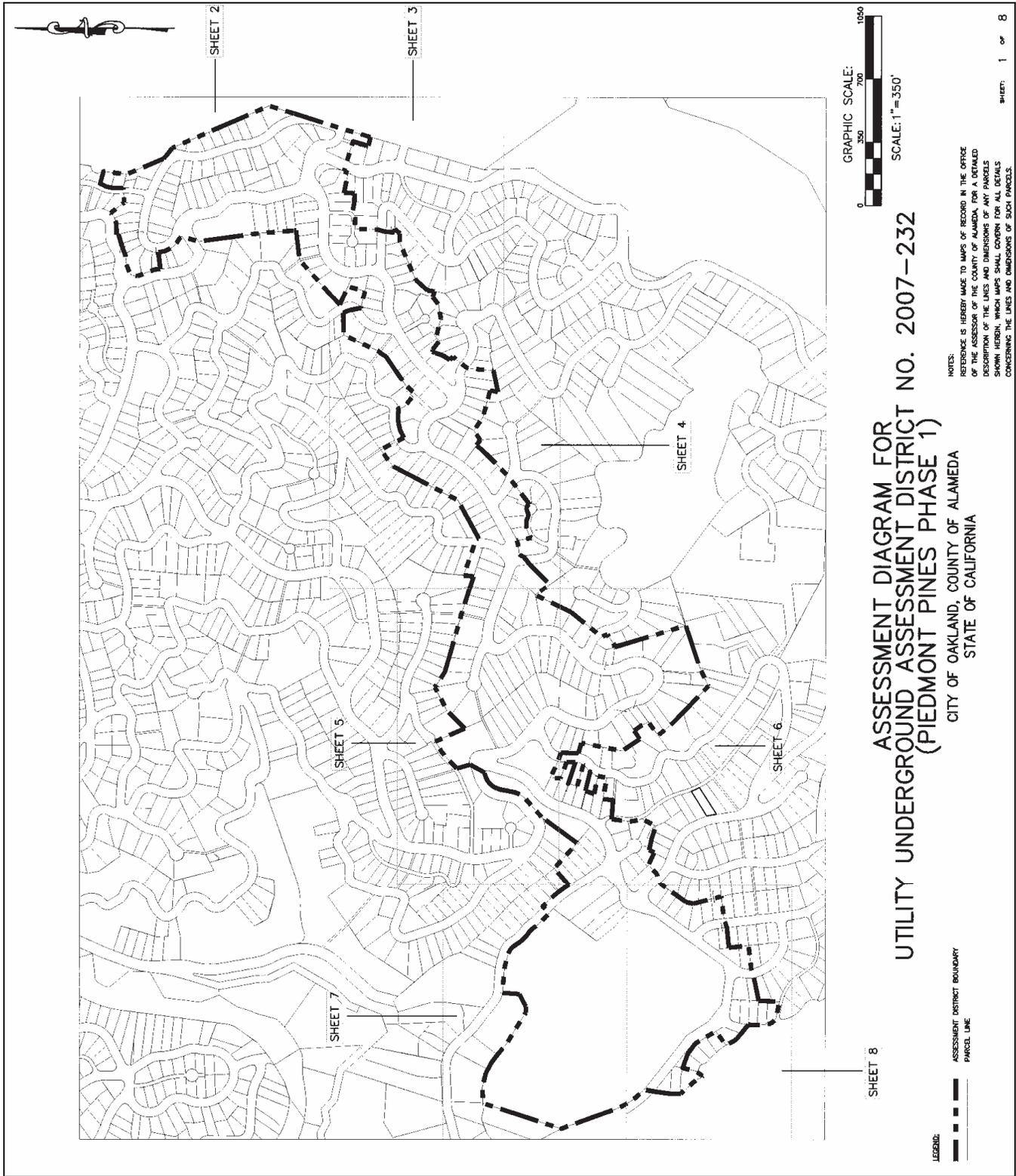
The predominant land use in the Assessment District is single-family housing. With a few exceptions, all of the single-family residential parcels, including the 16 vacant parcels, have the same Assessment.

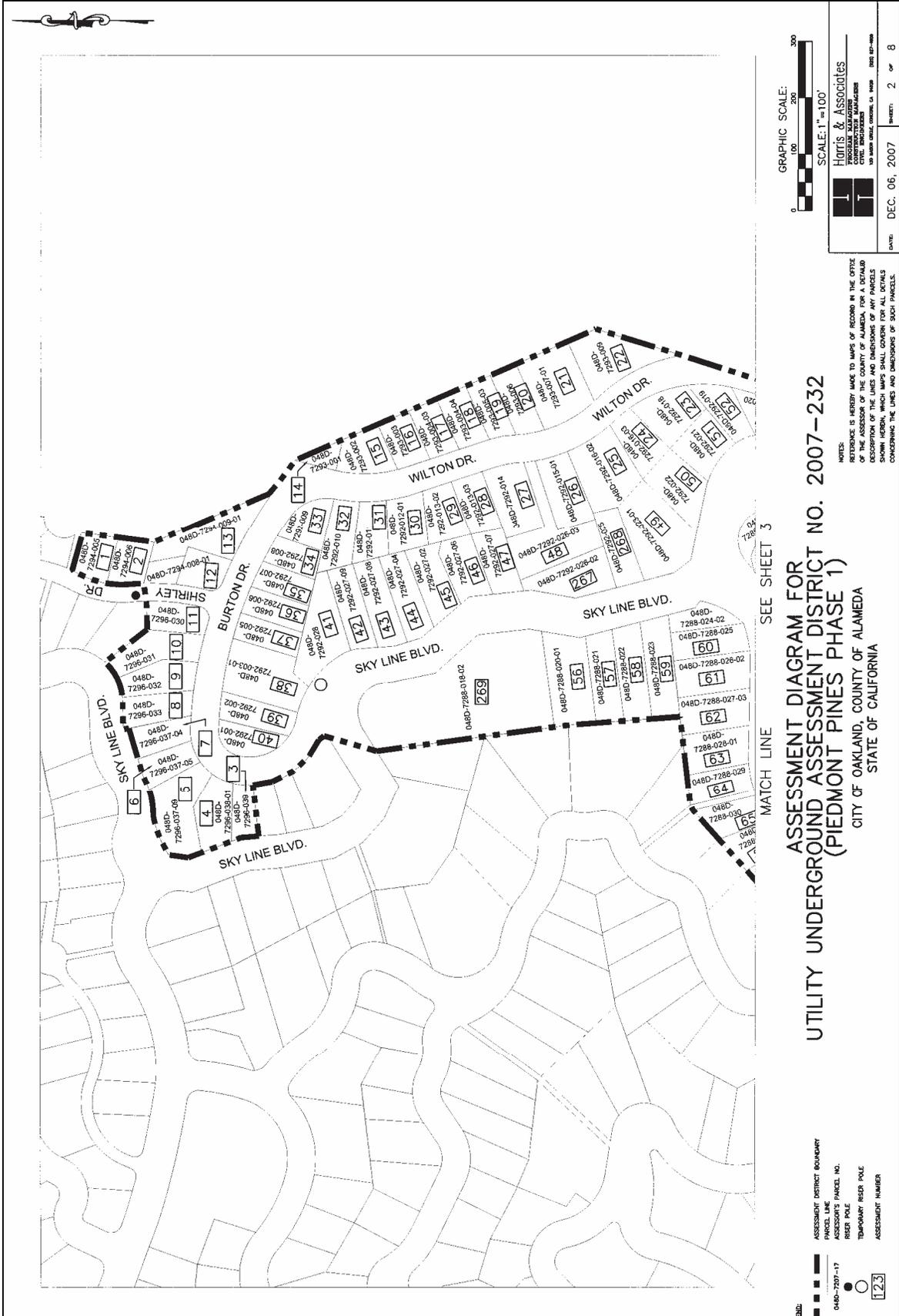
Of the 262 parcels in the District, 44 parcels have prepaid their respective Assessments prior to the issuance of the Bonds; so that the unpaid Assessments on the other 218 parcels in the District are security for the repayment of the Bonds.

The assessment diagram for the District is set forth on the following pages 16 through 23.

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Assessment Diagram





DATE: DEC. 06, 2007 SHEET: 2 OF 8

NOTES:
 REFERENCE IS HEREBY MADE TO MAPS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF ALAMEDA, FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN, WHICH MAPS SHALL COVER FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS.

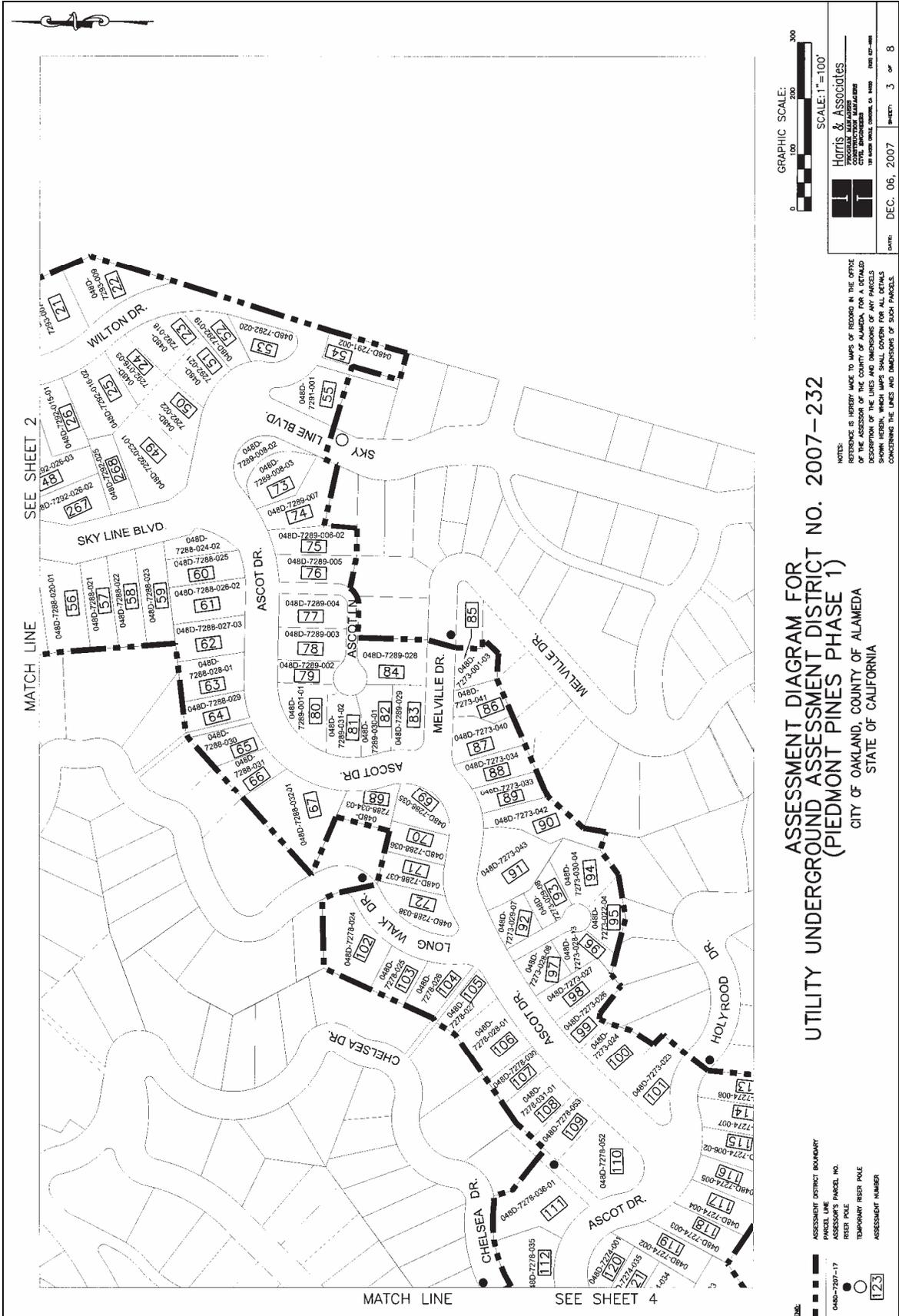
Harris & Associates
 PROGRAM MANAGER
 CIVIL ENGINEER
 10 MARK DR., OAKLAND, CA 94612

SEE SHEET 3
 MATCH LINE

ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA

LEGEND:
 - - - - - ASSESSMENT DISTRICT BOUNDARY
 - - - - - PARCEL LINE
 ○ ASSESSOR'S PARCEL NO.
 ● REER POLE
 ○ TEMPORARY REER POLE
 ○ ASSESSMENT NUMBER

0480-7297-17
 123



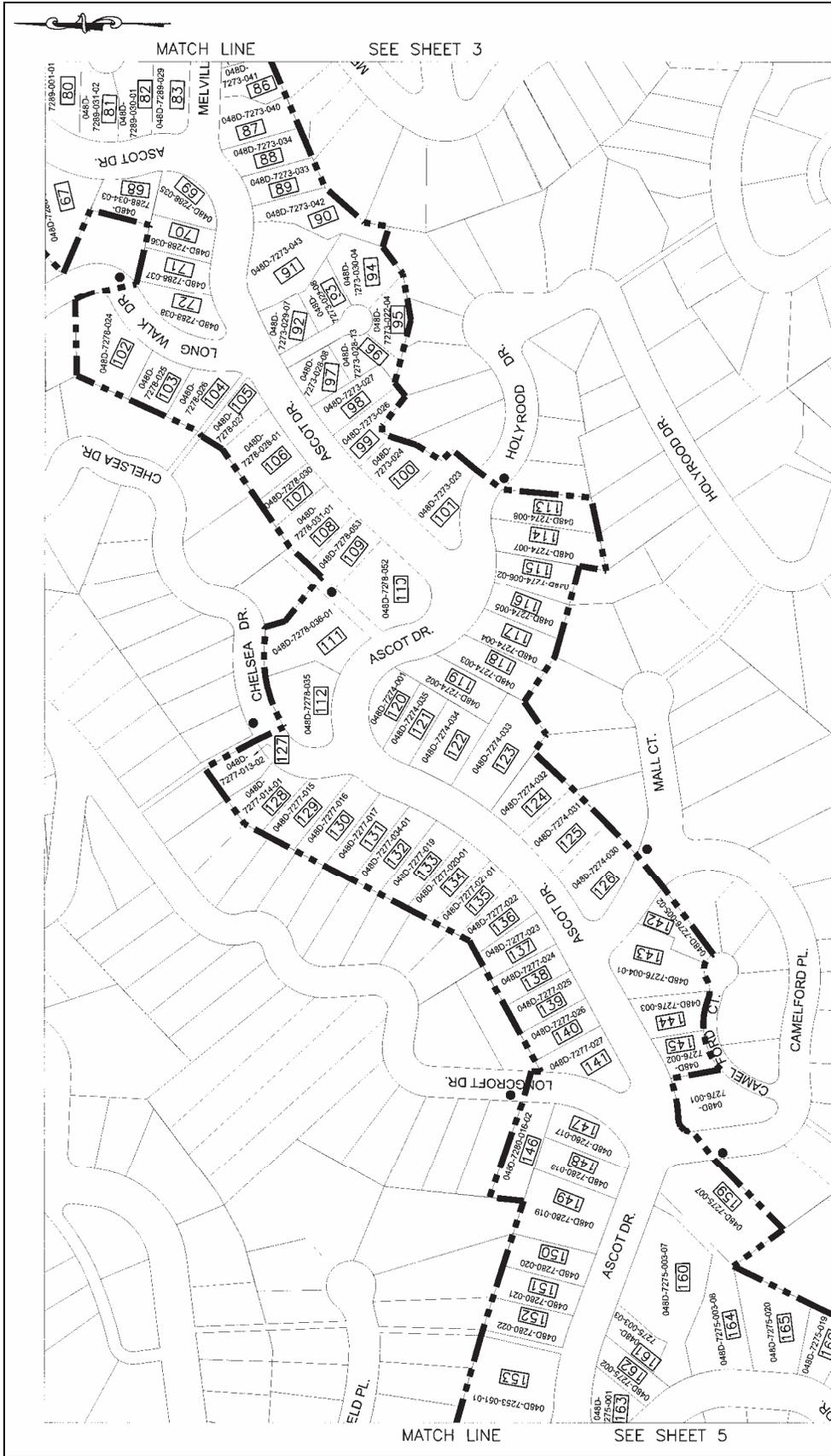
GRAPHIC SCALE: 0 100 200 300
 SCALE: 1" = 100'

Harris & Associates
 PROJECT MANAGER
 CIVIL ENGINEER
 101 WOOD STREET, OAKLAND, CA 94612
 PHONE: 424-8888
 FAX: 424-8888
 DATE: DEC. 06, 2007
 SHEET: 3 OF 8

ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA

NOTES:
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ASSESSMENT DISTRICT BOUNDARY
 PARCEL LINE
 ASSESSOR'S PARCEL NO.
 RESER POLE
 TEMPORARY RESER POLE
 ASSESSMENT NUMBER



**ASSESSMENT DIAGRAM FOR
UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
(PIEDMONT PINES PHASE 1)**
CITY OF OAKLAND, COUNTY OF ALAMEDA
STATE OF CALIFORNIA

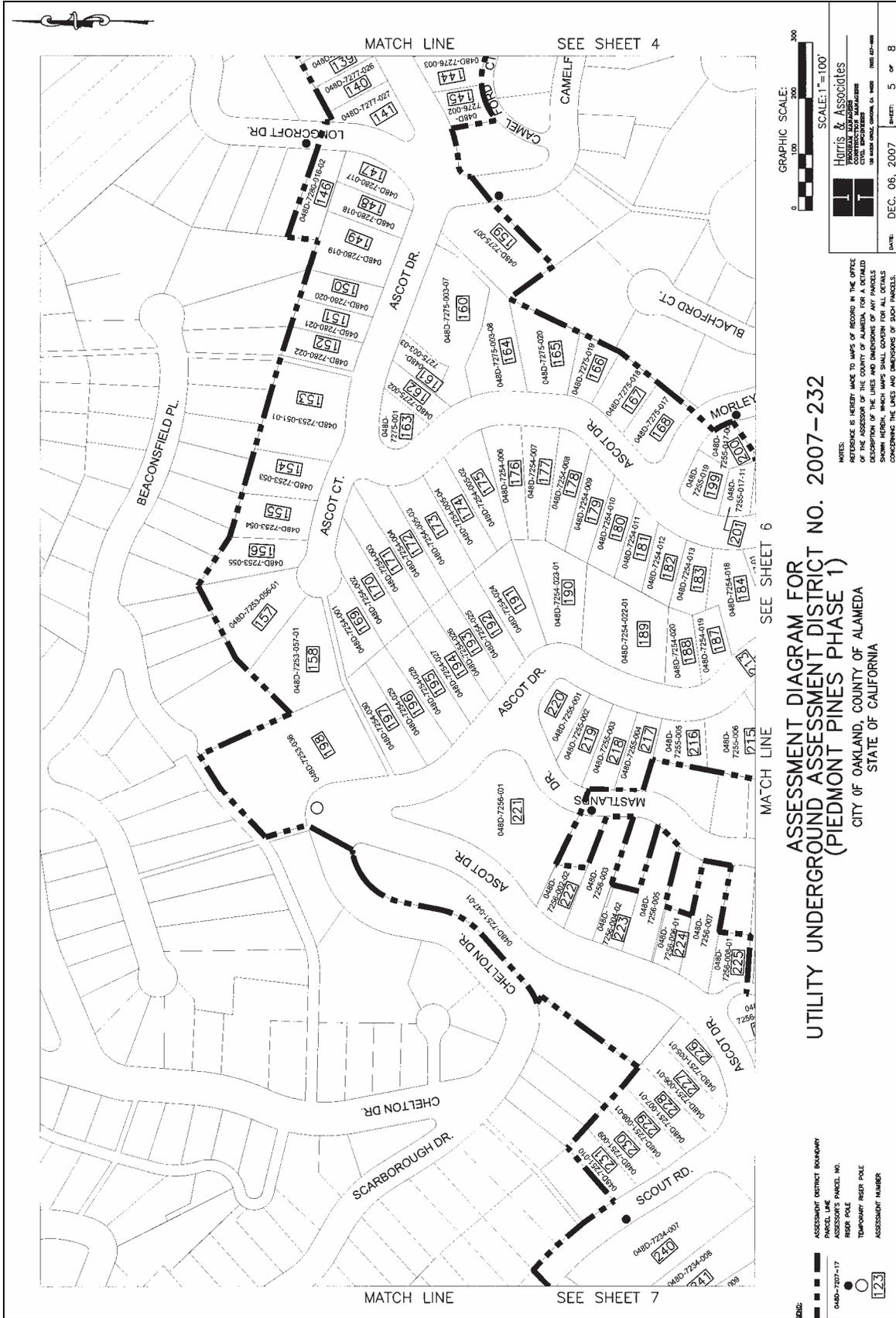
Harris & Associates
PROFESSIONAL LAND SURVEYORS
CIVIL ENGINEERS
1015 MARSH CREEK, OAKLAND, CA 94612
TEL: 415-764-8888

DATE: DEC. 06, 2007 SHEET: 4 OF 8

NOTES:
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ASSESSMENT DISTRICT BOUNDARY
PARCEL LINE
RISER POLE
TEMPORARY RISER POLE
ASSESSMENT NUMBER

048D-7275-017
048D-7280-019
048D-7276-003-05
048D-7275-020
048D-7275-018
048D-7275-019
048D-7275-020
048D-7275-021
048D-7275-022
048D-7275-023
048D-7275-024
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048D-7275-200

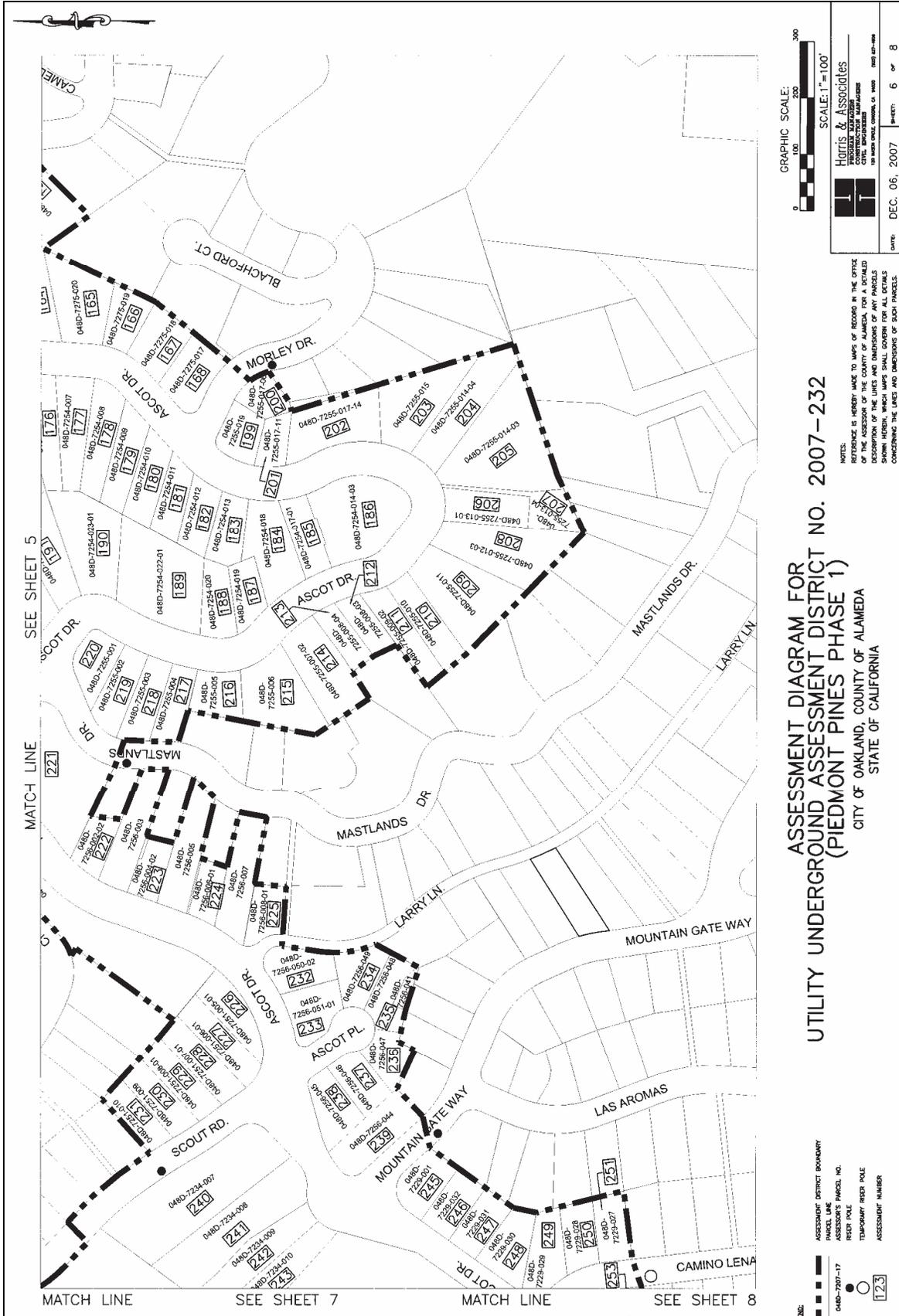


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Harris & Associates
 COUNTY OF ALAMEDA
 CIVIL ENGINEER
 1000 W. 14TH AVENUE, SUITE 100
 OAKLAND, CA 94612
 DATE: DEC. 06, 2007
 SHEET: 5 OF 8

ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA

LEGEND:
 - - - - - ASSESSMENT DISTRICT BOUNDARY
 --- --- --- PANEL LINE
 ○ ○ ○ ○ ○ ASSESSOR'S PARCEL NO.
 ● ● ● ● ● RIVER POLE
 ○ ○ ○ ○ ○ TEMPORARY RIVER POLE
 123 ASSESSMENT NUMBER



SCALE: 1" = 100'

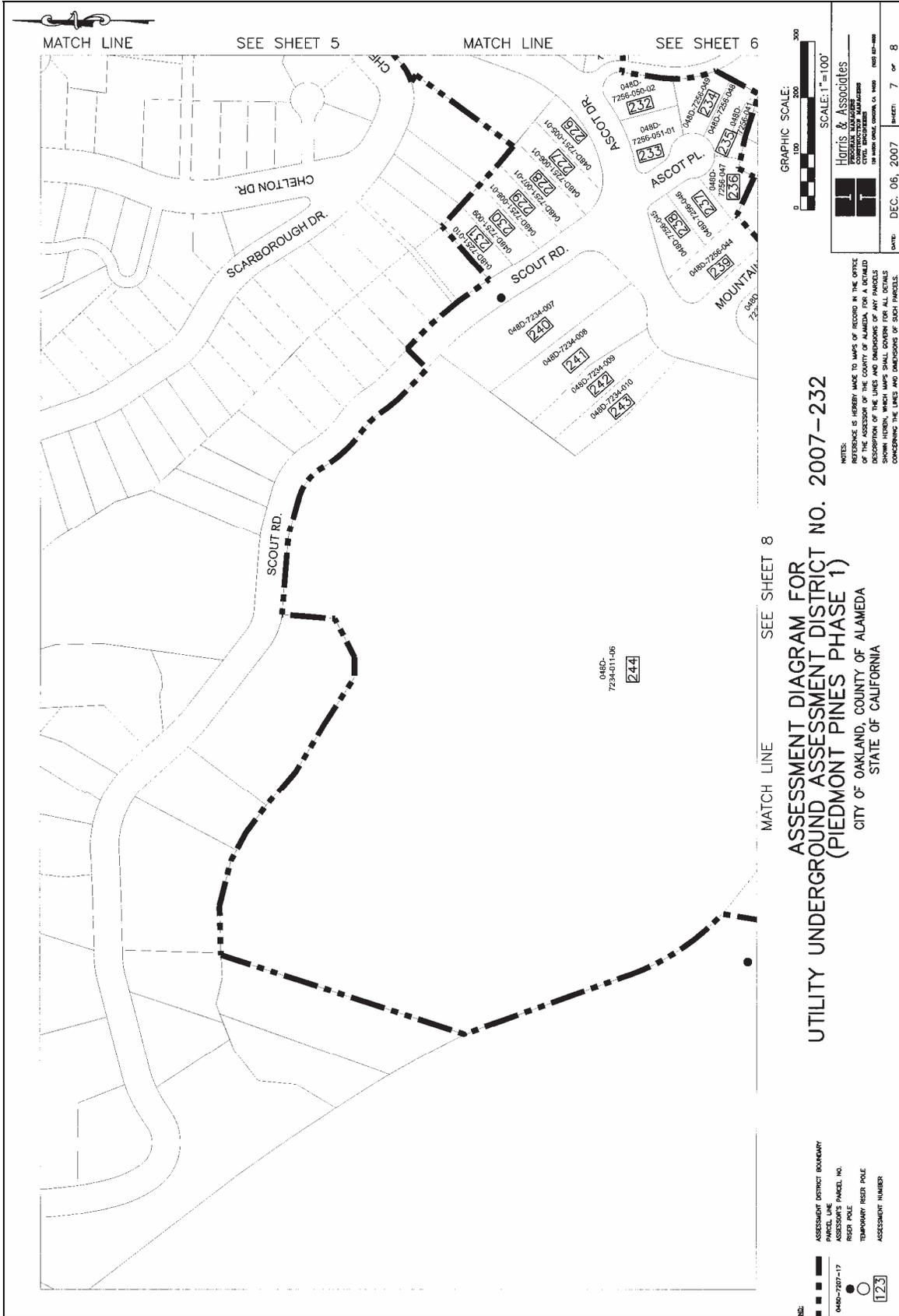
Harris & Associates
 PROFESSIONAL LAND SURVEYOR
 CIVIL ENGINEER
 107 W. 14th Street, Suite 200, San Jose, CA 95128
 (408) 281-8888

DATE: DEC. 06, 2007 SHEET: 6 OF 8

**ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)**
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA

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- ASSESSMENT DISTRICT BOUNDARY
- PARCEL LINE
- ASSESSOR'S PARCEL NO.
- RESIDENT POLE
- TEMPORARY REFER POLE
- ASSESSMENT NUMBER



MATCH LINE

SEE SHEET 5

MATCH LINE

SEE SHEET 6

SCARBOROUGH DR.

SCOUT RD.

SCOUT RD.

ASCOT DR.

ASCOT PL.

MOUNTAIN

048D-7234-097

048D-7234-098

048D-7234-099

048D-7234-100

048D-7234-101

048D-7234-102

048D-7234-103

048D-7234-104

048D-7234-105

048D-7234-106

048D-7234-107

048D-7234-108

048D-7234-109

048D-7234-096



GRAPHIC SCALE:

SCALE: 1"=100'

Harris & Associates
 CIVIL ENGINEERS
 14140 UNIVERSITY AVENUE, SUITE 100
 SAN DIEGO, CALIFORNIA 92120
 DATE: DEC. 06, 2007
 SHEET: 7 OF 8

MATCH LINE

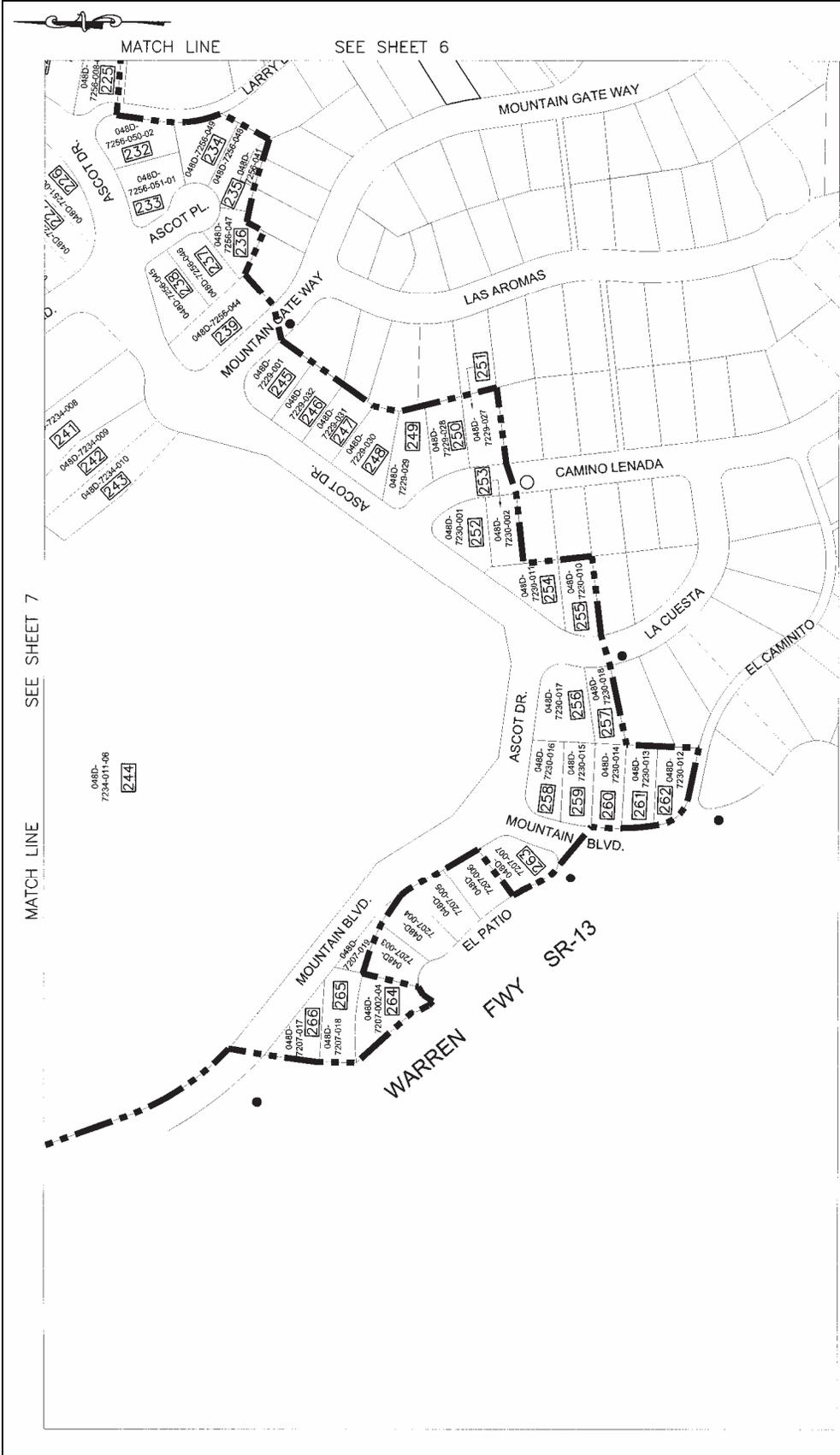
SEE SHEET 8

**ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA**

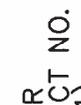
- ASSESSMENT DISTRICT BOUNDARY
- PARCEL LINE
- ASSESSOR'S PARCEL NO.
- FEIGN POLE
- TEMPORARY FEIGN POLE
- ASSESSMENT NUMBER

048D-7207-17

 123



SCALE: 1" = 100'



Harris & Associates
 PROFESSIONAL LAND SURVEYORS
 CIVIL ENGINEERS
 10000 WILSON AVENUE, SUITE 100
 SAN DIEGO, CALIFORNIA 92121

DATE: DEC. 06, 2007 SHEET: 8 OF 8

**ASSESSMENT DIAGRAM FOR
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232
 (PIEDMONT PINES PHASE 1)**
 CITY OF OAKLAND, COUNTY OF ALAMEDA
 STATE OF CALIFORNIA

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- ASSESSMENT DISTRICT BOUNDARY
- PARCEL LINE
- ASSESSOR'S PARCEL NO.
- RISER POLE
- TEMPORARY RISER POLE
- ASSESSMENT NUMBER

Improvements to be Financed

The following improvements are proposed to be constructed and installed in the general location referred to as Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 (defined as the “Project” in the Fiscal Agent Agreement):

1. Construction of mainline underground power, telephone and cable conduit, with appurtenant manholes, pull boxes and surface-located transformers and like structures.
2. Construction of service conduit and appurtenances to property line.
3. Installation of new conductor within said conduit and underground structures by the utility companies.
4. Installation of replacement street lights.
5. Removal of existing overhead power, telephone and cable wires, poles and streetlights.

The improvements will be designed by PG&E, AT&T, Comcast, and the City of Oakland (street lighting). The City of Oakland will inspect the work to ensure conformance to City ordinances, rules, warrants, regulations, standards and specifications where applicable.

Land Values

Set forth below is a table which sets forth the assessed value-to-lien ratios of the 218 parcels within the District with unpaid Assessments. The value-to-lien ratios presented are based upon the Alameda County assessor’s records for the fiscal year 2009-10 assessed value of the land and the improvements thereon (prior to any deductions for exemptions), and the unpaid Assessment liens.

**CITY OF OAKLAND, CALIFORNIA
UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232,
PIEDMONT PINES PHASE 1
ASSESSED VALUE-TO-LIEN RATIOS**

Value-to-Lien Ratio	Number of Parcels	Land	Structure	Total	Assessment Lien	% of Lien
Greater than 50:1	59	\$15,511,740	\$36,021,733	\$51,533,473	\$835,807.02	26.55%
10:1 to 49.99:1	116	16,855,460	33,949,218	50,804,678	1,679,674.47	53.35
5:1 to 9.99:1	28	1,071,363	1,726,218	2,797,581	412,186.88	13.09
3:1 to 4.99:1	4	213,432	37,127	268,559	58,883.84	1.87
0.01:1 to 3:1 [†]	11	162,416	0	162,416	161,930.56	5.14
TOTAL	218	\$33,814,411	\$71,734,296	\$105,566,707	\$3,148,482.77	100.00%

[†] Includes seven parcels with delinquent *ad valorem* property taxes. See “THE DISTRICT—Property Tax Delinquencies in the District.”

Source: Harris & Associates.

**CITY OF OAKLAND, CALIFORNIA
 UTILITY UNDERGROUND ASSESSMENT DISTRICT NO. 2007-232,
 PIEDMONT PINES PHASE 1
 LAND USE AND AREA COMPOSITION**

<u>Land Use</u>	<u>Number of Parcels</u>	<u>Acres</u>	<u>Assessment Lien</u>	<u>% of Lien</u>
Residential	202	41.5	\$2,912,947.41	92.52%
Vacant	<u>16</u>	<u>3.7</u>	<u>235,535.36</u>	<u>7.48</u>
TOTAL	218	45.2	\$3,148,482.77	100.00%

Source: Harris & Associates.

See “BONDOWNERS’ RISKS” herein for a description of circumstances that may affect the value of the parcels in the District.

The County assessed values for the parcels in the District used in the table above and in the table in APPENDIX F may not reflect the current market values of the parcels in the District. This is because the assessed value of a parcel is generally subject to a maximum increase of 2% per year under California law, unless the parcel is sold at which time, in most instances, it is reassessed to its then current market value. Given the foregoing, the assessed value of a parcel that has not had a change of ownership for many years may be significantly less than its current market value, especially where property values have increased by more than 2% per year.

Direct and Overlapping Bonded Indebtedness

The ability of an owner of land within the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. In addition to the Bonds, other public agencies whose boundaries overlap those of the District could, without the consent of the City, and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the property within the District in order to finance public improvements to be located inside of or outside of such area. The lien created on the property within the District through the levy of such additional taxes may be on a parity with the lien of the Assessments; any subsequently-imposed special assessments would be secured by a lien subordinate to the lien securing the Assessments. See “BONDOWNERS’ RISKS—Parity Taxes and Special Assessments” below.

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Set forth below is a direct and overlapping debt report prepared by California Municipal Statistics, Inc. as of December 1, 2009. The debt report is included for general information purposes only. The City has not independently verified the debt report and makes no representations as to its completeness or accuracy.

DIRECT AND OVERLAPPING STATEMENT

2009-10 Local Secured Assessed Valuation: \$105,566,707

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 12/1/09</u>
Bay Area Rapid Transit District	0.021%	\$ 88,200
East Bay Municipal Utility District, Special District No. 1	0.139	41,401
East Bay Regional Park District	0.032	64,578
Peralta Community College District	0.150	669,015
Oakland Unified School District	0.268	1,946,109
City of Oakland	0.262	737,500
City of Oakland Utility Underground Assessment District No. 2007-232	100.	<u>—</u> ⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$3,546,803
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Alameda County and Coliseum Authority General Fund Obligations	0.062%	\$ 263,867
Alameda County Pension Obligations	0.062	110,600
Alameda-Contra Costa Transit District Certificates of Participation	0.075	30,251
Peralta Community College District Pension Obligations	0.190	295,201
Oakland Unified School District Certificates of Participation	0.358	230,659
City of Oakland and Coliseum Authority General Fund Obligations	0.348	1,564,399
City of Oakland Pension Obligations	0.348	<u>864,623</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$3,359,600
 COMBINED TOTAL DEBT		 \$6,906,403 ⁽²⁾

(1) Excludes the Bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2009-10 Assessed Valuation:

Direct Debt	- %
Total Direct and Overlapping Tax and Assessment Debt.....	3.36%
Combined Total Debt	6.54%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$48

Source: California Municipal Statistics, Inc.

Property Tax Delinquencies in the District

Based on a review of the Alameda County property tax records as of February 9, 2010, 18 parcels subject to the Assessments had delinquencies on the first installment of the 2009-10 *ad valorem* property tax bill, which became delinquent to the extent not paid by December 10, 2010. Assessment installments are not being collected on the 2009-10 tax bill, but will be included on tax bills for fiscal years starting in 2010-11. The aggregate unpaid Assessments on such delinquent parcels comprise approximately 8.4% of the total unpaid Assessments in the District. The total amount of current year and prior years *ad valorem* property tax delinquencies on these parcels are approximately \$333,309. Nine of these 18 parcels have delinquencies in *ad valorem* property taxes dating back at least five years, which means such properties are subject to foreclosure and tax sale by the County. See “BONDOWNERS’ RISKS—Collection of the Assessments.” Seven of these parcels are undeveloped with assessed value to lien ratios of approximately 1:1 or less. No assurance can be given that property tax delinquencies will not increase in future fiscal years.

Under California law, a County may foreclose upon the lien of unpaid *ad valorem* property taxes after five years of delinquency. However, the City is obligated to foreclose upon the lien of unpaid Assessment in accordance with its covenants in the Fiscal Agent Agreement as described under “SECURITY FOR THE BONDS—Foreclosure Covenant.” See also “BONDOWNERS’ RISKS—Collection of the Assessments.”

BONDOWNERS’ RISKS

The following information should be considered by prospective investors in evaluating the investment quality of the Bonds. The information below, however, does not purport to be an exhaustive listing of risks and other considerations that may be relevant to a decision to invest in the Bonds. Furthermore, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

General

Under the provisions of Bond Law, Assessment Installments, from which funds for the payment of annual installments of principal of and interest on the Bonds are derived, will be billed to properties against which there are unpaid Assessments on the regular *ad valorem* property tax bills sent to owners of such properties. Such Assessment Installments are due and payable at the same times, and bear the same penalties and interest for non-payment as do regular property tax installments. A property owner cannot pay the County tax collector less than the full amount due on the tax bill; however it is possible to pay Assessment Installments directly to the City in satisfaction of the obligation to pay that Assessment without paying property taxes also then due. It should also be noted that the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Assessment Installment payments in the future.

Unpaid Assessments do not constitute a personal indebtedness of the owners of the lots and parcels within the District and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. Accordingly, in the event of delinquency, proceedings may be conducted only against the real property securing the delinquent Assessment. Thus, the value of the real property within the District is a critical factor in determining the investment quality of the Bonds. Several of the parcels in the District with unpaid Assessments are undeveloped, and have assessed value-to-lien ratios of approximately 1:1 or less. See APPENDIX F—“INFORMATION REGARDING THE PARCELS IN THE DISTRICT WITH UNPAID ASSESSMENTS.” There is no assurance any owner will be

able to pay the Assessment Installments or that they will pay such installments even though financially able to do so.

In order to pay debt service on the Bonds, it is necessary that unpaid Assessment installments on land within the District are paid in a timely manner. Should the Assessment Installments not be paid on time, the City has established a Reserve Fund to cover delinquencies. The Assessments are secured by a lien on the parcels within the District and the City has covenanted to institute foreclosure proceedings to sell parcels with delinquent Assessment Installments for amounts sufficient to cover such delinquent installments in order to obtain funds to pay debt service on the Bonds.

Failure by any owner of a parcel in the District to pay Assessments Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent Assessment Installments levied against such parcels may result in the inability of the City to make full or punctual payment of debt service on the Bonds and Bondowners would therefore be adversely affected.

Collection of the Assessments

The Assessment Installments are to be collected in the same manner as ordinary ad valorem real property taxes are collected and, except as provided in the special covenant for foreclosure in the Fiscal Agent Agreement (which effectively requires the City to commence foreclosure against delinquent parcels each year in which a delinquency arises, see “SECURITY FOR THE BONDS–Foreclosure Covenant”), will be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem real property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property may be deeded to the State and then is subject to sale by the County.

The County of Alameda does not include assessment districts in the Teeter Plan. The Teeter Plan provides for payments of taxes and assessments to local agencies in the full levied amounts without regard to delinquencies. Consequently, the receipt of Assessments by the City will be subject to any delinquencies in the collection of the Assessments.

The Assessments, and other special assessment or special taxes levied for community facilities districts are billed and collected by the County on the same tax bill and property owners do not have the right to selectively pay any one assessment or tax. However, prior to the actual foreclosure of the lien of the Assessments, the City may be able to collect the delinquent Assessments directly from the property owner without the County receiving the other amounts due. In such event, liens for ad valorem property taxes and other assessments or special taxes could remain of the subject property, which would reduce its value.

Pursuant to the Bond Law, in the event any delinquency in the payment of an Assessment Installment occurs, the Fiscal Agent Agreement obligates the City to commence an action in superior court to foreclose the lien therefor within the specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. Amendments to the Bond Law enacted in 1988 and effective January 1, 1989 provide that under certain circumstances property may be sold upon foreclosure at a lesser Minimum Price or without a Minimum Price. “Minimum Price” as used in the Bond Law is the amount equal to the delinquent installments of principal or interest of the assessment or reassessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the Bond Law. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than Minimum Price will not result in an ultimate loss to the Bondowners or, under certain circumstances, if owners of 75% or more of the outstanding Bonds consent to such sale. See “SECURITY FOR THE BONDS–Sales of Tax Defaulted Property Generally,” and “–Delinquency Resulting in Ultimate Loss or Temporary Default on Bonds.”

There can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid a delay in payments of debt service on the Bonds. The City has covenanted for the benefit of the owners of the Bonds that the City will commence foreclosure upon the occurrence of a delinquency as provided in the Fiscal Agent Agreement, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the delinquent installments of the Assessment against parcels of land in the District for which such installment has been billed but has not been paid, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, all as provided in the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS—Foreclosure Covenant." In the event that sales or foreclosure of property are necessary, there could be a delay in payments to holders of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the other sources of payment for the Bonds, as set forth in the Fiscal Agent Agreement, are depleted. See "BONDOWNERS' RISKS—Foreclosure."

Risks Associated with Real Estate Secured Investments

Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property in and in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of property or buildings and/or sites in the event of sale or foreclosure; (b) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (c) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

Availability of Funds to Pay Delinquent Assessment Installments

Upon receipt of the proceeds from the sale of the Bonds, the City will initially establish the Reserve Fund in an amount of the "Reserve Requirement." The monies in the Reserve Fund constitute a trust fund for the benefit of the Owners of the Bonds, will be held by the Fiscal Agent and administered by the Fiscal Agent in accordance with and pursuant to the provisions of the Fiscal Agent Agreement. If a deficiency occurs in the Redemption Fund for payment of interest on or principal of the Bonds, the Fiscal Agent will transfer into the Redemption Fund an amount out of the Reserve Fund needed to pay debt service on the Bonds. There is no assurance that the balance in the Reserve Fund will always be adequate to pay the debt service on the Bond in the event of delinquent Assessment Installments.

If, during the period of delinquency, there are insufficient funds in the Reserve Fund to pay the principal of and interest on the Bonds as they become due, a delay may occur in payments of principal and/or interest to the owners of the Bonds.

Current Market Conditions Increasing Risk of Mortgage Default

During calendar years 2003 through 2007, many persons financed the purchase of new homes using mortgage loans that featured adjustable interest rates and "creative" loan structures, such as interest only payments, negative amortization of principal, and introductory "teaser" rates. Interest only payments on loans allow the borrower to pay interest only for an initial period (e.g., five years), and negative amortization of principal results in lower monthly mortgage payments, but an increasing mortgage loan balance. Teaser rates are mortgage interest rates that start low and are subject to being reset at higher rates on a specified date or upon the occurrence of specified conditions. Largely as a result of such loans and reduced underwriting standards associated with loans made during that time period, there has been a significant increase in foreclosures and decrease in home prices nationwide. Homeowners with limited economic resources may be unable or unwilling to pay higher mortgage payments as well as the Assessments and ad valorem tax payments when due. This circumstance has additionally been negatively

impacted by the current general downturn in the United States economy, which includes significantly high unemployment rates both nationwide and in the San Francisco Bay Area.

Continued declines in the housing sales volume and pricing market could result in an increase in the Assessment delinquency rate in the District and possible depletion of the Reserve Fund. If there were significant delinquencies in Assessment collection in the District and the Reserve Fund was depleted, there could be a default in the payment of principal of and interest on the Bonds. In the event the owners of property within the District experience a decline in income or an increase in mortgage interest rates, or both, they may be less able to pay their Assessment installments when due.

Owner Not Obligated to Pay Bonds or Assessments

Unpaid Assessments do not constitute a personal indebtedness of the owner of parcels within the District and the property owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the property owners have the ability to pay the Assessment Installments or that, even if they have the ability, they will choose to pay such installments. An owner may elect to not pay the Assessments when due and cannot be legally compelled to do so. If an owner decides it is not economically feasible to develop or to continue owning its property encumbered by the lien of the Assessment, or decides that for any other reason it does not want to retain title to the property, such owner may choose not to pay Assessments and to allow the property to be foreclosed. Such a choice may be made due to a decrease in the market value of the property. A foreclosure of the property will result in such owner's interest in the property being transferred to another party. Neither the City nor any Bondholder will have the ability at any time to seek payment directly from any owner of property within the District of any Assessment or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Land Values

The value of property in the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Assessments, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Assessments. Several of the parcels in the District with unpaid Assessments are undeveloped, and have assessed value-to-lien ratios of approximately 1:1 or less. See APPENDIX F—"INFORMATION REGARDING THE PARCELS IN THE DISTRICT WITH UNPAID ASSESSMENTS." 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.

Parity Taxes and Special Assessments

The ability or willingness of a property owner in the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The Assessments 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 on a parity with all special taxes levied by other agencies regardless of when they are imposed on the same property, and is co-equal to and independent of the lien for general property taxes. The Assessments are subordinate to pre-existing assessment liens and senior to assessment liens created in the future. The Assessments have priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or assessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The City, however, 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 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 District. The imposition of additional liens on a parity with the Assessments could reduce the ability or willingness of the owners of parcels in the District to pay the Assessments and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Assessments or the principal of and interest on the Bonds when due. See “THE DISTRICT—Direct and Overlapping Bonded Indebtedness.”

Foreclosure

The payment of the Assessments and the ability of the City to foreclose the lien of a delinquent unpaid Assessment, as discussed in “SECURITY FOR THE BONDS—Foreclosure Covenant,” 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 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.

Regardless of the priority of the Assessments over non-governmental liens the exercise by the City of the foreclosure and sale remedy or by the county of the tax sale remedy may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner of a parcel. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale or tax sale proceedings thereby delaying such proceedings perhaps for an extended period. Delay in exercise of remedies, especially if the owner owns a parcel the Assessments on which are significant or if bankruptcy proceedings are instituted with respect to a number of owners owning parcels the Assessments on which are significant, may result in periodic Assessment Installment collections which, even in conjunction with the Reserve Fund, may be insufficient to pay the debt service on the Bonds as it comes due. Further, should remedies be exercised under the bankruptcy law against the parcels, payment of installments of the Assessments may be subordinated to bankruptcy law priorities. Therefore, certain claims may have priority over the Assessment lien, even though they would not were the bankruptcy law not applicable.

On July 30, 1992 the United States Court of Appeals for the Ninth Circuit issued an opinion in a bankruptcy case entitled *In re Glasply Marine Industries* holding that ad valorem property taxes levied by a county in the State of Washington after the date that the property owner filed a petition for bankruptcy would not be entitled to priority over the claims of a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed subsequent to the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after the claims of all secured creditors. As a result, the secured creditor was able to foreclose on the subject property and retain all the proceeds from the sale thereof except the amount of the pre-petition taxes. Pursuant to this holding, post-petition taxes would be paid only as administrative expenses and only if a bankruptcy estate has sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would be subject only to current ad valorem taxes (i.e., not those accruing during the bankruptcy proceeding).

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit’s holding. Pursuant to state law, the lien date for general ad valorem property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the Glasply holding, a bankruptcy petition filing would have prevented the lien for general ad valorem property taxes levied in fiscal years subsequent to the filing of a

bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the composition of a lien for and the collection of ad valorem taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) passed by Congress during the later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an ad valorem property tax imposed by . . . a political subdivision of a state, if such tax comes due after the filing of the petition” by a debtor in bankruptcy court. The effect of this provision is to continue the secured interest of ad valorem taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending. Assessments are considered to be levied on the date the assessment was confirmed. However, because assessments are not ad valorem taxes, it is unclear how a bankruptcy court would treat assessments in light of *Glasply* and 11 U.S.C. §362(b)(18).

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, still result in the treatment of post-petition assessments as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings. First, assessments have a different lien date than the lien date for general ad valorem taxes in the State of California noted above. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving assessments rather than general ad valorem property taxes, a court might consider the differences in the statutory provisions for creation of the applicable lien in determining whether there is a basis for post-petition assessments to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the assessment lien as a secured claim against property with respect to post petition levies of the Assessments made against property owners within the District who file for bankruptcy, collections of the Assessments from such property owners could be reduced as the result of being treated as “administrative expenses” of the bankruptcy estate. Second, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general ad valorem taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to assessments since they were not expressly mentioned or provided for in this section, nor defined to be included within the term “ad valorem taxes.”

Any prohibition of the enforcement of the Assessment lien, or any such non-payment or delay could increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Property or Loan owned by Federal Agencies or Instrumentalities

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

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

Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its proper tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

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

However, the Resolution Trust Corporation (which dissolved at the end of 1995 and transferred all of its assets to the FDIC), which adopted a similar policy, stated in a letter dated July 2, 1993 to the Honorable Lucille Roybel-Allard, member of the United States House of Representatives from the State

of California, that it “. . . will pay Mello-Roos special taxes and other special assessment and related interest where those taxes and assessments were imposed prior to receivership. However, Mello-Roos special taxes and other special assessments that are imposed on property when the institution owning the property is in receivership will not be paid.”

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

Limited City Obligation Upon Delinquency

Pursuant to the Bond Law, the City has elected not to be obligated to advance funds from the treasury of the City for the payment of delinquent Assessment Installments. The only obligation of the City with respect to such delinquencies is to transfer amounts available in the Reserve Fund to the Redemption Fund. Thus, the City’s obligation to advance money to pay debt service on the Bonds in the event of delinquent Assessment Installments is limited to the balance in the Reserve Fund. The City has no obligation to replenish the Reserve Fund except to the extent that delinquent Assessments are paid or proceeds from foreclosure sales are realized. There is no assurance that the balance in the Reserve Fund will always be adequate to pay all delinquent Assessment Installments and, if during the period of delinquency there are insufficient funds in the Reserve Fund, a delay may occur in payments to the owners of the Bonds. Notwithstanding the above, the City may, at its sole option and in its sole discretion, elect to advance available surplus funds of the City to pay for any delinquent property. However, Bondowners should not rely upon the City to advance monies to the Redemption Fund if the Reserve Fund is ever depleted.

Price Realized Upon Foreclosure

The Bond Law provides that, under certain circumstances, property subject to delinquent Assessment Installments may be sold upon foreclosure at less than the Minimum Price or without a Minimum Price upon petition by the City. “Minimum Price” is the amount equal to the delinquent installments of principal and interest on the assessment or reassessment, together with all interest, penalties, costs, fees, charges and other amounts more fully detailed in the Bond Law. The court may authorize a sale at less than the Minimum Price if the court determines, based on the evidence introduced at the required hearing, any of the following:

(a) Sale at the lesser Minimum Price or without a Minimum Price will not result in an ultimate loss to the owners of the Bonds.

(b) Owners of 75% or more of the outstanding Bonds, by principal amount, have consented to such petition by the City and the sale will not result in an ultimate loss to the non-consenting Bondowners.

(c) Owners of 75% or more of the outstanding Bonds, by principal amount, have consented to the petition and all of the following apply: (i) by reason of determination pursuant to the Bond Law, the City is not obligated to advance funds to cure a deficiency; (ii) no bids equal to or greater than the Minimum Price have been received at the foreclosure sale; (iii) no funds remain in the Reserve Fund; (iv)

the City has reasonably determined that a reassessment and refunding proceeding is not practicable, or has in good faith endeavored to accomplish a reassessment and refunding and has not been successful, or has completed a reassessment and refunding arrangement which will, to the maximum extent feasible, minimize the ultimate loss to the Bondowners; and (v) no other remedy acceptable to owners of 75% or more of the outstanding Bonds, by principal amount, is reasonably available.

The Assessment lien upon property sold pursuant to this procedure at a lesser price than the Minimum Price will be reduced by the difference between the Minimum Price and the sale price. In addition, the court shall permit participation by the Bondowners in its consideration of the petition as necessary to its determinations.

Implementation of the above-described Minimum Price provision by the court upon foreclosure could result in nonpayment of the full principal and interest due on the Bonds. Reference should be made to the Bond Law for the complete provisions of this portion of the Bond Law.

Investors should also note that, if the Reserve Fund is depleted, there could be a default or a delay in payments to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds.

Refunding Bonds

Pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code), the City may issue refunding bonds for the purpose of redeeming the Bonds. After the making of certain required findings by the City Council, the City may issue and sell refunding bonds without giving notice to and conducting a hearing for the owners of property in the District, or giving notice to the owners of the Bonds. See “THE BONDS—Bonds Subject to Refunding” herein. Upon issuing refunding bonds, the City Council could require that the Bonds be exchanged for refunding bonds on any basis which the City Council determines is for the City’s benefit, if the Bondowners consent to the exchange. As an alternative to exchanging the refunding bonds for the Bonds, the City could sell the refunding bonds and use the proceeds to pay the principal of and interest and redemption premium, if any, on the Bonds as they become due, or advance the maturity of the Bonds and pay the principal of and interest and redemption premium thereon. See “THE BONDS—Redemption Provisions—*Redemption of Bonds*.”

Hazardous Materials

While government taxes, assessments and charges are a common claim against the value of an assessed parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Assessment on a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of an assessed 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 1989, sometimes referred to as “CERCLA” or “Superfund Act,” is a well known one of these laws, but California laws with regard to hazardous substances are also stringent and somewhat similar. Under many of these laws, the owner (or operator) is obligated to remediate hazardous substances on, under or about the property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance; however, an owner (or operator) who is not at fault may seek recovery of its damages from the actual wrongdoer. The effect, therefore, should any of the assessed parcels be affected by a hazardous substance, may be to reduce the marketability and value of the parcel, because the purchaser, upon becoming an owner, may become obligated to remedy the condition just as is the seller.

The assessed values of the parcels in the District referred to in this Official Statement does not take into account the possible reduction in marketability and value of any of the assessed parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel.

Natural Hazard Risks

The value of the property in the 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 other climatic conditions such as droughts, and fires.

The City is in a seismically active area, located near or on three major active earthquake faults (the Hayward, Calaveras and San Andreas faults). 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, which passes through the San Francisco Peninsula west of Oakland, with an estimated magnitude of 8.3 on the Richter scale. The most recent major earthquake was the October 17, 1989 Loma Prieta Earthquake, also on the San Andreas Fault, with a magnitude of 7.1 on the Richter scale and an epicenter near Santa Cruz, approximately 60 miles south of Oakland. Both the San Francisco and Oakland areas sustained significant damage. The City experienced significant damage to the elevated Cypress freeway and to several buildings within the City, especially unreinforced masonry buildings constructed prior to 1970 and prior to current building code requirements. Much of the damage resulting from the Loma Prieta earthquake was due to soil liquefaction, a phenomenon during which loose, saturated, non-cohesive soils temporarily lose shear strength during ground shaking induced by severe earthquakes.

A substantial portion of the City is built in partially-wooded hillside areas, which are naturally prone to wildfire. In October, 1991 a fire in the Oakland/Berkeley Hills damaged 1,990 acres of forest and residential property, destroying 2,354 homes and 456 apartment units, most of which were in Oakland. The City has established a wildfire prevention assessment district covering portions of the City, which was approved by voters in January 2004, and which finances fire hazard inspections, brush and debris removal, wood chipping and public education.

Loss of Tax Exemption

As discussed in the section herein entitled "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation, retroactive to the date of issuance of the Bonds, as a result of acts or omissions of the City subsequent to issuance in violation of the City's covenants applicable to the Bonds. Should interest become includable in gross income, the Bonds are not subject to redemption by reason thereof and may remain outstanding.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of

availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds, and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the unpaid principal of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters related to the District are subject to the approving legal opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto, and the final opinion will be made available to the owners of the Bonds at the time of delivery. Certain legal matters will be passed upon for the City by the City Attorney, and by Lofton & Jennings, San Francisco, California, in its capacity as Disclosure Counsel to the City. Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the issuance of the Bonds.

TAX MATTERS

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

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

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

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

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

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

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

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

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

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced,

under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

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

The complete text of Bond Counsel's proposed opinion is set forth in APPENDIX D hereto.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Bonds, 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 City affecting its existence, or the titles of its 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 Fiscal Agent Agreement, or the collection or levy of the Assessments to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement, an agreement entered into between the City and the Underwriter (the "Bond Purchase Contract"), or any other applicable agreements or any action of 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 City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents.

NO RATING

The City has not made and does not contemplate making an application to any rating agency for the assignment of a rating to the Bonds. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

UNDERWRITING

The Underwriter, Stone & Youngberg LLC, has purchased all of the Bonds at a price of \$3,088,804.26, being an amount equal to the principal amount of the Bonds, less an original issue discount of \$28,562.05 and less an Underwriter's discount of \$31,116.46. The obligation of the Underwriter to effect the purchase of the Bonds is subject to certain terms and conditions set forth in a bond purchase contract entered into between the Underwriter and the City.

FINANCIAL ADVISOR

KNN Public Finance, division of the Zions First National Bank (the "Financial Advisor"), served as financial advisor to the City with respect to the sale of the Bonds. The Financial Advisor will receive compensation contingent upon the sale and delivery of the Bonds. The Financial Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Official Statement.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of holders and beneficial owners of the Bonds to provide annually, while any Certificates are outstanding, certain financial information and operating data relating to the Bonds by not later than nine months after the end of each fiscal year (the "Annual Report") commencing with the report for the Fiscal Year 2009-10, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and any notices of material events will be filed by the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access site. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The City has timely filed all of its prior annual reports and material event notices, if any. However, in several cases, certain items of information required to be contained in such reports were unintentionally omitted. As of the date hereof, the City has filed all required missing informational items for such reports. As a result of the implementation of certain administrative changes, the City believes it will be in full compliance with its continuing disclosure obligations in the future.

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MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City 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 City or the 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 Fiscal Agent.

The execution and delivery of the Official Statement by the City have been duly authorized by the City Council of the City of Oakland.

CITY OF OAKLAND

By: /s/ Dan Lindheim
City Administrator

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND

This appendix sets forth general information about the City of Oakland (the “City”). The following information concerning the City is included only for general background purposes. It is not intended to suggest that the Bonds are payable from any source other than Assessments and amounts pledged therefor under the Fiscal Agent Agreement.

Overview

The City of Oakland (the “City”) is located in the County of Alameda (the “County”) on the east side of the San Francisco Bay, approximately seven miles from downtown San Francisco via the San Francisco-Oakland Bay Bridge. The City ranges from industrialized lands bordering the Bay on the west to suburban foothills in the east. Formerly the industrial heart of the San Francisco Bay Area, the City has developed into a diversified 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 railroad and trucking operations, 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 that connect it with most of the Bay Area. The City is the seat of government for the County and is the eighth 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. In 1889, the City became a charter city. 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, franchises, licenses, permits, leases and sales; employee pension funds; and the creation and organization of the Port of Oakland. An eight-member City Council, seven of whom are elected by district and one of whom is elected on a City-wide basis, governs the City. The Mayor is not a member of the City Council but is the City’s chief executive officer. The current Mayor, Ronald V. Dellums, is serving his first term, which expires in January 2011. No person can be elected Mayor for more than two consecutive terms. The Mayor and Council members serve four-year terms staggered at two-year intervals. The City Auditor, currently Courtney A. Ruby, is elected for a four-year term at the same time as the Mayor. The City Attorney is elected to a four-year term, two years following the election of the Mayor. The term of the current City Attorney, John Russo, expires in January 2013.

The Mayor appoints a City Administrator who is subject to confirmation by the City Council. The City Administrator is responsible for daily administration of City affairs and preparation of the annual budget for the Mayor to submit to the City Council. Subject to civil service regulations, the City Administrator appoints all City employees who are not elected officers of the City. The current City Administrator is Dan Lindheim, who was appointed in January 2009.

The City provides a full range of services contemplated by state law and the City’s 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.

ECONOMIC HIGHLIGHTS

The City of Oakland, located immediately east of the City and County of San Francisco in Alameda County, lies at the heart of the East Bay. Occupying approximately 53.8 square miles, the City's land uses range from industrialized lands bordering the Bay on the west to suburban foothills in the east. The City is served by two major interstate freeways, lies at the crossroads of the Bay Area Rapid Transit system and major railroads, and boasts a world-class seaport and a growing international airport. Oakland is a strategic location for companies seeking to move goods and ideas quickly and seamlessly through air, water, land or cyberspace.

Oakland has a solid, diverse mix of traditional and new economy companies. Companies are attracted to its excellent quality of life, comparatively lower business costs, extensive fiber-optic infrastructure, vast inter-modal network, and a highly skilled labor pool – ranked the eighth most educated in the nation.¹

All of these factors – combined with great weather, a vibrant waterfront, lush hills, plentiful open space, beautiful neighborhoods, panoramic vistas, and abundant cultural amenities – make Oakland a highly desirable place to live, work and do business.

The following represent some of the major projects recently completed or currently underway or in the final planning stages in the City of Oakland.

Major Projects Recently Completed

The Uptown Housing Project Phase I provided 665 rental apartments, 9,000 square feet of neighborhood-serving retail, and a 25,000 square foot public park. Phase II of the project provided an additional 175-290 residential units and 20,000 square feet of retail space.

The Fox Theater, which is a national historic landmark, has undergone renovation into a 750- to 3000-seat live performance venue as well as the home for the Oakland School for the Arts. The Fox Theater is the largest historic theater renovation in America today.

A new development for Jack London Square that will feature 1.2 million square feet of mixed-use retail commercial, and office space, a 1,700 seat movie theater, a 250 room hotel, a supermarket, restaurants, and offices. In the summer of 2009 the core and shell for 2 buildings were completed, including: (i) a parking structure with 1,086 parking spaces and 30,000 square feet of retail; and (ii) a retail and office building of 190,000 square feet.

Other Projects that are Currently Underway or in the Final Planning Stages

The Oak to Ninth Project includes up to 3,100 residential units including 465 affordable housing units, 200,000 square feet of ground-floor commercial space, a minimum of 3,950 parking spaces, approximately 32 acres of parks and public open space, two renovated marinas (total 170 boat slips), and an existing wetlands restoration area. The project will be constructed in four phases over a seventeen-year period.

The Wood Street Development Project is approved for 1,570 units of housing and 13,000 square feet of neighborhood-serving commercial uses. Three housing projects that have moved forward include: (1) Zephyr Gate a 130-unit condominium project expected to be completed by 2010; (2) Pacific Cannery Lofts a 163-unit condominium project completed in 2008; and (3) 14th Street Apartments at Central

¹2000 U.S. Census.

Station a 99 unit affordable housing project expected to be completed in 2010. Also nearing completion is a feasibility study of re-use options for the historic 16th Street Train Station, which is a central component of the Wood Street Development.

AMB Property Corporation and California Commercial Group is contracted to develop the Oakland Army Base Project. The project will include a logistics facility; a green business park accommodating of the Film Center and Produce Market; and Class A office tower along with a large parking garage.

The Kaiser Hospital Master Plan includes construction of a new hospital building, parking structures, medical office, and administrative offices are entitled and work is underway. The parking structure is now complete and construction has begun on the new hospital building.

The MacArthur Transit Village project, which will include 624 housing units (108 of which will be affordable) and 42,500 square feet of retail, Coliseum Transit Village, which will be used as a mixed-use, sustainable transit oriented development, includes 390 units of market rate and senior housing and 20,000-30,000 square feet of neighborhood retail space.

The Courthouse Condominiums will include 142 new housing units at 29th and Telegraph. The developer has received their building permits to begin construction and has demolished the existing building on the site and issued building permits in late 2009. The Lion Creek Crossings, a new development that includes 442 units of affordable rental and 28 units for first time home buyers is expected to be completed by December 2010 and Phase 4, 72 family rental units, will start construction in 2010. 3860 Martin Luther King, Jr. Way included the construction of 34 units of housing directly adjacent to the MacArthur BART Station. An additional 40 units are expected to start construction in 2011. The Broadway/Valdez District Specific Plan, which outlines a retail development strategy for Broadway Auto Row, is currently in process.

Population

The Demographic Research Unit of the California Department of Finance estimated the City's population on January 1, 2009, at 425,068. This figure represents 27.3% of the corresponding County figure and 1.1% of the corresponding State figure. The City's population has grown over 5% since 2000. The following table sets forth the population of the City, Alameda County and the State of California.

Table A-1
City of Oakland, County of Alameda and State of California
Population

Year	City	County	State
2000	402,100	1,454,300	34,336,000
2001	402,700	1,465,000	34,431,000
2002	406,800	1,481,900	35,049,000
2003	408,500	1,487,700	35,612,000
2004	411,600	1,498,000	36,144,000
2005	412,300	1,507,500	36,810,000
2006	411,755	1,510,303	37,172,015
2007	415,492	1,526,148	37,662,518
2008	420,183	1,543,000	38,049,462
2009	425,068	1,556,657	38,292,687

Sources: The 2000 total are U.S. Census figures. The figures for the years 2001 through 2009 are based upon adjusted January 1 estimates provided by the California State Department of Finance.

Industry and Employment

The following Table A-2 sets forth estimates of the labor force, civilian employment and unemployment for City residents, State residents and United States residents between 2004 through 2009.

Table A-2
City of Oakland, State of California and United States
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2004 Through 2009

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2004				
City	195,200	177,500	17,700	9.1%
State	17,552,300	16,459,900	1,092,400	6.2
United States	147,401,000	139,252,000	8,149,000	5.5
2005				
City	192,900	177,600	15,300	7.9
State	17,695,600	16,746,900	948,700	5.4
United States	149,321,000	141,730,000	7,591,000	5.1
2006				
City	192,900	179,600	13,300	6.9
State	17,901,900	17,029,300	872,600	4.9
United States	151,428,000	144,427,000	7,001,000	4.6
2007				
City	195,700	181,200	14,500	7.4
State	18,188,100	17,208,900	979,200	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
City	200,300	181,200	19,100	9.5
State	18,391,800	17,059,600	1,332,300	7.2
United States	154,287,000	145,362,000	8,924,000	5.8
2009				
City	207,633	173,658	33,975	16.4
State	18,462,775	16,308,233	2,154,542	11.7
United States	154,206,000	139,881,000	14,325,000	9.3

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

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Commercial Activity

**Table A-3
City of Oakland
Trade Outlets and Taxable Sales
for Calendar Years 2004-2008[†]
(\$ In Thousands)**

Taxable Retail Sales	2004	2005	2006	2007	2008 [†]
Apparel Stores	\$ 47,989	\$ 52,853	\$ 54,090	\$ 58,448	\$ 24,853
General Merchandise	126,945	148,962	181,926	186,346	93,461
Food Stores	172,540	179,294	183,913	203,400	109,752
Eating & Drinking	379,758	403,583	433,736	465,224	233,518
Household	85,276	72,249	69,353	63,822	23,882
Building Materials	250,265	317,662	325,065	285,930	118,218
Auto Dealers and Supplies	512,749	512,545	543,896	572,407	233,293
Service Stations	315,573	376,643	404,202	513,570	366,096
Other Retail	502,893	531,027	481,694	434,795	212,622
SUBTOTAL	<u>2,393,988</u>	<u>2,594,818</u>	<u>2,677,875</u>	<u>2,783,942</u>	<u>1,415,695</u>
All Other Outlets	1,428,834	1,617,919	1,779,513	1,907,058	547,397
TOTAL ALL OUTLETS	<u>\$ 3,822,822</u>	<u>\$ 4,212,737</u>	<u>\$ 4,457,388</u>	<u>\$ 4,691,000</u>	<u>\$ 1,963,092</u>

[†] Most recent data available for first and second quarters only.

Source: Taxable Sales in California (Sales and Use Tax) Annual Reports, California State Board of Equalization.

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The largest industries in the City, in terms of the percentage of employment in each respective industry, are estimated by the State Employment Development Department as follows:

Table A-4
City of Oakland
Employment by Industry Group
Annual Averages

Industry Employment ⁽¹⁾	2004	2005	2006	2007	2008 ⁽²⁾
Agriculture	1,500	1,600	1,500	1,500	1,400
Natural Resources and Mining	1,200	1,100	1,200	1,200	1,200
Construction	69,800	72,800	73,300	71,700	64,600
Manufacturing	98,200	95,600	95,800	94,400	93,300
Trade, Transportation, Warehousing and Utilities	193,800	195,000	197,100	199,300	195,300
Information	31,300	30,700	30,100	29,000	27,800
Finance, Insurance, and Real Estate	67,600	69,500	67,700	62,400	56,800
Professional and Business Services	147,700	150,600	154,900	158,000	161,400
Education and Health Services	117,200	118,500	121,800	124,700	127,700
Leisure and Hospitality	80,600	83,000	85,600	88,000	89,100
Other Services	36,600	35,600	35,900	36,200	36,000
Government	179,700	180,000	182,000	183,900	176,600
TOTAL ⁽³⁾	1,025,200	1,033,700	1,046,900	1,049,700	1,031,300

⁽¹⁾ Based on place of work.

⁽²⁾ Most recent data available.

⁽³⁾ "Total" may not be precise due to independent rounding.

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

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Construction Activity

The total valuation of building permits issued in the City as estimated by the Construction Industry Research Board was approximately \$381 million as of 2008. The following Table A-5 provides an estimated building permit valuation summary for 2004 through 2008.

Table A-5
City of Oakland
Building Permit Valuation
for Years 2004- 2008
(\$ In Thousands)

Year	Residential					Total Residential Valuation	Nonresidential Valuation	Total ⁽¹⁾
	Single Family		Multifamily		Value of Alterations/ Additions			
	Units	Valuation	Units	Valuation				
2004	351	\$82,007	890	\$104,611	\$65,087	\$251,705	\$125,838	\$377,542
2005	199	63,542	1,275	186,944	78,841	329,327	158,139	487,465
2006	217	64,059	2,137	295,256	67,494	426,809	119,700	546,509
2007	223	72,618	741	125,267	59,404	257,289	185,095	442,384
2008 ⁽²⁾	126	33,281	642	101,479	66,903	199,663	181,513	381,177

⁽¹⁾ Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent rounding.

⁽²⁾ Most recent data available.

Source: Construction Industry Research Board.

Assessed Valuations. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions. State law also allows exemptions from ad valorem property taxation at \$7,000 of full value of owner-occupied dwellings and 100% of business inventories. Revenue losses to the City from the homeowner's exemption are replaced by the State.

Future assessed valuation growth allowed under Article XIII A (for new construction, certain changes of ownership and 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability to such entities of revenue from growth in tax bases may be affected by the establishment of redevelopment project areas which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

The following table represents a five-year history of assessed valuations in the City:

Table A-6
City of Oakland Assessed Valuations
(in \$000s)

Fiscal Year	Total Assessed Value	Less: Tax-Exemptions	Total Taxable Assessed Value	Less: Redevelopment Tax Increments	Net Taxable Assessed Value
2005-06	\$34,553,772	(\$2,310,189)	\$32,243,583	(\$5,186,441)	\$27,057,142
2006-07	38,167,160	(2,347,281)	35,819,879	(7,750,010)	28,069,869
2007-08	41,797,578	(2,478,760)	39,318,818	(9,552,758)	29,766,060
2008-09	43,858,259	(2,584,624)	41,273,635	(10,425,138)	30,848,497
2009-10	42,568,090	(2,691,489)	39,876,601	(9,753,604)	30,122,997

Source: Alameda County Auditor-Controller.

Tax Levies, Collections and Delinquencies. Taxes are levied for each Fiscal Year on taxable real and personal property situated in the City as of the preceding January 1. A supplemental roll is developed when property changes hands or new construction is completed that produces additional revenue.

Secured property taxes are due on November 1 and March 1 and become delinquent if not paid by December 10 and April 10, respectively. A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus interest at 1.5% per month from the July 1 first following the default. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the Fiscal Year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the court specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's Office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Certain counties within the State, including Alameda County, have adopted an "Alternative Method of Distribution of Tax Levies and Collections and Tax Sale Proceeds" authorized under the Revenue and Taxation Code (the "Teeter Plan"). Under the Teeter Plan local taxing agencies receive 100% of the tax levy for each fiscal year, rather than on the basis of actual collections. The City does not participate in the Teeter Plan. The following table represents a five-year history of the secured tax levy and of uncollected amounts in the City. Included in these collections are the City's share of the 1% tax rate and levies for voter-approved indebtedness.

Table A-7
City of Oakland
Property Tax Levies and Collections
(in \$000s)

Fiscal Year	City's Share of 1%	Levy Voter- Approved Debt	Total	Total Collected ⁽¹⁾	Percent Collected	Delinquent Collections ⁽²⁾
2004-05	\$68,095	\$59,673	\$127,768	\$123,859	96.94%	\$3,909
2005-06	73,331	63,369	136,700	132,085	96.62	4,615
2006-07	79,357	75,071	154,428	146,240	94.70	8,188
2007-08	86,220	76,453	162,673	151,669	93.24	11,044
2008-09	89,482	75,753	165,235	154,557	93.54	10,678

⁽¹⁾ As of June 30 of the related Fiscal Year.

⁽²⁾ As of June 30, 2008. Note that delinquent collections are higher in later years due to delinquencies paid when property is transferred.

Source: Alameda County Auditor-Controller.

Appeals of Assessed Valuation. The following table sets forth resolved and unresolved pending assessment appeals in the City of Oakland as of June 10, 2009:

**Table A-8
City of Oakland
Pending Appeals of Assessed Valuation
As of June 10, 2009**

Unresolved Appeals

Number of Appeals	1,843	
Total Value Under Appeal	\$2,959,276,481	
Owner's Opinion of Value	1,721,797,312	
Maximum Potential Loss	1,237,479,169	41.82%

Resolved Appeals (Fiscal Year 2008-09)

Number of Appeals	48	
Total Value Under Appeal	\$55,681,546	
Owner's Opinion of Value	37,119,296	
Value Determined by Appeals Board	51,067,000	
Net Reduction in Value	4,614,546	8.29%
City of Oakland 2008-09 Taxable Value	\$42,079,245,084 ⁽¹⁾	
Maximum Appeals Loss	1,242,093,715	2.95%

⁽¹⁾ Does not include homeowners exemption and State Board of Equalization Nonunitary values.
Source: Alameda County Assessment Appeals Board.

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APPENDIX B

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a brief summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the text of the Fiscal Agent Agreement for the complete terms thereof.

Definitions

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

“Administrative Expense Fund” means the fund by that name established and administered under the Fiscal Agent Agreement.

“Agreement” means the Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement executed pursuant to the provisions thereof.

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

“Assessment District” means the area within the City designated “City of Oakland Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1” formed by the City under the Formation Act.

“Assessments” means the unpaid assessments levied within the Assessment District by the City Council under the proceedings taken pursuant to the Formation Act and the Resolution of Intention.

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

“Authorized Investments” means any of the following, to the extent acquired at Fair Market Value:

- (i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies and federally sponsored entities set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America and including interest strips of any such obligations or of bonds issued by the Resolution Funding Corporation and held in book-entry form by the Federal Reserve Bank of New York (“United States Treasury Obligations”);

(ii) any certificates, receipts, securities or other obligations evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (i);

(iii) obligations of the Fannie Mae Corporation, the Government National Mortgage Association, Farm Credit System Financial Corporation, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration;

(iv) housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(v) obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing; provided that such obligations are rated in the highest Rating Category by Moody's and Standard & Poor's;

(vi) any bonds or other obligations of any state of the United States of America or any political subdivision thereof (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the Fiscal Agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described above in clause (i) or (ii) which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the interest payment dates and the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described above in clause (i) or (ii) which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay the principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (vi) on the interest payment dates and the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (vi), as appropriate, and (d) which are rated in the highest long-term Rating Category by Moody's and Standard & Poor's;

(vii) demand or time deposits or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any

state of the United States of America or any national banking association (including the Fiscal Agent or any of its affiliates) or by a state licensed branch of any foreign bank, provided that such certificates of deposit shall be purchased directly from such a bank, trust company, national banking association or branch and shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities and obligations as are described above in clauses (i) through (v), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Fiscal Agent or third-party agent, as custodian, by the bank, trust company, national banking association or branch issuing such certificates of deposit, and the bank, trust company, national banking association or branch issuing each such certificate of deposit required to be so secured shall furnish the Fiscal Agent with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Fiscal Agent shall be entitled to rely on each such undertaking;

(viii) taxable commercial paper or tax-exempt commercial paper rated in the highest Rating Category by Moody's and Standard & Poor's which matures not more than 270 calendar days after the date of purchase;

(ix) variable rate obligations required to be redeemed or purchased by the obligor or its agent or designee upon demand of the holder thereof secured as to such redemption or purchase requirement by a liquidity agreement with a corporation and as to the payment of interest and principal either upon maturity or redemption (other than upon demand by the holder thereof) thereof by an unconditional credit facility of a corporation, provided that the variable rate obligations themselves are rated in the highest short-term Rating Category, if any, and in the highest long-term Rating Category, if any, by Moody's and Standard & Poor's, and that the corporations providing the liquidity agreement and credit facility have, at the date of acquisition of the variable rate obligations by the Fiscal Agent, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations rated in the highest long-term Rating Category by Moody's and Standard & Poor's;

(x) any repurchase agreement approved by the City which does not cause the rating on the Bonds to be reduced or withdrawn, or entered into with a financial institution or insurance company which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated (or the parent company of which is rated) in the highest long-term Rating Category by Moody's and Standard & Poor's, which agreement is secured by any one or more of the securities and obligations described in clauses (i), (ii), (iii) or (iv) above, which shall have a market value (exclusive of accrued interest and valued at least weekly) at least equal to one hundred three percent (103%) of the principal amount of such investment and shall be lodged with the Fiscal Agent or other fiduciary, as custodian, by the provider executing such repurchase agreement, and the provider executing each such repurchase agreement required to be so secured shall furnish the Fiscal Agent with an undertaking satisfactory to the Fiscal Agent that the aggregate

market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to one hundred three percent (103%) of the principal amount of each such repurchase agreement and the Fiscal Agent shall be entitled to rely on each such undertaking;

(xi) any cash sweep or similar account arrangement of or available to the Fiscal Agent, the investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Authorized Investments and any money market fund including money market funds from which the Fiscal Agent or its affiliates derive a fee for investment advisory or other services to the fund, the entire investments of which are limited to investments described in clauses (i), (ii), (iii), (iv), (v) and (x) of this definition of Authorized Investments; provided that as used in this clause (xi) and clause (xii) investments will be deemed to satisfy the requirements of clause (x) if they meet the requirements set forth in clause (x) ending with the words "clauses (i), (ii), (iii) or (iv) above" and without regard to the remainder of such clause (x);

(xii) any investment agreement with, or the obligations under which are guaranteed by, a financial institution or insurance company or domestic or foreign bank which has at the date of execution thereof an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated in the highest long-term Rating Category by Moody's and Standard & Poor's, approved by the City Council of the City and which does not cause the rating on the Bonds to be reduced or withdrawn;

(xiii) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to the Fiscal Agent Agreement; and

(xiv) any other investment permitted under the City's then current Investment Policy.

"Authorized Officer" means the City Administrator, the Finance Director/City Treasurer of the City or his designee, the Treasury Manager or her designee, or any other person authorized by resolution of the City Council of the City or by an Authorized Officer to act on behalf of the City with respect to this Fiscal Agent Agreement and the Bonds.

"Bond" or "Bonds" means the "City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 2010 Limited Obligation Improvement Bonds," at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Bond Counsel" means (i) Quint & Thimmig LLP, or (ii) any attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Date” means the date of issuance of the Bonds, which also is the dated date of the Bonds.

“Bond Law” means the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code.

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

“Bond Year” means the twelve-month period beginning on September 3 in each year and ending on September 2 in the following year except that (i) the first Bond Year shall begin on the Closing Date and end on September 2, 2010, and (ii) the last Bond Year may end on a prior redemption date.

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

“City Attorney” means the City Attorney of the City.

“Closing Date” means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Certificate executed by the City and dated the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs for the Bonds and the official statement related thereto, costs of reproducing and binding documents, closing costs, filing and recording fees, fees and expenses of the City and the Fiscal Agent, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by and charges of the City in connection with the formation of the Assessment District, the issuance of the Bonds, Bond (purchaser’s) discount, legal fees and charges, including bond counsel and disclosure counsel, financial advisor fees and expenses, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established and administered under the Fiscal Agent Agreement.

“County” means the County of Alameda, California.

“Debt Service” means the scheduled amount of interest and principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“DTC” means The Depository Trust Company and any successor thereto.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

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

“Federal Securities” means any of the Authorized Investments described in clauses (i), (ii), (iii), (iv) or (v) of the definition thereof in the Fiscal Agent Agreement.

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

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

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

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

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service”, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Interactive

Data Corporation's "Bond Service," 22 Cortland Street, New York, New York 10007; Kenny Information Services' "Called Bond Service", 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government", 99 Church Street, New York, New York 10007, Attention: Municipal News Reports; Standard & Poor's Corporation "Called Bond Record", 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 2 and September 2 of each year, commencing September 2, 2010.

"List of Unpaid Assessments" means the list on file with the Treasury Manager showing the amounts of the Assessments upon each of the parcels in the Assessment District.

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

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Officer's Certificate" means a written certificate of the City signed by an Authorized Officer of the City.

"Original Purchaser" means Stone & Youngberg LLC, as the first purchaser of the Bonds from the City.

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

"Owner" or "Bond Owner" means the registered owner of any Outstanding Bond as shown on the Bond Register of the Fiscal Agent.

"Principal Office" means the principal corporate trust office of the Fiscal Agent set forth in the Fiscal Agent Agreement, except for the purpose of maintenance of the registration books and presentation of Bonds for payment, transfer or exchange, such term shall mean the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

“Project” means the improvements authorized to be financed by the City under the proceedings pursuant to the Resolution of Intention.

“Purchase Contract” means the Bond Purchase Agreement, between the City and the Original Purchaser, for the sale of the Bonds.

“Rating Category” means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Record Date” means the fifteenth (15th) day of the month immediately preceding the month in which the applicable Interest Payment Date occurs.

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

“Reserve Fund” means the fund by that name established and administered under the Fiscal Agent Agreement.

“Reserve Requirement” means, as of any date of calculation an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) eight percent (8%) of the then Outstanding principal amount of the Bonds.

“Resolution of Intention” means Resolution No. 81272 C.M.S., adopted by the Council of the City on May 6, 2008.

“Resolution of Issuance” means Resolution No. 82454 C.M.S., adopted by the Council of the City on December 8, 2009, authorizing, among other matters, the issuance of the Bonds.

“S&P” means Standard & Poor’s Ratings Services, a division of the McGraw Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in an Officer’s Certificate delivered to the Fiscal Agent.

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

“Treasury Manager” means the Treasury Manager of the City, or her designee.

Funds and Accounts

Improvement Fund. There is established under the Fiscal Agent Agreement, as a separate fund to be held by the Fiscal Agent, the Improvement Fund. The Fiscal Agent shall deposit in the Improvement Fund on the Closing Date the amount required by the Fiscal Agent Agreement. Moneys in the Improvement Fund shall be held by the Fiscal Agent for the benefit of the City, and shall be disbursed, except as otherwise provided below, for the payment or reimbursement of costs of the Project.

Disbursements from the Improvement Fund shall be made by the Fiscal Agent upon receipt of an Officer’s Certificate, substantially in the form of Exhibit B hereto, which shall:

- (i) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made, the person to which the disbursement is to be paid and state that such disbursement is for a Project cost; and
- (ii) certify that no portion of the amount then being requested to be disbursed was set forth in any Officers Certificate previously filed requesting disbursement.

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

Upon the filing of an Officer’s Certificate stating that the Project has been completed and that all costs of the Project have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund as directed in said Officer’s Certificate (which directions shall be pursuant to the Resolution of Intention and to the provisions of Sections 10427 and 10427.1 of the Formation Act) and the Improvement Fund shall be closed.

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

Within the Redemption Fund the Fiscal Agent will establish a Prepayment Subaccount into which shall be placed the proceeds of the prepayment of any Assessment which occurs after the Closing Date, and which Prepayment Subaccount shall be administered in accordance with the provisions of Section 8767 of the Bond Law.

Whenever the Treasury Manager remits amounts to the Fiscal Agent for deposit to the Redemption Fund, the Treasury Manager shall include written instructions with respect to whether such amounts shall be deposited to the Redemption Fund or the Prepayment Subaccount.

On each Interest Payment Date, the Fiscal Agent shall withdraw from the Redemption Fund and pay to the Owners of the Bonds an amount equal to the principal of, and interest and any premium, then due and payable on the Bonds. If there are insufficient funds in the Redemption Fund to make the payments provided for in the preceding sentence, the Fiscal Agent shall transfer from the Reserve Fund an amount necessary to sure such insufficiency (not to exceed the amount then on deposit in the Reserve Fund), and if, on any Interest Payment Date an insufficiency still exists, the Fiscal Agent shall apply the available funds in the manner provided in the Bond Law, as directed by the City in writing. Past due payments of principal and interest shall continue to bear interest at the rate of interest on the Bonds. In the event of any delinquency in payment of the Bonds, such delinquency shall be paid from the first available moneys in the Redemption Fund arising from the collection of delinquent Assessments.

Funds placed in the Prepayment Subaccount of the Redemption Fund shall be disbursed therefrom by the Treasury Manager to the Fiscal Agent for the call and redemption of Bonds on the redemption date, pursuant to the Fiscal Agent Agreement.

Any earnings on amounts in the Redemption Fund not required to be disbursed under Fiscal Agent Agreement, shall be credited against Debt Service or, in the sole discretion of the City, applied to the call and redemption or defeasance of Bonds; provided, however, that before any such credit shall be made, such earnings shall be available for the payment of any rebate that may be owed under the Fiscal Agent Agreement.

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

Reserve Fund. There is established under the Fiscal Agent Agreement, as a separate fund to be held by the Fiscal Agent, the Reserve Fund, to the credit of which a deposit shall be made as required by the Fiscal Agent Agreement equal to the Reserve Requirement as of the Closing Date for the Bonds, and deposits shall be made as provided in the Fiscal Agent Agreement. Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise described below, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the

Redemption Fund as necessary to pay the principal of and interest on the Bonds on any Interest Payment Date in the event of any deficiency at any time in the Redemption Fund of the amount then required for such purpose or, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

Whenever transfer is made from the Reserve Fund to the Redemption Fund as necessary to pay the principal of and interest on the Bonds on any Interest Payment Date due to a deficiency in the Redemption Fund, the Fiscal Agent shall provide written notice thereof to the Treasury Manager, specifying the amount withdrawn.

Whenever, on the day prior to any Interest Payment Date, or on any other date at the request of the Treasury Manager, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Treasury Manager of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Redemption Fund to be used for the payment of interest on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall upon the written direction of the Treasury Manager transfer the amount in the Reserve Fund to the Redemption Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption, in accordance with the Fiscal Agent Agreement, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the City to be used for any lawful purpose of the City under the Bond Law. Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund for the foregoing purpose until after (i) the calculation of any amounts due to the federal government pursuant to the Fiscal Agent Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Assessments are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement a proportionate amount in the Reserve Fund (determined on the basis of the Assessment to be prepaid, and the original amount of all of the Assessments) shall be transferred on the day prior to the redemption date by the Fiscal Agent to the Redemption Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement. The Treasury Manager shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

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

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

Costs of Issuance Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Costs of Issuance Fund, to the credit of which a deposit shall be made as required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided below for the payment or reimbursement of Costs of Issuance.

Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by an Authorized Officer and delivered to the Fiscal Agent concurrently with the delivery of the Bonds, or otherwise in an Officer's Certificate delivered to the Fiscal Agent after the Closing Date. The Fiscal Agent shall pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 120 days from the date of delivery of the Bonds and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Administrative Expense Fund.

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

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

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

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

Refunding of Bonds

The Bonds may be refunded by the City pursuant to Divisions 11 or 11.5 of the Bond Law upon the conditions as set forth in appropriate proceedings therefor. This Section shall not apply to or in any manner limit advancement of the maturity of any of the Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Law, nor shall this Section apply to or in any manner limit the redemption and payment of any Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Assessments.

Covenants of the City

Collection of Assessments. In the Fiscal Agent Agreement for the Bonds, the City has agreed to comply with all requirements of the Act, the Bond Law and the Fiscal Agent Agreement to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent Assessments. Any funds received by the City in and for the Assessment District, including, but not limited to, collections of Assessments upon the secured tax rolls, collections of delinquent Assessments and penalties thereon, through foreclosure proceedings and the prepayment of Assessments or portions thereof, shall be immediately transferred to the Fiscal Agent for deposit into the Redemption Fund; except that any prepayments of Assessments received prior to the Closing Date shall be deposited to the Improvement Fund, and except as otherwise provided below. To that end, the following shall apply:

(A) The Assessments as set forth on the List of Unpaid Assessments on file with the Treasury Manager together with the interest thereto, shall be payable in annual series corresponding in number to the number of serial maturities of the Bonds issued. An annual proportion of each Assessment shall be payable in each year preceding the date of maturity of each of the several series of Bonds issued sufficient to pay the Bonds when due and such proportion of each Assessment coming due in any year, together with the annual interest thereon, shall be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interests after delinquency as do the general taxes on real property; provided, however, unless it has prepaid the same prior to the Closing Date, the Treasury shall send a hand bill to the Oakland Unified School District for the Assessment No. 244 at least thirty (30) but not more than sixty (60) days prior to each December 10 and April 10, commencing with December 10, 2010, for the installments of such Assessments due each year, which hand bill shall require payment by the corresponding December 10 and April 10.

All sums received from the collection of the Assessments and of the interest and penalties thereon shall be transmitted by the City to the Fiscal Agent, to be placed in the Redemption Fund; provided that (i) amounts referred to in paragraph (D) below shall be deposited by the City in the Administrative Expense Fund, (ii) any prepayments of Assessments shall be transmitted by the City to the Fiscal Agent to be placed by the Fiscal Agent in the Prepayment Subaccount established under and administered in

accordance with the Fiscal Agent Agreement, and (iii) amounts representing the collection of delinquent assessments (whether by foreclosure or otherwise) shall, after deduction of the costs of collection, be transferred by the City to the Fiscal Agent for deposit by the Fiscal Agent to the Redemption Fund only in the amount of any then delinquency in the payment of the principal of or interest on the Bonds and otherwise shall be deposited by the Fiscal Agent to the Reserve Fund. The Treasury Manager shall provide the Fiscal Agent with written instructions as to the disposition of any amounts remitted to the Fiscal Agent under the Fiscal Agent Agreement.

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

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

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

(E) Delinquent Assessments shall be subject to foreclosure pursuant to the Fiscal Agent Agreement.

Foreclosure. The City covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as provided in the Fiscal Agent Agreement and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Sections 8830 and 8835, inclusive of the Bond Law and the conditions set forth in the Fiscal Agent Agreement. The Treasury Manager shall notify the City Attorney of any such delinquency of which the Treasury Manager is aware, and the City Attorney shall commence, or cause to be commenced, such foreclosure proceedings, including collection actions preparatory

to the filing of any complaint. The City Attorney is authorized to employ counsel to conduct any such foreclosure proceedings.

On or about August 15 of each Fiscal Year, the Treasury Manager shall compare the amount of Assessments theretofore levied in the Assessment District to the amount of Assessments theretofore received by the City, and, if the amount then on deposit in the Reserve Fund is less than 95% of the then amount of the Reserve Requirement, the Treasury Manager shall notify the City Attorney of any parcel in the Assessment District with delinquent Assessments of \$2,000.00 or more, and the City Attorney shall commence, or cause to be commenced, foreclosure proceedings (beginning with sending the owner of the subject parcel a notice of delinquency and demand for payment) with respect to each such parcel with delinquent Assessments of \$2,000.00 or more.

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

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

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

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

Completion of Project. The City will comply with all applicable provisions of the Formation Act and the Bond Law in completing the Project; provided that the City shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefor in the Improvement Fund, except as otherwise specifically provided for in the Engineer's Report prepared pursuant to the Resolution of Intention.

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

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

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

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

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

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

The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, as applicable to the Bonds. The City may use investment earnings on amounts in the Redemption Fund or amounts on deposit in the Reserve Fund or the Administrative Expense Subaccount within the Redemption Fund to satisfy any rebate liability to the federal government.

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

Investments

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Authorized Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. The following shall apply to such investments:

In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Authorized Investments specified in clause (xi) of the definition "Authorized Investments" in the Fiscal Agent Agreement which by their terms mature prior to the date on which such moneys are required to be paid out thereunder. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

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

Investments in any and all funds and accounts may at the discretion of the Fiscal Agent be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent under the Fiscal Agent Agreement, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

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

Liability of City

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

of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default thereunder.

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

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

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

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

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

In order to perform its duties and obligations under the Fiscal Agent Agreement, the City may employ such persons or entities as necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care

and in good faith under the Fiscal Agent Agreement, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Amendment of the Fiscal Agent Agreement

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

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

(A) to add to the covenants and agreements of the City in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the City may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; or

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Discharge of the Fiscal Agent Agreement

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

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

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

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

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

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Oakland, California (the “City”) in connection with the issuance by the City of its City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds (the “Bonds”). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of March 1, 2010 (the “Fiscal Agent Agreement”), between the City and Wells Fargo Bank, National Association, as Fiscal Agent (the “Fiscal Agent”). The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This 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 Fiscal Agent Agreement, which apply to any capitalized term used in this 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 this 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 this Disclosure Certificate and which has filed with the City a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System.

“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 this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean Stone & Youngberg LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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.

SECTION 3. Provision of Annual Reports.

(a) The City shall, not later than nine months after the end of the City’s fiscal year (which currently is June 30), commencing with the report for the 2009-10 Fiscal Year, provide to the MSRB through EMMA, in an electronic format and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this 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 MSRB through EMMA, in substantially the form attached as Exhibit A to this Disclosure Certificate.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the applicable electronic format for filings through EMMA;

(ii) file the Annual Report with the MSRB through EMMA 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 this Disclosure Certificate and stating the date it was provided.

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

(a) Audited Financial Statements of the City 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, and, where not in conflict, The Financial Accounting Standards Board (“FASB”) pronouncements or accounting principles prescribed by FASB. If such 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, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. In any event, the financial statements shall be accompanied by the following statement: THE CITY’S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF’S INTERPRETATION OF RULE 15C2-12. NO GENERAL FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Assessment District for the preceding fiscal year, substantially similar to that provided in any corresponding tables and charts in the Official Statement for the Bonds (if applicable), as follows:

(i) Principal amount of the Bonds then outstanding as of the end of the Fiscal Year covered by the respective Annual Report.

(ii) Balances in the Improvement Fund, the Redemption Fund and the Reserve Fund created pursuant to the Fiscal Agent Agreement as of the end of the Fiscal Year covered by the respective Annual Report.

(iii) The value-to-lien ratios as a summary for all parcels within the Assessment District based on the assessed value of the parcels and the lien of the assessment using information from the Alameda County Assessor's equalized tax roll most recently released prior to the date of the respective Annual Report.

(iv) Delinquency information, including a list of all parcels delinquent in the payment of the Assessment, amounts of delinquencies, length of delinquency and status of any foreclosure for each parcel listed (including results of foreclosure sales).

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 public entities related thereto, which are available to the public from the MSRB's internet website or filed with the Securities Exchange Commission.

Notwithstanding the foregoing, for the Annual Report for the Fiscal Year 2009-10, it shall be sufficient if, in lieu of the foregoing items referenced in this Section 4(b), the City includes the Official Statement in such Annual Report.

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

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 MSRB through EMMA. 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 Fiscal Agent Agreement.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the 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 this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time upon delivery of written notice thereof to the County at least 30 days prior to the effective date of such resignation. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law;

(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 Fiscal Agent Agreement for amendments to the Fiscal Agent 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 this 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 this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this 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 this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, 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. This 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.

Date: _____, 2010

CITY OF OAKLAND

By: _____
City Treasurer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Oakland, California

Name of Bond Issues: City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase I 2010 Limited Obligation Improvement Bonds

Date of Issuance: March 9, 2010

NOTICE IS HEREBY GIVEN that the City of Oakland, California (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated _____, 2010 executed by the City for the benefit of the Holders and Beneficial Owners of the above-referenced bonds. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF OAKLAND

By: _____
City Treasurer

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

March __, 2010

City Council
City of Oakland
150 Frank Ogawa Plaza
Oakland, California 94612

OPINION: \$3,148,482.77 City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 2010 Limited Obligation Improvement Bonds

Members of the City Council:

We have acted as bond counsel in connection with the issuance by the City of Oakland, California (the "City") of its \$3,148,482.77 City of Oakland, California Utility Underground Assessment District No. 2007-232, Piedmont Pines Phase 1 2009 Limited Obligation Improvement Bonds (the "Bonds"), pursuant to Resolution No. 82454 C.M.S. adopted by the City Council of the City on December 8, 2009 (the "Resolution"), the Improvement Bond Act of 1915, being Division 10 commencing with Section 8500 et seq., of the California Streets and Highways Code (the "Act"), and the Fiscal Agent Agreement, dated as of March 1, 2010 (the "Fiscal Agent Agreement"), by and between the City and Wells Fargo Bank, National Association, as fiscal agent.

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

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

1. The City is duly created and validly existing as a municipal corporation, with the power to adopt the Resolution and issue the Bonds.
2. The Fiscal Agent Agreement has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. Pursuant to the Act, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bonds.

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

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

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

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

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

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

Respectfully submitted,

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, redemption premium, if any, and interest with respect to the Bonds to DTC, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the understanding of the City of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The City, the Fiscal Agent and the Underwriter understand that the current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and that the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Fiscal Agent Agreement. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC, 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 each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest on the Bonds by Cede & Co (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The foregoing information concerning DTC and DTC's book-entry system has been provided by DTC, and neither the City nor the Fiscal Agent takes any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the City nor the Fiscal Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Fiscal Agent Agreement will apply.

The City and the Fiscal Agent cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the City nor the Fiscal Agent are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

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APPENDIX F

**INFORMATION REGARDING THE PARCELS IN THE DISTRICT
WITH UNPAID ASSESSMENTS**

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
2	048D-7294-006	\$14,720.96	\$147,200	\$343,652	\$490,852	33.3
3	048D-7296-039	\$4,906.98	\$100,546	\$234,607	\$335,153	68.3
4	048D-7296-038-01	\$9,813.97	\$216,000	\$504,000	\$720,000	73.4
5	048D-7296-037-09	\$14,720.96	\$300,408	\$700,954	\$1,001,362	68.0
6	048D-7296-037-05	\$14,720.96	\$285,000	\$665,000	\$950,000	64.5
7	048D-7296-037-04	\$14,720.96	\$214,960	\$501,574	\$716,534	48.7
8	048D-7296-033	\$14,720.96	\$200,607	\$467,900	\$668,507	45.4
9	048D-7296-032	\$14,720.96	\$240,600	\$561,400	\$802,000	54.5
10	048D-7296-031	\$14,720.96	\$198,082	\$462,193	\$660,275	44.9
12	048D-7294-008-01	\$14,720.96	\$146,380	\$321,576	\$467,956	31.8
13	048D-7294-009-01	\$14,720.96	\$250,500	\$584,500	\$835,000	56.7
14	048D-7293-001	\$14,720.96	\$24,751	\$37,127	\$61,878	4.2
16	048D-7293-003	\$14,720.96	\$113,789	\$220,055	\$333,844	22.7
17	048D-7293-004-03	\$14,720.96	\$27,797	\$58,261	\$86,058	5.8
18	048D-7293-004-04	\$14,720.96	\$172,382	\$146,002	\$318,384	21.6
19	048D-7293-005-03	\$14,720.96	\$89,523	\$106,395	\$195,918	13.3
21	048D-7293-007-01	\$14,720.96	\$345,000	\$805,000	\$1,150,000	78.1
22	048D-7293-009	\$14,720.96	\$272,538	\$634,254	\$906,792	61.6
24	048D-7292-016-03	\$14,720.96	\$232,301	\$542,175	\$774,476	52.6
25	048D-7292-016-02	\$14,720.96	\$261,884	\$93,155	\$355,039	24.1
26	048D-7292-015-01	\$14,720.96	\$27,036	\$84,917	\$111,953	7.6
27	048D-7292-014	\$14,720.96	\$33,700	\$61,304	\$95,004	6.5
29	048D-7292-013-02	\$14,720.96	\$146,608	\$145,045	\$291,653	19.8
30	048D-7292-012-01	\$14,720.96	\$244,318	\$570,077	\$814,395	55.3
31	048D-7292-011	\$14,720.96	\$121,433	\$266,869	\$388,302	26.4
33	048D-7292-009	\$14,720.96	\$215,400	\$502,600	\$718,000	48.8
35	048D-7292-007	\$14,720.96	\$25,132	\$65,686	\$90,818	6.2
38	048D-7292-003-01	\$14,720.96	\$163,300	\$454,638	\$617,938	42.0
39	048D-7292-002	\$14,720.96	\$115,952	\$133,428	\$249,380	16.9
40	048D-7292-001	\$14,720.96	\$102,171	\$238,192	\$340,363	23.1
41	048D-7292-028	\$14,720.96	\$112,452	\$276,996	\$389,448	26.5
42	048D-7292-027-09	\$14,720.96	\$204,000	\$476,000	\$680,000	46.2
43	048D-7292-027-08	\$14,720.96	\$211,206	\$492,521	\$703,727	47.8
44	048D-7292-027-04	\$14,720.96	\$248,413	\$579,631	\$828,044	56.2
46	048D-7292-027-06	\$14,720.96	\$178,954	\$417,561	\$596,515	40.5
47	048D-7292-027-07	\$14,720.96	\$22,657	\$58,642	\$81,299	5.5
50	048D-7292-022	\$14,720.96	\$165,236	\$64,839	\$230,075	15.6
51	048D-7292-021	\$14,720.96	\$102,443	\$239,033	\$341,476	23.2

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
52	048D-7292-019	\$14,720.96	\$189,347	\$77,946	\$267,293	18.2
53	048D-7292-020	\$14,720.96	\$41,041	\$54,599	\$95,640	6.5
55	048D-7291-001	\$14,720.96	\$30,653	\$54,643	\$85,296	5.8
56	048D-7288-020-01	\$14,720.96	\$136,902	\$319,440	\$456,342	31.0
58	048D-7288-022	\$14,720.96	\$163,134	\$380,647	\$543,781	36.9
59	048D-7288-023	\$14,720.96	\$308,900	\$720,800	\$1,029,700	69.9
60	048D-7288-025	\$14,720.96	\$81,053	\$249,405	\$330,458	22.4
61	048D-7288-026-02	\$14,720.96	\$246,000	\$574,000	\$820,000	55.7
62	048D-7288-027-03	\$14,720.96	\$208,864	\$487,350	\$696,214	47.3
63	048D-7288-028-01	\$14,720.96	\$126,059	\$294,138	\$420,197	28.5
64	048D-7288-029	\$14,720.96	\$151,722	\$353,929	\$505,651	34.3
65	048D-7288-030	\$14,720.96	\$157,348	\$367,146	\$524,494	35.6
67	048D-7288-032-01	\$14,720.96	\$89,487	\$60,939	\$150,426	10.2
68	048D-7288-034-03	\$14,720.96	\$462,000	\$1,078,000	\$1,540,000	104.6
70	048D-7288-036	\$14,720.96	\$198,000	\$462,000	\$660,000	44.8
71	048D-7288-037	\$14,720.96	\$285,026	\$101,586	\$386,612	26.3
73	048D-7289-008-03	\$14,720.96	\$45,567	\$92,599	\$138,166	9.4
74	048D-7289-007	\$14,720.96	\$245,100	\$571,900	\$817,000	55.5
75	048D-7289-006-02	\$14,720.96	\$186,000	\$434,000	\$620,000	42.1
76	048D-7289-005	\$14,720.96	\$219,600	\$512,400	\$732,000	49.7
77	048D-7289-004	\$14,720.96	\$41,887	\$41,506	\$83,393	5.7
78	048D-7289-003	\$14,720.96	\$52,803	\$246,702	\$299,505	20.3
79	048D-7289-002	\$14,720.96	\$237,000	\$553,000	\$790,000	53.7
80	048D-7289-001-01	\$14,720.96	\$78,868	\$120,668	\$199,536	13.6
81	048D-7289-031-02	\$14,720.96	\$105,536	\$106,804	\$212,340	14.4
82	048D-7289-030-01	\$14,720.96	\$26,187	\$122,986	\$149,173	10.1
83	048D-7289-029	\$14,720.96	\$231,571	\$537,597	\$769,168	52.2
84	048D-7289-028	\$14,720.96	\$147,069	\$343,161	\$490,230	33.3
85	048D-7273-001-03	\$14,720.96	\$64,356	\$156,064	\$220,420	15.0
86	048D-7273-041	\$14,720.96	\$51,559	\$507,246	\$558,805	38.0
87	048D-7273-040	\$14,720.96	\$219,000	\$511,000	\$730,000	49.6
88	048D-7273-034	\$14,720.96	\$39,031	\$38,269	\$77,300	5.3
89	048D-7273-033	\$14,720.96	\$193,500	\$451,500	\$645,000	43.8
90	048D-7273-042	\$14,720.96	\$232,488	\$542,473	\$774,961	52.6
93	048D-7273-029-08	\$14,720.96	\$118,378	\$276,217	\$394,595	26.8
94	048D-7273-030-04	\$14,720.96	\$166,126	\$387,628	\$553,754	37.6
96	048D-7273-028-13	\$14,720.96	\$146,294	\$202,430	\$348,724	23.7
97	048D-7273-028-08	\$14,720.96	\$299,800	\$699,700	\$999,500	67.9
98	048D-7273-027	\$14,720.96	\$241,500	\$563,500	\$805,000	54.7
99	048D-7273-026	\$14,720.96	\$38,650	\$43,600	\$82,250	5.6
101	048D-7273-023	\$14,720.96	\$286,793	\$698,764	\$985,557	66.9
103	048D-7278-025	\$14,720.96	\$35,882	\$170,444	\$206,326	14.0

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
104	048D-7278-026	\$14,720.96	\$362,683	\$846,261	\$1,208,944	82.1
106	048D-7278-028-01	\$14,720.96	\$330,000	\$645,000	\$975,000	66.2
109	048D-7278-053	\$14,720.96	\$322,250	\$751,917	\$1,074,167	73.0
110	048D-7278-052	\$14,720.96	\$222,780	\$519,821	\$742,601	50.4
111	048D-7278-036-01	\$14,720.96	\$87,947	\$84,253	\$172,200	11.7
112	048D-7278-035	\$14,720.96	\$251,433	\$586,677	\$838,110	56.9
113	048D-7274-008	\$14,720.96	\$127,604	\$141,671	\$269,275	18.3
114	048D-7274-007	\$14,720.96	\$30,082	\$54,643	\$84,725	5.8
115	048D-7274-006-02	\$14,720.96	\$87,415	\$203,970	\$291,385	19.8
116	048D-7274-005	\$14,720.96	\$183,000	\$427,000	\$610,000	41.4
117	048D-7274-004	\$14,720.96	\$232,500	\$542,500	\$775,000	52.6
118	048D-7274-003	\$14,720.96	\$269,185	\$84,724	\$353,909	24.0
119	048D-7274-002	\$14,720.96	\$125,722	\$293,305	\$419,027	28.5
120	048D-7274-001	\$14,720.96	\$92,869	\$161,087	\$253,956	17.3
121	048D-7274-035	\$14,720.96	\$39,029	\$87,058	\$126,087	8.6
122	048D-7274-034	\$14,720.96	\$99,787	\$369,129	\$468,916	31.9
123	048D-7274-033	\$14,720.96	\$180,731	\$421,707	\$602,438	40.9
124	048D-7274-032	\$14,720.96	\$191,182	\$269,037	\$460,219	31.3
125	048D-7274-031	\$14,720.96	\$252,429	\$589,002	\$841,431	57.2
126	048D-7274-030	\$14,720.96	\$151,388	\$353,239	\$504,627	34.3
127	048D-7277-013-02	\$14,720.96	\$209,932	\$489,841	\$699,773	47.5
128	048D-7277-014-01	\$14,720.96	\$204,251	\$397,461	\$601,712	40.9
129	048D-7277-015	\$14,720.96	\$48,739	\$74,013	\$122,752	8.3
130	048D-7277-016	\$14,720.96	\$306,000	\$714,000	\$1,020,000	69.3
131	048D-7277-017	\$14,720.96	\$234,495	\$547,156	\$781,651	53.1
132	048D-7277-034-01	\$14,720.96	\$174,831	\$407,940	\$582,771	39.6
134	048D-7277-020-01	\$14,720.96	\$252,000	\$588,000	\$840,000	57.1
135	048D-7277-021-01	\$14,720.96	\$140,961	\$328,513	\$469,474	31.9
136	048D-7277-022	\$14,720.96	\$240,000	\$560,000	\$800,000	54.3
137	048D-7277-023	\$14,720.96	\$269,258	\$628,268	\$897,526	61.0
138	048D-7277-024	\$14,720.96	\$270,000	\$630,000	\$900,000	61.1
139	048D-7277-025	\$14,720.96	\$273,000	\$637,000	\$910,000	61.8
140	048D-7277-026	\$14,720.96	\$165,000	\$385,000	\$550,000	37.4
141	048D-7277-027	\$9,679.71	\$36,746	\$67,781	\$104,527	10.8
142	048D-7276-005-02	\$14,720.96	\$188,700	\$440,300	\$629,000	42.7
144	048D-7276-003	\$4,906.98	\$141,356	\$348,479	\$489,835	99.8
145	048D-7276-002	\$4,906.98	\$31,415	\$65,686	\$97,101	19.8
146	048D-7280-016-02	\$14,720.96	\$164,705	\$384,313	\$549,018	37.3
147	048D-7280-017	\$14,720.96	\$19,496	\$159,282	\$178,778	12.1
148	048D-7280-018	\$14,720.96	\$110,076	\$256,844	\$366,920	24.9
149	048D-7280-019	\$14,720.96	\$393,000	\$917,000	\$1,310,000	89.0
152	048D-7280-022	\$14,720.96	\$171,008	\$436,059	\$607,067	41.2

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
153	048D-7253-051-01	\$14,720.96	\$228,189	\$532,441	\$760,630	51.7
154	048D-7253-053	\$14,720.96	\$169,745	\$482,952	\$652,697	44.3
155	048D-7253-054	\$14,720.96	\$115,434	\$269,348	\$384,782	26.1
157	048D-7253-056-01	\$14,720.96	\$252,429	\$589,002	\$841,431	57.2
159	048D-7275-007	\$14,720.96	\$276,000	\$644,000	\$920,000	62.5
160	048D-7275-003-07	\$14,720.96	\$267,931	\$497,587	\$765,518	52.0
161	048D-7275-003-03	\$14,720.96	\$201,600	\$470,400	\$672,000	45.6
162	048D-7275-002	\$14,720.96	\$25,572	\$106,954	\$132,526	9.0
163	048D-7275-001	\$14,720.96	\$189,000	\$441,000	\$630,000	42.8
164	048D-7275-003-08	\$14,720.96	\$255,000	\$595,000	\$850,000	57.7
166	048D-7275-019	\$14,720.96	\$104,869	\$370,117	\$474,986	32.3
167	048D-7275-018	\$14,720.96	\$255,000	\$595,000	\$850,000	57.7
168	048D-7275-017	\$14,720.96	\$192,346	\$446,778	\$639,124	43.4
169	048D-7254-001	\$14,720.96	\$210,000	\$490,000	\$700,000	47.6
170	048D-7254-002	\$14,720.96	\$250,997	\$585,660	\$836,657	56.8
171	048D-7254-003	\$14,720.96	\$259,973	\$640,614	\$900,587	61.2
172	048D-7254-004	\$14,720.96	\$44,741	\$92,908	\$137,649	9.4
173	048D-7254-005-03	\$14,720.96	\$219,000	\$511,000	\$730,000	49.6
174	048D-7254-005-04	\$14,720.96	\$237,754	\$554,760	\$792,514	53.8
175	048D-7254-005-02	\$14,720.96	\$138,234	\$189,836	\$328,070	22.3
177	048D-7254-007	\$14,720.96	\$126,349	\$294,485	\$420,834	28.6
179	048D-7254-009	\$14,720.96	\$217,800	\$508,200	\$726,000	49.3
180	048D-7254-010	\$14,720.96	\$280,908	\$0	\$280,908	19.1
181	048D-7254-011	\$14,720.96	\$265,500	\$619,500	\$885,000	60.1
182	048D-7254-012	\$14,720.96	\$176,768	\$412,458	\$589,226	40.0
183	048D-7254-013	\$14,720.96	\$75,477	\$179,232	\$254,709	17.3
184	048D-7254-018	\$14,720.96	\$287,366	\$670,520	\$957,886	65.1
185	048D-7254-017-01	\$14,720.96	\$330,000	\$770,000	\$1,100,000	74.7
187	048D-7254-019	\$14,720.96	\$236,820	\$552,582	\$789,402	53.6
189	048D-7254-022-01	\$14,720.96	\$105,181	\$245,423	\$350,604	23.8
190	048D-7254-023-01	\$14,720.96	\$73,144	\$170,669	\$243,813	16.6
191	048D-7254-024	\$14,720.96	\$136,004	\$162,016	\$298,020	20.2
192	048D-7254-025	\$14,720.96	\$78,576	\$0	\$78,576	5.3
193	048D-7254-026	\$14,720.96	\$7,732	\$0	\$7,732	0.5
194	048D-7254-027	\$14,720.96	\$40,803	\$0	\$40,803	2.8
195	048D-7254-028	\$14,720.96	\$68,146	\$0	\$68,146	4.6
196	048D-7254-029	\$14,720.96	\$66,338	\$0	\$66,338	4.5
199	048D-7255-019	\$14,720.96	\$93,331	\$69,540	\$162,871	11.1
200	048D-7255-017-06	\$14,720.96	\$154,802	\$361,205	\$516,007	35.1
201	048D-7255-017-11	\$14,720.96	\$33,700	\$55,405	\$89,105	6.1
202	048D-7255-017-14	\$14,720.96	\$378,000	\$882,000	\$1,260,000	85.6
203	048D-7255-015	\$14,720.96	\$121,971	\$351,825	\$473,796	32.2

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
205	048D-7255-014-03	\$14,720.96	\$150,741	\$351,730	\$502,471	34.1
206	048D-7255-013-01	\$14,720.96	\$39,983	\$35,985	\$75,968	5.2
207	048D-7255-013-04	\$14,720.96	\$220,812	\$165,609	\$386,421	26.2
208	048D-7255-012-03	\$14,720.96	\$127,012	\$155,123	\$282,135	19.2
209	048D-7255-011	\$14,720.96	\$10,405	\$130,074	\$140,479	9.5
210	048D-7255-010	\$14,720.96	\$61,225	\$52,638	\$113,863	7.7
211	048D-7255-009-02	\$14,720.96	\$34,081	\$40,935	\$75,016	5.1
212	048D-7255-008-03	\$14,720.96	\$227,747	\$531,411	\$759,158	51.6
213	048D-7255-008-04	\$14,720.96	\$50,508	\$114,559	\$165,067	11.2
214	048D-7255-007-02	\$14,720.96	\$248,413	\$579,631	\$828,044	56.2
215	048D-7255-006	\$14,720.96	\$216,000	\$504,000	\$720,000	48.9
216	048D-7255-005	\$14,720.96	\$45,693	\$61,642	\$107,335	7.3
217	048D-7255-004	\$14,720.96	\$236,400	\$551,600	\$788,000	53.5
218	048D-7255-003	\$14,720.96	\$221,700	\$517,300	\$739,000	50.2
219	048D-7255-002	\$14,720.96	\$126,059	\$294,138	\$420,197	28.5
220	048D-7255-001	\$14,720.96	\$114,074	\$265,967	\$380,041	25.8
225	048D-7256-008-01	\$14,720.96	\$72,197	\$0	\$72,197	4.9
226	048D-7251-005-01	\$14,720.96	\$18,721	\$0	\$18,721	1.3
227	048D-7251-006-01	\$14,720.96	\$18,721	\$0	\$18,721	1.3
228	048D-7251-007-01	\$14,720.96	\$18,721	\$0	\$18,721	1.3
229	048D-7251-008-01	\$14,720.96	\$18,136	\$0	\$18,136	1.2
230	048D-7251-009	\$14,720.96	\$5,370	\$0	\$5,370	0.4
231	048D-7251-010	\$14,720.96	\$5,370	\$0	\$5,370	0.4
232	048D-7256-050-02	\$14,720.96	\$39,983	\$56,928	\$96,911	6.6
233	048D-7256-051-01	\$14,720.96	\$170,383	\$198,056	\$368,439	25.0
234	048D-7256-049	\$14,720.96	\$250,920	\$585,480	\$836,400	56.8
235	048D-7256-048	\$14,720.96	\$31,984	\$86,014	\$117,998	8.0
237	048D-7256-046	\$14,720.96	\$126,473	\$295,105	\$421,578	28.6
238	048D-7256-045	\$14,720.96	\$210,000	\$490,000	\$700,000	47.6
239	048D-7256-044	\$14,720.96	\$85,915	\$285,769	\$371,684	25.2
240	048D-7234-007	\$14,720.96	\$7,615	\$0	\$7,615	0.5
241	048D-7234-008	\$14,720.96	\$43,410	\$33,890	\$77,300	5.3
242	048D-7234-009	\$14,720.96	\$102,556	\$239,298	\$341,854	23.2
243	048D-7234-010	\$14,720.96	\$128,333	\$299,445	\$427,778	29.1
245	048D-7229-001	\$14,720.96	\$190,703	\$444,727	\$635,430	43.2
246	048D-7229-032	\$14,720.96	\$252,000	\$588,000	\$840,000	57.1
247	048D-7229-031	\$14,720.96	\$89,477	\$208,780	\$298,257	20.3
248	048D-7229-030	\$14,720.96	\$134,625	\$314,126	\$448,751	30.5
249	048D-7229-029	\$14,720.96	\$154,454	\$420,393	\$574,847	39.0
250	048D-7229-028	\$14,720.96	\$255,617	\$121,137	\$376,754	25.6
251	048D-7229-027	\$14,720.96	\$114,577	\$270,213	\$384,790	26.1
252	048D-7230-001	\$14,720.96	\$252,450	\$589,050	\$841,500	57.2

Asmt No.	Assessor's Parcel Number	Unpaid Asmt as of 10/28/09	Assessed Land Value	Assessed Structural Value	Total Assessed Value	Value to Lien Ratio
253	048D-7230-002	\$14,720.96	\$119,232	\$278,209	\$397,441	27.0
254	048D-7230-011	\$14,720.96	\$45,314	\$37,317	\$82,631	5.6
256	048D-7230-017	\$14,720.96	\$120,745	\$281,740	\$402,485	27.3
257	048D-7230-018	\$14,720.96	\$104,306	\$50,482	\$154,788	10.5
258	048D-7230-016	\$14,720.96	\$92,881	\$216,336	\$309,217	21.0
259	048D-7230-015	\$14,720.96	\$45,695	\$65,788	\$111,483	7.6
260	048D-7230-014	\$14,720.96	\$126,308	\$44,136	\$170,444	11.6
262	048D-7230-012	\$14,720.96	\$199,800	\$466,200	\$666,000	45.2
263	048D-7207-007	\$6,526.29	\$161,191	\$378,182	\$539,373	82.6
264	048D-7207-002-04	\$1,619.30	\$25,893	\$45,314	\$71,207	44.0
265	048D-7207-018	\$14,720.96	\$9,804	\$0	\$9,804	0.7
266	048D-7207-017	\$14,720.96	\$11,423	\$0	\$11,423	0.8
		\$3,148,482.77	\$33,832,411	\$71,734,296	\$105,566,707	33.5