

\$9,855,000
CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY
WATER AND WASTEWATER
REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CLOSING MEMORANDUM

\$9,855,000

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B**

CLOSING SCHEDULE

Pre-Closing:	October 20, 2003 2:00 P.M.	Hawkins, Delafield & Wood One Embarcadero Center Suite 3820 San Francisco, CA 94111
Closing:	October 21, 2003 8:00 A.M.	Hawkins, Delafield & Wood One Embarcadero Center Suite 3820 San Francisco, CA 94111

\$9,855,000
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

MEMORANDUM OF LEGAL PAPERS
to be included in transcripts
relating to the above-mentioned Bonds

Closing October 21, 2003

8:00 A.M.

Hawkins, Delafield & Wood
San Francisco, California

INTERESTED PARTIES AND PARTICIPANTS

An Official Transcript of the proceeding will be prepared and distributed as follows:

- 1 James Hamlin, California Statewide Communities Development Authority (the "Authority")
- 1 Dixon Flynn, City Manager, City of Lodi
- 1 Shirley Johnson, Asst. Finance Director, City of Fort Bragg
- 1 Mike Gogna, Esq., Meyers, Nave, Counsel to City of Fort Bragg
- 1 Sean Tierney, Esq., Hawkins, Delafield & Wood ("Bond Counsel")
- 1 Mimi Henderson, Henderson Capital Partners, LLC (the "Underwriter")
- 3 Eric Friedland, Financial Security Assurance Inc. (the "Bond Insurer")
- 1 Sandra Hanrahan, Union Bank of California, N.A. (the "Trustee")
- 1 Francine Rockett, U.S. Bank National Association (the "Escrow Agent")

UNLESS OTHERWISE INDICATED TO HAWKINS, DELAFIELD & WOOD, EACH
PARTY WILL RECEIVE A TRANSCRIPT IN CD-ROM FORMAT

- * Indicates that Bond Counsel will prepare the form of the affidavit, document, certificate or opinion.
- ** Indicates that the Authority or its counsel shall forward the resolution or other document to Bond Counsel.
- *** Indicates that the Underwriter shall forward the document to Bond Counsel.
- **** Indicates that the Trustee and/or the Escrow Agent or their counsel shall forward the document to Bond Counsel.
- Indicates that the Insurer shall forward the document to Bond Counsel.
- Indicates that the applicable Participant or its counsel shall forward the document to Bond Counsel.
- Indicates that Grant Thornton (the "Verification Agent") shall forward the document to Bond Counsel.

For the purpose of facilitating identification, each item should have in the upper right-hand corner the document number stated below. All items are to be prepared on letter-sized paper. All other defined terms used herein have the meanings assigned to them in the Indenture.

DOCUMENTS AND INSTRUMENTS

The following documents and instruments are to be delivered to Bond Counsel for safekeeping at the Closing prior to delivery of and payment for the Bonds by the Underwriter.

<u>Document Number</u>		<u>Index Number</u>
A. <u>AUTHORIZATION AND ISSUANCE DOCUMENTS</u>		
* 1.	Certificate regarding Resolution No. 03R-11 of the Authority adopted September 23, 2003, "A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AUTHORIZING THE ISSUANCE OF BONDS AND THE EXECUTION AND DELIVERY OF AN INDENTURE, INSTALLMENT PURCHASE AGREEMENTS, BOND PURCHASE AGREEMENT, AND OFFICIAL STATEMENT AND AUTHORIZING CERTAIN RELATED MATTERS" and Resolution No. 03R-12 of the Authority adopted September 23, 2003, "RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY APPROVING AND RATIFYING THE ADDITION OF PROGRAM PARTICIPANTS TO THE AUTHORITY."	1
* 2.	Indenture, dated as of October 1, 2003, by and between the Authority and the Trustee.	2
B. <u>SALE DOCUMENTS</u>		
* 1.	Bond Purchase Agreement, dated October 7, 2003, executed by the Underwriter and accepted by the Authority, the City of Fort Bragg and the City of Lodi (collectively, the "Participants").	3
* 2.	Certificate as to Finality of Preliminary Official Statement by the Authority.	4
*** 3.	Preliminary Official Statement, dated October 2, 2003.	5
* 4.	Receipt for Bonds by the Underwriter.	6
*** 5.	Official Statement, dated October 7, 2003.	7
• 6.	Rating Letters from Standard & Poor's Ratings Services and Fitch Ratings.	8
* 7.	Specimen Bonds.	9

**Document
Number**

**Index
Number**

C. CLOSING DOCUMENTS OF THE AUTHORITY

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CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

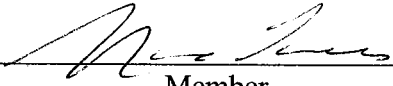
CERTIFICATE AS TO RESOLUTION OF THE AUTHORITY

The undersigned hereby certifies that she or he is the duly appointed and acting Member of the California Statewide Communities Development Authority (the "Authority"), a joint exercise of powers authority duly organized and in good standing under the Constitution and the laws of the State of California and that as such is authorized to execute this certificate on behalf of the Authority.

The undersigned hereby further certifies that the attached resolutions are full, true and correct copies of the Resolution No. 03R-11 and the Resolution No. 03R-12 adopted at a meeting of the Commission of the Authority held on September 23, 2003, of which meeting all of the Members of the Commission of the Authority had due notice and at which a quorum was present and acting throughout. The undersigned hereby further certifies that said resolutions have not been amended, modified or rescinded since the date of adoption and are now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set her or his hand this 21st day of October, 2003.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: 
Member

**A RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT
AUTHORITY AUTHORIZING THE ISSUANCE OF BONDS AND THE EXECUTION AND
DELIVERY OF AN INDENTURE, INSTALLMENT PURCHASE AGREEMENTS, BOND
PURCHASE AGREEMENT, AND OFFICIAL STATEMENT AND AUTHORIZING
CERTAIN RELATED MATTERS**

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under and pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and is authorized pursuant to Article 4 (commencing with Section 6584) and certain other provisions of the Act and other laws of the State of California (collectively, the "Bond Law") and the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), by and among various cities, counties and special districts, to issue bonds for the purpose of financing and refinancing the acquisition and construction of public capital improvements; and

WHEREAS, the Authority, after due investigation and deliberation, has determined that it is in the interests of the Authority at this time to provide for the authorization of revenue bonds (the "Bonds") under the Bond Law and the Agreement for the purposes of financing and/or refinancing the acquisition, installation and construction of certain public capital improvements (the "Projects") to the water and wastewater and other enterprise systems of the public agencies listed on Exhibit A attached hereto (the "Participants") and paying certain expenses related to the issuance of the Bonds;

WHEREAS, the Participants are each a Program Participant (as defined in the Agreement) of the Authority;

WHEREAS, the Authority will enter into Installment Purchase Agreements (as defined herein) with the Participants and will assign its rights to receive certain Installment Payments under the Installment Purchase Agreements to the Trustee for the benefit of the holders of the Bonds;

WHEREAS, pursuant to the Bond Law, the Authority hereby finds and determines, based on representations of the Participants, that "significant public benefits" will be experienced by the Participants from the issuance of the Bonds and the financing and/or refinancing of the Projects, and that, each of the Projects constitute a "public capital improvement" as defined under the Bond Law; and

WHEREAS, the Bonds may be issued in one or more series up to an aggregate principal amount not to exceed \$11,000,000; and

WHEREAS, there have been presented to this meeting the following documents and agreements:

- (1) A proposed form of the Installment Purchase Agreements (the "Installment Purchase Agreements"), each by and between the Authority and a Participant;
- (2) A proposed form of the Indenture (the "Indenture"), by and between the Authority and Union Bank of California, as trustee (the "Trustee");
- (3) A proposed form of the Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the Authority and the Underwriter (as defined herein); and
- (4) A proposed form of Official Statement (the "Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds;

WHEREAS, in order to provide for the delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be used and secured, to authorize the execution of the Indenture, Installment Purchase Agreements, a Bond Purchase Agreement, an Official Statement relating to the Bonds and to provide for certain related matters, the Commission of the Authority deems it in the best interests of the Authority to adopt this Resolution (the "Resolution");

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. Issuance of the Bonds. The issuance of the Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture as the same are completed as provided in this Resolution. The proposed form of the Bonds, as set forth in the Indenture, is hereby approved, and the Chairman, the Vice Chairman, the Secretary, the members of the Commission of the Authority and other appropriate officers of the Authority (the "Authorized Persons") are hereby authorized and directed to execute the Bonds in substantially such form, and the Trustee is hereby authorized and directed to authenticate and deliver the Bonds to the Underwriter (as defined below) in accordance with the Bond Purchase Agreement and the Indenture; provided, however, that the aggregate principal amount of Bonds shall not exceed \$11,000,000, and the average interest cost for a Series of the Bonds shall not exceed 6.50%.

The Bonds shall constitute limited obligations of the Authority and shall be payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the Revenues (as defined in the Indenture) and the other funds as provided in the Indenture, and the Authority shall not be obligated to pay them except from the Revenues and such other funds. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Members of the Authority is pledged to the payment of the Bonds. The Bonds shall not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any Program Participant of the Authority, and neither the directors of the Authority, the Members, nor any persons executing the Bonds are liable on the Bonds by reason of their issuance.

Section 2. Execution of the Indenture. The proposed form of Indenture, as presented to this meeting, is hereby approved. Any Authorized Person is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein, as may be necessary to cause the same to carry out the intent of this Resolution and as such Authorized Person, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Execution of the Bond Purchase Agreement. The proposed form of Bond Purchase Agreement, as presented to this meeting, is hereby approved. Any Authorized Person is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes and insertions therein, as may be necessary to cause the same to carry out the intent of this Resolution and as such Authorized Person, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Execution of Installment Purchase Agreement. The proposed form of Installment Purchase Agreement, as presented to this meeting, is hereby approved. Any Authorized Person is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Installment Purchase Agreement in substantially said form, with such changes and insertions therein, as may be necessary to cause the same to carry out the intent of this Resolution and as such Authorized Person, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Persons are hereby authorized to make the final designations of the Participants and the aggregate principal amount of the Installment Payment obligations under the Installment Purchase Agreements; provided, however, that the Authority shall not enter into an Installment Purchase Agreement with a public agency unless such public agency is identified in Exhibit A hereto, is a Program Participant (as defined in the Agreement) and has approved the financing pursuant to Section 9 of the Agreement. Exhibit A attached hereto may be amended from time to time by the Commission in order to add to, revise or otherwise amend the Participants.

Section 5. Approval of Preliminary Official Statement, Execution of Final Official Statement, Execution of Continuing Disclosure Certificate. This Commission hereby approves the form of preliminary official statement (the "Preliminary Official Statement") of the Authority relating to the Bonds in substantially the form presented at this meeting. The Authorized Persons are hereby authorized to certify that the information under the caption "THE AUTHORITY" and the first paragraph under the caption "LITIGATION" of said Preliminary Official Statement is as of its date "deemed final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Persons are hereby authorized and directed to execute for and on behalf of the Authority a final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein (and additions thereto to reflect the terms of the sale of the Bonds) as the Authorized Persons shall approve after consultation with Hawkins, Delafield & Wood, Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Persons are hereby authorized and directed to execute for and on behalf of the Authority a Continuing Disclosure Certificate, in substantially the form presented at this meeting, with such changes therein as the Authorized Persons shall approve after consultation with Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. Appointment of Professionals. Henderson Capital Partners, LLC is hereby confirmed and appointed as the underwriter in connection with the sale and delivery of the Bonds. Hawkins, Delafield & Wood, is hereby confirmed and appointed the bond counsel in connection with the sale and delivery of the Bonds.

Section 7. Other Actions Authorized. The Authorized Persons, their designees and such other proper officers of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the sale and delivery of the Bonds pursuant to the Indenture; to negotiate the purchase of policies of municipal bond insurance and surety bonds for the Reserve Fund (as defined in the Indenture) and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to comply with the terms of the bond insurer; to change the dates of any documents approved at this meeting from the dates on the forms submitted to this meeting; to change coverage ratios and other terms of any financial covenants; and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Indenture, the Bond Purchase Agreement, Installment Purchase Agreements, the Preliminary Official Statement, the Official Statement and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

The Authorized Persons shall not deliver the Bonds, Indenture or Installment Purchase Agreements until each Participant has approved the financing for purposes of Section 9. of the Agreement.

Section 8. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the CALIFORNIA STATEWIDE COMMUNITIES

DEVELOPMENT AUTHORITY this 23rd day of September, 2003.

I, the undersigned, the duly appointed and qualified Member of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on September 23, 2003.

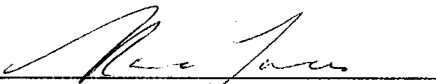
By: 
Member
California Statewide Communities
Development Authority

EXHIBIT A

City of Fort Bragg

City of Lodi

RESOLUTION NO. 03R-12

**RESOLUTION OF THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY APPROVING AND RATIFYING THE
ADDITION OF PROGRAM PARTICIPANTS TO THE AUTHORITY**

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is a public entity of the State of California, duly organized and existing pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the California Government Code, and the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "JPA Agreement"); and

WHEREAS, pursuant to Section 13 of the JPA Agreement, the Authority may add a qualifying public agency to become a Program Participant (as defined in the JPA Agreement) upon (i) receipt from such public agency of an executed counterpart of the JPA Agreement, together with a certified copy of the resolution of the governing body of such public agency approving the JPA Agreement and the execution and delivery thereof and (ii) the approval of the Commission of the Authority to add such public agency as a Program Participant; and

WHEREAS, this Commission of the Authority desires to approve and ratify the admission of the public entities listed in Schedule A attached hereto and incorporate herein by reference (the "Applicants") as Program Participants of the Authority; and

WHEREAS, this Commission hereby finds and determines that the Applicants are qualified to be added as parties to the JPA Agreement and to become Program Participants of the Authority; and

WHEREAS, the Applicants have, respectively, filed with the Authority executed counterparts to the JPA Agreement, together with certified copies of the resolutions approving the JPA Agreement and the execution and delivery thereof;

NOW, THEREFORE, BE IT RESOLVED by the Commission of the California Statewide Communities Development Authority, as follows:

Section 1. This Commission hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The addition of the Applicants as Program Participants is hereby approved, confirmed and ratified, and any actions heretofore taken on behalf of any such Applicants is hereby approved, confirmed and ratified.

Section 3. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the California Statewide Communities Development Authority this September 23, 2003.

* * * * *

I, the undersigned, a duly appointed, and qualified Member of the Commission of the California Statewide Communities Development Authority, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Commission of said Authority at a duly called meeting of the Commission of said Authority held in accordance with law on September 23, 2003.


By _____
Member of the Commission
California Statewide Communities
Development Authority

EXHIBIT A

**CALIFORNIA STATE WIDE COMMUNITIES DEVELOPMENT AUTHORITY
PROGRAM PARTICIPANTS**

CITY OF FORT BRAGG

INDENTURE

by and between

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

and

UNION BANK OF CALIFORNIA, N.A.

as Trustee

Dated as of October 1, 2003

Relating to the

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B**

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INDENTURE

This INDENTURE is made and entered into as of October 1, 2003 (the "Indenture"), by and between the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), and UNION BANK OF CALIFORNIA, N.A., a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as Trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), by and among the various cities, counties and special districts in California (the "Members"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Law") and is authorized pursuant to Article 4 (commencing with Section 6584) of the Law to issue bonds for the purposes of financing and refinancing the acquisition and construction of public capital improvements;

WHEREAS, the Authority has determined to issue its Water and Wastewater Revenue Bonds (Pooled Financing Program) (the "Bonds") to finance and refinance the costs of the acquisition and construction of public capital improvements to the water and wastewater and other enterprise systems of the Members pursuant hereto and to secure the Bonds in the manner provided herein; and

WHEREAS, the Bonds will be secured ratably and without preference from the Installment Payments (defined herein) to be paid by certain Participants (defined herein) under Installment Purchase Agreements (defined herein), such Installment Payments having been irrevocably assigned without recourse to the Trustee; and

WHEREAS, the Authority hereby determines that all things necessary to cause the Bonds, when duly authenticated by the Trustee and issued as provided herein, to be legally valid special obligations of the Authority, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Bonds at any time issued and delivered hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Bonds by the respective registered owners thereof from time to time, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee, for the benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of the Bonds and of any certificate, opinion, report, request or other document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

Authority

"Authority" means the California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the Law.

Agreement

"Agreement" means the Amended and Restated Joint Exercise of Powers Agreement relating to the California Statewide Communities Development Authority dated as of June 1, 1988, as such Agreement may be amended or supplemented from time to time.

Authorized Investments

"Authorized Investments" means any of the following obligations which at the time of investment are legal investments of funds of the Participants under the laws of the State of California for the money proposed to be invested herein:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. These include, but are not necessarily limited to:

U.S. Treasury obligations
All direct or fully guaranteed obligations

Farmers Home Administration
Certificates of beneficial ownership

General Services Administration
Participation certificates

U.S. Maritime Administration
Guaranteed participation certificates
Guaranteed pool certificates

Government National Mortgage Association (GNMA)
GNMA-guaranteed mortgage-backed securities
GNMA-guaranteed participation certificates

U.S. Department of Housing & Urban Development
Local authority bonds

Washington Metropolitan Area Transit Authority
Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

-Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior debt obligations

-Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system wide bonds and notes

-Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations

-Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluding stripped mortgages securities which are purchased at prices exceeding their principal amounts)

- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluding securities that do not have a fixed par value and/or the terms of which do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

(4) Unsecured certificates of deposit, deposit accounts, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

(7) Money market funds rated "AAm" or "AAm-G" by Standard & Poor's, or better, including funds which the Trustee or an affiliate manages, sponsors and advises.

(8) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Bond Insurer, provided that:

- A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach);
- B. The Trustee or a third party acting solely as agent therefor or for the Authority (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);
- C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

- D. All other requirements of S&P in respect of repurchase agreements shall be met;
- E. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so desired by the Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

(9) State Obligations, which means:

- (i) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
- (ii) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.
- (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" (without regard to subcategories) or better by Standard & Poor's and "Aa" (without regard to subcategories) or better by Moody's.

(10) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" (without regard to subcategories) by S&P and "Aa" (without regard to subcategories) by Moody's; *provided* that, by the terms of the investment agreement:

- A. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Project Fund, construction draws) on the Bonds;
- B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Authority and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

- C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;
- D. the Authority or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Authority and the Bond Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and an opinion of foreign counsel (if applicable, which opinion shall be addressed to the Authority and the Bond Insurer) in form and substance acceptable to the Bond Insurer and addressed to the Authority and the Bond Insurer;
- E. the investment agreement shall provide that if during its term
 - (i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and
 - (ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee; and
- F. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);
- G. the investment agreement must provide that if during its term
 - (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee (who shall give such direction if so directed by the Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

(11) Pre-funded municipal obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury obligation and upon delivery of a new Verification; and

(vi) the cash or the United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(12) Subject to the prior written consent of the Bond Insurer, local California agency investment pools, so long as such pool is rated in one of the two highest rating categories by S&P and Moody's.

(13) The Local Agency Investment Fund administered by the State of California.

(14) Other forms of investments approved in writing by the Bond Insurer.

Bonds

"Bonds" means the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B authorized, executed and delivered hereunder.

Bond Insurer or Insurer

"Bond Insurer" or "Insurer" means Financial Security Assurance Inc. and its successors and assigns, as issuer of the Municipal Bond Insurance Policy and the Reserve Policy.

Book-Entry Bonds

"Book-Entry Bonds" means Bonds registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.12 hereof.

Business Day

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office is located, are required or authorized to remain closed.

Certificate of the Authority

"Certificate of the Authority" means an instrument in writing signed by the Chair, the Vice-Chair, or any member of the Commission of the Authority, or by any other officer of the Authority duly authorized by the Authority for that purpose, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Continuing Disclosure Certificate

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate or Certificates executed by the Authority with respect to the Bonds.

Corporate Trust Office

"Corporate Trust Office" means a corporate trust office of the Trustee, located in San Francisco, California, provided that for purposes of transfer, exchange, surrender, redemption and payment of Bonds such term shall mean the corporate trust office of the Trustee located in Los Angeles, California, or such other address as may be specified by the Trustee in a written notice to the Authority.

Costs of Issuance

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, travel expenses and costs relating to rating

agency meetings and other meetings concerning the Bonds, initial fees and charges of any Trustee, legal fees and charges, fees and disbursements of consultants, lawyers and other professionals, financial advisor fees and expenses, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, surety, insurance and credit enhancement costs, and any other cost, charge or fee in connection with the delivery of the Bonds.

Costs of Issuance Fund

"Costs of Issuance Fund" means the Fund established pursuant to Section 3.4 hereof.

Depository

"Depository" means the securities depository acting as Depository for the Bonds pursuant to Section 2.12 hereof.

DTC

"DTC" means The Depository Trust Company, New York, New York, and its successors or assigns.

DTC Participants

"DTC Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as a securities depository.

Escrow Agent

"Escrow Agent" means Union Bank National Association.

Escrow Agreement

"Escrow Agreement" means the Escrow Agreement, dated as of the date hereof, by and between the Escrow Agent and the City of Fort Bragg.

Event of Default

"Event of Default" means any event described as such in Section 7.1 hereof.

Federal Securities

"Federal Securities" have the meaning defined in Section 8.1.

Indenture

"Indenture" means this Indenture and any Supplemental Indentures.

Independent Certified Public Accountant

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the Authority, and who, or each of whom:

- (1) is in fact independent and not under the domination of the Authority;
- (2) does not have any substantial interest, direct or indirect, with the Authority; and
- (3) is not connected with the Authority as a director, officer or employee of the Authority, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority.

Information Services

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's J.J. Kenny Information Services' "Called Bond Service," 55 Water Street, 45th Floor, New York, New York 10041; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and any other service providing information with respect to called bonds that the Authority may designate in writing to the Trustee.

Installment Payments

"Installment Payments" means the installment payments due under the Installment Purchase Agreements.

Installment Purchase Agreements

"Installment Purchase Agreements" means the Installment Purchase Agreements, dated as of the date hereof, entered into by the Participants with the Authority and assigned by the Authority to secure the Bonds.

Interest Fund

"Interest Fund" means the fund by that name established pursuant to Section 3.3 hereof that is held by the Trustee.

Interest Payment Date

"Interest Payment Date" means any April 1 or October 1, commencing April 1, 2004.

Law

"Law" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and all laws amendatory thereof or supplemental thereto.

Letter of Representations

"Letter of Representations" means a letter of the Authority and the Trustee delivered to and accepted by the Depository at or prior to the issuance of any Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

Moody's

"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 services of a municipal securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Authority.

Municipal Bond Insurance Policy

"Municipal Bond Insurance Policy" means the policy or policies of municipal bond insurance issued by the Bond Insurer.

Nominee

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.12 hereof.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 6.2 hereof) all Bonds issued and delivered hereunder except--

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 8.1 hereof; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Owner

"Owner" means the registered owner of any Outstanding Bond as per the registration books required to be maintained pursuant to Section 2.8 hereof.

Participants

"Participants" means the public agencies obligated to pay the Installment Payments under the respective Installment Purchase Agreements, consisting of the City of Fort Bragg and the City of Lodi.

Principal Fund

"Principal Fund" means the fund by that name, established pursuant to Section 3.3 hereof that is held by the Trustee.

Principal Payment Date

"Principal Payment Date" means any October 1 on which the principal of the Bonds is scheduled to be paid.

Project

"Project" means the public capital improvements of the Participants financed under the Installment Purchase Agreements.

Project Fund

"Project Fund" means the Project Fund that is held by the Trustee established with respect to the Bonds pursuant to Section 3.4 hereof.

Ratings Agency

"Ratings Agency" means each of Moody's and S&P, or such other nationally recognized rating agency then rating the Bonds.

Rebate Fund

"Rebate Fund" means the fund by that name, established pursuant to the Code and Section 4.5 hereof that is held by the Trustee.

Record Date

"Record Date" means the close of business on the 15th day of the month preceding any Interest Payment Date, whether or not such day is a Business Day.

Reserve Accounts; City of Fort Bragg Reserve Account; City of Lodi Reserve Account

"Reserve Accounts" means the account established within the Reserve Fund relating to the obligations under each separate Installment Purchase Agreements pursuant to Section 3.3. hereof.

"City of Fort Bragg Reserve Account" means the Reserve Account relating to the City of Fort Bragg within the Reserve Fund created in Section 2.3.

"City of Lodi Reserve Account" means the Reserve Account relating to the City of Lodi within the Reserve Fund created in Section 2.3.

Reserve Account Requirement

"Reserve Account Requirement" shall mean with respect to each Reserve Account the amount, as calculated from time to time, equal to the least of (i) maximum annual related Installment Payments, (ii) 125% of average annual related Installment Payments or (iii) 10% of the original principal amount of the related Installment Payments; *provided*, that notwithstanding any provision hereof to the contrary, with the prior written consent of the Bond Insurer, all or any portion of the Reserve Account Requirement for any Reserve Account may (following written notification to the rating agencies then rating the Bonds) be satisfied by the provision of a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, or a combination thereof, which, together with money on deposit in such Reserve Account, provide an aggregate amount equal to the Reserve Account Requirement, so long as (i) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in one of the two highest rating categories (at all times) by Moody's and by S&P, (ii) in the case of a substitution of cash for a credit facility, the Trustee has received an opinion of counsel of recognized standing in the field of law relating to municipal bonds substantially to the effect that such substitution is authorized or permitted under this Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, (iii) if such credit facility is not an irrevocable surety bond in the highest rating category of both Moody's and S&P, the Trustee has received written confirmation from the rating agencies then rating the Bonds that such substitution will not cause a lowering or withdrawal of any ratings on the Bonds, and (iv) the Trustee has received an opinion of counsel to the effect that the credit facility to be substituted is a valid, binding and legally enforceable obligation; and *provided further*, that in the event that any previously funded cash portion of the Reserve Account Requirement is satisfied by the provision of such a policy of insurance, surety bond, letter of credit or other comparable credit facility, or a combination thereof, the amount of money then in such Reserve Account equal to the portion of the Reserve Account Requirement then being satisfied by such credit facility shall (upon receipt of a Written Request of the related Participant) be withdrawn by the Trustee from the Reserve Account and transferred to the related Participant.

Reserve Fund

"Reserve Fund" means the fund by that name established pursuant to Section 3.3 hereof that is held by the Trustee.

Reserve Policy

"Reserve Policy" means the debt service reserve fund insurance policy issued by Financial Security Assurance Inc., having an initial policy limit of \$763,480.00 placed in the Reserve Fund on the date of delivery of the Bonds, guaranteeing the scheduled payment of principal of and interest on the Bonds allocable to the City of Fort Bragg in the stated amount of \$377,342.50 and the City of Lodi in the stated amount of \$386,137.50, subject to the limitations set forth therein.

Revenue Fund

"Revenue Fund" means the fund by that name, established pursuant to Section 3.2 hereof that is held by the Trustee.

Revenues

"Revenues" means all Installment Payments received or receivable by the Authority.

Securities Depositories

"Securities Depositories" The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 100410099 Attn. Call Notification Department, Fax (212) 8557232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated by the Trustee.

Serial Bonds

"Serial Bonds" means Bonds for which no Sinking Fund Installments are provided.

Sinking Fund

"Sinking Fund" means the fund by that name established pursuant to Section 3.3 hereof that is held by the Trustee.

Sinking Fund Installment

"Sinking Fund Installment" means the amount of money required by any Supplemental Indenture to be deposited in the Sinking Fund on any Sinking Fund Payment Date for the redemption of any particular Term Bonds on or prior to their respective stated maturity dates.

Sinking Fund Payment Date

"Sinking Fund Payment Date" means any date on which Sinking Fund Installments for any of the Bonds are required to be deposited in the Sinking Fund.

S&P

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

Supplemental Indenture

"Supplemental Indenture" means any indenture then in full force and effect which has been entered into by the Authority and the Trustee, amendatory of or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate

"Tax Certificate" means the certificate, executed by the Authority and each Participant and dated the date of the original issuance and delivery of the Bonds, with respect to the requirements of certain provisions of the Code, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Term Bonds

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from Sinking Fund Installments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Trustee

"Trustee" means Union Bank of California, N.A., a national banking association, duly organized and existing under the laws of the United States of America, appointed by the Authority and acting as an independent trustee with the duties and powers herein provided, and its successors or assigns, or any other corporation or association which may at any time be substituted in its place as provided in Section 5.1 hereof.

Written Request of the Authority

"Written Request of the Authority" means an instrument in writing signed by the Chair, the Vice-Chair, or any member of the Commission of the Authority or their designee, or by any other officer of the Authority duly authorized by the Authority for that purpose, such authorization to be evidenced at the request of the Trustee by a certificate verifying the specimen signatures of such officers.

Section 1.2. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Authority and the Trustee for the benefit of the owners from time to time of all the Bonds issued hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and

delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds from time to time without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

ARTICLE II

THE BONDS

Section 2.1. Authorization and Terms of Bonds. The Bonds in a principal amount of \$9,855,000 are hereby authorized to be issued by the Authority subject to the terms hereof in order to finance or refinance the acquisition and construction of public capital improvements. The Bonds shall be designated the "California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B".

The Bonds shall be dated as of their date of delivery, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004) and shall mature and become payable on October 1 in each of the years in the principal amounts set forth in the following schedule:

Annual Period	City of Fort Bragg Installment Ending October 1 <u>Payments</u>	City of Lodi Installment Payments <u>Payments</u>	Aggregate Principal <u>Principal</u>	Aggregate Interest <u>Interest</u>	<u>Total</u>
2004	\$372,790.14	\$373,886.53	\$375,000.00	\$371,676.67	\$746,676.67
2005	374,742.50	381,297.50	370,000.00	386,040.00	756,040.00
2006	371,042.50	382,597.50	375,000.00	378,640.00	753,640.00
2007	377,342.50	383,797.50	390,000.00	371,140.00	761,140.00
2008	373,442.50	384,897.50	395,000.00	363,340.00	758,340.00
2009	369,055.00	385,397.50	400,000.00	354,452.50	754,452.50
2010	368,985.00	385,067.50	410,000.00	344,052.50	754,052.50
2011	371,985.00	382,717.50	425,000.00	329,702.50	754,702.50
2012	375,055.00	385,622.50	445,000.00	315,677.50	760,677.50
2013	371,255.00	381,622.50	455,000.00	297,877.50	752,877.50
2014	367,817.50	382,997.50	470,000.00	280,815.00	750,815.00
2015	373,847.50	383,637.50	495,000.00	262,485.00	757,485.00
2016	372,822.50	382,387.50	515,000.00	240,210.00	755,210.00
2017	372,367.50	381,727.50	535,000.00	219,095.00	754,095.00
2018	371,237.50	385,387.50	560,000.00	196,625.00	756,625.00
2019	372,487.50	386,137.50	590,000.00	168,625.00	758,625.00
2020	367,987.50	386,137.50	615,000.00	139,125.00	754,125.00
2021	367,237.50	384,600.00	645,000.00	106,837.50	751,837.50
2022	365,700.00	382,275.00	675,000.00	72,975.00	747,975.00
2023	<u>368,375.00</u>	<u>384,162.50</u>	<u>715,000.00</u>	<u>37,537.50</u>	<u>752,537.50</u>
Total	\$7,425,575.14	\$7,666,354.03	\$9,855,000.00	\$5,236,929.17	\$15,091,929.17

The Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The Bonds shall be numbered sequentially. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the first Interest Payment Date, in which event it shall bear interest from October 20, 2003; *provided*, that if at the time of registration of any Bond interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption of the Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.8 hereof as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under such Section 2.8 hereof, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Bonds shall be paid in lawful money of the United States of America.

Section 2.2. Form of Bonds. The Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, which is incorporated herein and made a part hereof, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

Section 2.3. Application of Proceeds of Sale of Bonds; Reserve Policy. Upon receipt of payment for the Bonds (which amount shall be net of (i) original issue discount, (ii) underwriter's discount, (iii) payment by the underwriter to the Bond Insurer of premium for the Municipal Bond Insurance Policy and the Reserve Policy and (iv) payment by the underwriter to the Escrow Agent of a portion of the amounts needed for the Escrow Fund for the City of Fort Bragg), the Trustee shall set aside and deposit such proceeds, together with any other amounts received from the Authority or the Participants, in the manner described below and as set forth in further detail in a Written Request of the Authority.

(i) The Trustee shall deposit in the Project Accounts within the Project Fund an amount equal to \$4,935,000.00.

(ii) The Trustee shall deposit in the Costs of Issuance Fund an amount equal to \$119,413.31.

On the date of delivery of the Bonds the Authority will provide the Trustee with the Reserve Policy to hold for the account of the Reserve Fund. The Trustee shall draw upon the Reserve Policy so that funds are available as required by Sections 3.3(d) and 9.9 hereof. Within the Reserve Fund there shall be established Reserve Accounts relating to Installment Purchase Agreements entered into with certain Participants and with initial Reserve Account Requirements all as provided in the table below:

Reserve Accounts Schedule

<u>Participant</u>	<u>Reserve Account Requirement</u>	<u>Bond Proceeds and/or Reserve Policy</u>
City of Fort Bragg	\$377,342.50	Reserve Policy
City of Lodi	\$386,137.50	Reserve Policy

Section 2.4. Redemption of Bonds.

(a) Optional Redemption The Bonds maturing by their terms on or after October 1, 2014, are subject to optional redemption by the Authority on any date on or after October 1, 2013 to their respective stated maturity dates, as a whole or in part in such principal amounts and from such maturity dates as selected by the Authority, from funds derived by the Authority at the direction of the applicable Participant from any lawful source and deposited with the Trustee not less than five (5) days prior to the date of redemption, upon mailed notice as provided in Section 2.4(c) hereof, at a redemption price equal to the following percentages of the principal amount of the Bonds or the portions thereof redeemed on the following dates, together with interest accrued thereon to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
On October 1, 2013 and thereafter	100%

(b) Sinking Fund Installment Redemption. Sinking Fund Installments are hereby established for the mandatory redemption and payment of the Term Bonds maturing on October 1, 2023 which payments shall become due during the years ending on the dates and in the amounts set forth in the following schedule (except that if any Term Bonds have been optionally redeemed pursuant to Section 2.3(a) hereof, the amounts of such Sinking Fund Installments shall be reduced by the principal amount of all such Term Bonds so optionally redeemed), namely:

Term Bonds Due October 1, 2023

Date (October 1)	Sinking Fund Installment
2020	\$615,000
2021	645,000
2022	675,000
2023*	715,000

*Maturity.

(c) **Terms of Redemption.** Whenever less than all the Outstanding Bonds maturing on any one date are called for redemption at any one time, the Trustee shall select the Bonds to be redeemed (from the Outstanding Bonds maturing on such date not previously selected for redemption) by lot in any manner which the Trustee deems fair; *provided*, that if less than all the Outstanding Term Bonds maturing on any one date are called for redemption from proceeds other than Sinking Fund Installment payments at any one time, the Trustee shall calculate a reduction in the Sinking Fund Installment payments required to be made with respect to such Term Bonds (in an amount equal to the amount of Outstanding Term Bonds to be redeemed). Except for Sinking Fund Installment redemptions, the Authority shall deposit with the Trustee money sufficient to redeem any Outstanding Bonds not later than five (5) days prior to the redemption date of the Bonds to be redeemed.

In lieu of redemption of any Term Bonds, amounts on deposit in the Sinking Fund allocable to such Term Bonds shall be used and withdrawn by the Trustee at any time, upon receipt of a Written Request of the Authority, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Authority may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date; *provided*, that no Term Bonds shall be purchased under this Section 2.4 with a settlement date following that day which is seventy-five (75) days prior to the redemption date of such Term Bonds. The principal amount of any Term Bonds so purchased by the Trustee in any twelve (12) month period ending on that date which is seventy-five (75) days prior to any Sinking Fund Payment Date shall be credited toward and shall reduce the principal amount of the Term Bonds required to be redeemed on such Sinking Fund Payment Date.

Except for the redemption of Bonds at maturity and the redemption of Term Bonds on any Sinking Fund Payment Date, the Authority shall, at least forty-five (45) days prior to the redemption date, notify the Trustee of the redemption date and the principal amount of Bonds to be redeemed. Notice of redemption of any Bonds or any portions thereof shall be mailed by first class mail, postage prepaid, by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the redemption date of such Bonds (i) to the respective Owners of the Bonds designated for redemption at their addresses appearing on the bond registration books kept by the Trustee, (ii) to the Information Services and (iii) to the Securities Depositories. Each notice of redemption shall state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, whether funds are then on deposit sufficient to pay the redemption price, the place of redemption (including the name and appropriate address), the CUSIP number (if any) of the maturity or maturities, and, if less than

all Bonds of any such maturity are to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such redemption date there will become due and payable on each of such Bonds the redemption price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the Corporate Trust Office of the Trustee specified in the redemption notice as the place of redemption; *provided*, that failure by the Trustee to give notice pursuant to this Section 2.4 to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice or the failure of any Owner to receive any redemption notice mailed to such Owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any Bonds.

Upon surrender of any Bond redeemed in part only, the Authority shall execute and the Trustee shall (upon receipt of a Written Request of the Authority) authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered and of the same maturity.

From and after the date fixed for redemption of any Bonds or any portions thereof, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Bonds or such portions thereof so called for redemption shall have been duly provided, no additional interest shall accrue on such Bonds or such portions thereof from and after the redemption date specified in such notice.

All Bonds redeemed or purchased pursuant to the provisions of this Section 2.4 shall be destroyed by the Trustee in accordance with its retention policy then in effect and the Trustee shall deliver a certificate of destruction to the Authority.

As provided in Section 7.1 of the Installment Purchase Agreements, Participants may prepay their Installment Payments in accordance with this Section. The principal component of the Installment Payments to be prepaid shall correspond in amount and maturity date to the Bonds related to such Installment Purchase Agreement.

Section 2.5. Execution of Bonds. The Chair or the Vice-Chair of the Authority are hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to attest each of the Bonds on behalf of the Authority and to impress or imprint by facsimile the official seal of the Authority, if any, thereon. Any of such signatures may be by manual subscription or by printed, lithographed or facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes the same as though he had remained in office until the delivery of such Bonds.

Only such of the Bonds as shall bear thereon a certificate of authentication, manually executed and dated by the Trustee, shall be entitled to any benefits hereunder or shall be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that

the Bonds so registered have been duly issued and delivered hereunder and are entitled to the benefits hereof.

Section 2.6. Transfer and Registration of Bonds. Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.8 hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Corporate Trust Office of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form as provided by Supplemental Indenture.

Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall (upon receipt of a Written Request of the Authority) authenticate and deliver a new Bond or Bonds for a like aggregate principal amount and maturity date. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The cost of any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

The Trustee shall not be required to register the transfer of (i) any Bond during the fifteen (15) day period preceding any date established by the Trustee for selection of Bonds for redemption, (ii) any Bonds which have been selected for redemption (except for any unredeemed portion of any of such Bonds) or (iii) any Bonds during the period from any Record Date to any Interest Payment Date.

Section 2.7. Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority. No such exchange shall be required to be made (i) during the fifteen (15) days preceding any date established by the Trustee for selection of Bonds for redemption, (ii) of any Bonds which have been selected for redemption (except for any unredeemed portion of any of such Bonds) or (iii) any Bonds during the period from any Record Date to any Interest Payment Date.

Section 2.8. Bond Registration Books. The Trustee will keep, in accordance with its general practices and procedures in effect from time to time, at its Corporate Trust Office, sufficient books for the registration, transfer and exchange of the Bonds, which shall be open to inspection by the Authority during regular business hours upon reasonable prior written notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register, transfer or exchange the Bonds on such books as hereinbefore provided.

The ownership of the Bonds and the amount, maturity, number and date of holding the same shall be proved by the registration books maintained under this Section.

Section 2.9. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated in respect of the body of such Bond, or shall be believed by the Authority to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Corporate Trust Office of the Trustee, or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of security or indemnity satisfactory to the Authority and the Trustee, and upon payment of a sum sufficient to cover any tax or governmental charge and all fees and expenses incurred by the Authority and the Trustee in the premises, the Authority shall execute and the Trustee shall (upon receipt of a Written Request of the Authority) authenticate and deliver at the Corporate Trust Office, a new Bond or Bonds of the same maturity date and of the same aggregate principal amount of authorized denominations, of like tenor and date, with such notations as the Authority shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Trustee upon receipt by the Trustee and the Authority of like proof, security or indemnity and payment of any taxes, fees and expenses.

Any such replacement Bonds issued pursuant to this Section shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder, and the Authority and the Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

Section 2.10. Temporary Bonds. Until definitive Bonds shall be prepared, the Authority may cause to be executed and delivered in lieu of such definitive Bonds, and subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds, except that they may be in any denominations authorized by the Authority, one or more temporary typed, printed, lithographed or engraved Bonds in fully registered form, as may be authorized by the Authority, substantially of the same tenor and, until exchanged for definitive Bonds, entitled and subject to the same benefits and provisions hereof as definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without unnecessary delay and thereupon the temporary Bonds may be surrendered to the Trustee at the Corporate Trust Office, without expense to the Owner in exchange for such definitive Bonds. The costs of printing any definitive Bonds and any services rendered by the Trustee in connection with the authentication and delivery thereof shall be paid by the Authority. All temporary Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

Section 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Authority, or any Participant for the financing or refinancing of the acquisition and construction of any additions, betterments, extensions or improvements to the facilities of the Participants, or by any contracts made by the Authority or any Participant in connection therewith, and shall not be dependent upon the completion of the financing or refinancing of the acquisition and construction of any

additions, betterments, extensions or improvements to the facilities of the Participants or upon the performance by any person of his obligation with respect to the acquisition and construction of any additions, betterments, extensions or improvements to the facilities of the Participants, and the recitals contained in the Bonds that the same are issued pursuant to the Law or other applicable laws and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 2.12. Book-Entry System for Bonds. The Bonds shall be initially issued as Book-Entry Bonds, and each maturity of the Bonds shall be in the form of a separate single fully registered Bond (which may be typewritten), and upon initial issuance, the ownership of each such Bond shall be registered in the registration books maintained under Section 2.8 hereof in the name of the Nominee, as nominee of the Depository.

With respect to Book-Entry Bonds, the Authority and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of which such a DTC Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any DTC Participant with respect to the owners of beneficial interests in Book-Entry Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner as shown in the registration books maintained under Section 2.8 hereof, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its DTC Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event the Authority redeems any Book-Entry Bonds in part or (iv) the payment of any DTC Participant or any other person, other than an owner as shown in the registration books maintained under Section 2.8 hereof, of any amount with respect to the interest on or principal of or redemption premiums, if any, on Book-Entry Bonds. The Authority and the Trustee may treat and consider the person in whose name each Book-Entry Bond is registered in the registration books maintained under Section 2.8 hereof as the absolute Owner of such Book-Entry Bond for the purpose of payment of the interest on and the principal of and the redemption premium, if any, with respect to such Book-Entry Bond, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond and for all other purposes whatsoever. The Trustee shall pay the interest on and the principal of and the redemption premiums, if any, on the Book-Entry Bonds only to or upon the order of the respective Owners, as shown in the registration books maintained under Section 2.8 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of the interest on and the principal of and the redemption premiums, if any, on the Book-Entry Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books maintained under Section 2.8 hereof, shall receive a Bond evidencing the obligation of the Authority to make payments of the interest on and principal of and redemption premium, if any, on any Book-Entry Bond pursuant hereto. Upon delivery by the Depository to the Owner, the Trustee and the Authority of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to record dates, the term Nominee herein shall refer to such new nominee of the Depository.

In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Authority and the Trustee (upon receipt of a Written Request of the Authority) shall execute and deliver to the Depository a Letter of Representations with respect to such Bonds; *provided*, that the execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having beneficial interests in such Book-Entry Bonds other than the Owners, as shown in the registration books maintained under Section 2.8 hereof. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee (upon receipt of a Written Request of the Authority) shall take such other actions, not inconsistent herewith, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for any Book-Entry Bonds or (ii) the Depository shall no longer so act and gives written notice to the Trustee of such determination, then the Authority will discontinue the book-entry system for such Bonds with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered Bond for each of the maturities of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee; *provided*, that if the Authority fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the registration books maintained under Section 2.8 hereof in the name of the Nominee, but shall be registered in whatever name or names Owners transferring or exchanging such Bonds shall designate, in accordance with provisions of Sections 2.6 and 2.7 hereof.

Notwithstanding any other provision hereof to the contrary, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to the interest on and the principal of and the redemption premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

ARTICLE III

SECURITY; CREATION OF FUNDS

Section 3.1. Pledge of Revenues; Assignment of Installment Payments; Performance Under Installment Purchase Agreements. All the Revenues and all money in the Revenue Fund and in the funds or accounts so specified and provided for herein (except the Rebate Fund) are hereby irrevocably pledged by the Authority to the punctual payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Revenues and such other money shall not be used for any other purpose while any of the Bonds remain Outstanding; subject to the provisions hereof permitting the application thereof for the purposes and on the conditions and terms set forth herein. This pledge shall constitute a first and exclusive lien on the Revenues and such other money for the payment of the Bonds in accordance with the terms hereof.

The Authority hereby irrevocably transfers, assigns and sets over to the Trustee without recourse all of the Installment Payments and any and all rights and privileges it has under the Installment Purchase Agreements including, without limitation, the right to collect and receive

directly all of the Installment Payments and the right to hold and enforce any security interest, subject only to the provisions of this Indenture and the Installment Purchase Agreements, but excluding the Authority's rights to indemnification and payment of fees and expenses by the Participants under Sections 4.2 and 10.11 of the Installment Purchase Agreements. Any Installment Payments collected or received by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee. Subject to the provisions hereof, the Trustee also shall take all steps, actions and proceedings required to be taken as provided in any opinion of nationally recognized bond counsel delivered to it necessary to maintain in force for the benefit of the Owners of the Bonds the Trustee's rights in and priority to the security granted to it for the payment of the Bonds including but not limited to: the Trustee's rights as assignee of the Installment Payments, interest and other income and all other rights as assignee of the Installment Payments, interest and other income and all other rights to security for the Bonds which the Trustee may receive in the future.

The Authority covenants and agrees with the Owners of the Bonds to perform all obligations and duties imposed on it under the Installment Purchase Agreements and, together with the Trustee (subject to the provisions hereof), to enforce such Installment Purchase Agreements against the other party thereto in accordance with its terms. The Authority will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Installment Purchase Agreements to be kept, performed and complied with by it. The Authority agrees not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreements. The Trustee shall promptly notify any Participants whose Installment Payments are not received in full by the applicable Installment Payment Date.

Section 3.2. Fund; Receipt and Deposit of Revenues. There is hereby established a special fund to be known as the "Series 2003B California Statewide Communities Development Authority Water and Wastewater Financing Program Revenue Fund," which fund shall be held by the Trustee. Beginning on the date the Bonds become Outstanding and continuing until no Bonds are Outstanding, the Trustee shall deposit all Installment Payments as and when received by it in the Revenue Fund and the Authority agrees and covenants that all Revenues deposited by it in the Revenue Fund will be accounted for through and held in trust in the Revenue Fund, and the Trustee shall have no beneficial right or interest in such Revenues, except only as provided herein, and all such Revenues shall be disbursed, allocated and applied solely to the uses and purposes herein set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Trustee.

Within the Revenue Fund there shall be established a separate, segregated Account to be designated the "City of Fort Bragg Installment Payment Account", and the "City of Lodi Installment Payment Account" (each an "Installment Payment Account") relating to each Installment Purchase Agreement. The Trustee shall deposit in each such Installment Payment Account the related Installment Payments. Moneys on deposit in the Installment Payment Account prior to an Installment Payment Date may be credited to the Installment Payments due on such Installment Payment Date.

Section 3.3. Establishment and Maintenance of Funds for Use of Money in the Revenue Fund. Amounts in the Revenue Fund shall be transferred by the Trustee for deposit in the following respective funds (each of which is hereby created and each of which the Trustee hereby covenants and agrees to cause to be maintained) at the following times and in the following order of priority (the Trustee shall not withdraw from any particular Installment Payment Account an amount in excess of the debt service scheduled to be paid by the Installment Payments deposited therein):

- (1) Interest Fund;
- (2) Principal Fund;
- (3) Sinking Fund; and
- (4) Reserve Fund.

All Revenues shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(a) Interest Fund. The Trustee shall transfer from the Revenue Fund and deposit in the Interest Fund for receipt before April 1 and October 1 of each year (and on such other dates as provided in a Supplemental Indenture), beginning on April 1, 2004, an amount of money from the Revenue Fund which is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds (including accrued interest on any Bonds (or portions thereof) purchased or redeemed prior to maturity); *provided* that any earnings on deposit in the Interest Fund after payment of interest on Bonds on an Interest Payment Date shall be transferred to the Installment Payment Accounts within the Revenue Fund *pro rata* based on the principal amount outstanding on the Bonds allocable to each Participant as of such Interest Payment Date.

(b) Principal Fund. The Trustee shall deposit in the Principal Fund before October 1 of each year (and on such other dates as provided in a Supplemental Indenture) an amount of money from the Revenue Fund which, together with any money contained in the Principal Fund, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date. No deposit need be made into the Principal Fund if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds on such Principal Payment Date. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Serial Bonds as they shall become due and payable; *provided* that any earnings on deposit in the Principal Fund after payment of principal of the Bonds on a Principal Payment Date shall be transferred to the Installment Payment Accounts within the Revenue Fund *pro rata* based on the principal amount outstanding on the Bonds allocable to each Participant as of such Principal Payment Date.

(c) Sinking Fund. The Trustee shall deposit in the Sinking Fund before October 1 of each year (and on such other dates as provided in a Supplemental Indenture), an amount of money from the Revenue Fund equal to the Sinking Fund Installments payable on such Sinking

Fund Payment Date. All money in the Sinking Fund shall be used by the Trustee to redeem or purchase the Term Bonds in accordance with Article II hereof; *provided* that any earnings on deposit in the Sinking Fund after payment of Sinking Fund Installments of the Bonds on a Sinking Fund Payment Date shall be transferred to the Installment Payment Accounts within the Revenue Fund *pro rata* based on the principal amount outstanding on the Bonds allocable to each Participant as of such Sinking Fund Payment Date.

(d) Reserve Fund. In the event of a withdrawal of amounts from any Reserve Account within the Reserve Fund to make payments to the Interest Fund, Principal Fund or Sinking Fund, the Trustee shall deposit in such Reserve Account moneys from the Revenue Fund necessary to restore the amount in such Reserve Account to the applicable Reserve Account Requirement but only from the Installment Payments made for such purpose by the Participants who are obligated under the Installment Purchase Agreements to restore said amounts; *provided*, that if there has been a draw upon any policy of insurance, surety bond, letter of credit or other comparable credit facility used to provide all or a portion of a Reserve Account Requirement, said Installment Payments shall be applied to reimburse the provider of such instrument for payments made under such draw plus its expenses in connection therewith. Under the Installment Purchase Agreements, Participants shall only be obligated to replenish draws on the Reserve Account and other amounts incident thereto relating to such Participant.

As provided in Section 2.3, within the Reserve Fund there shall be established a Reserve Account relating to obligations under each separate Installment Purchase Agreement. Such Reserve Accounts shall be identified by the related Participant's name and the name of the Bonds. All money in (or available to) any Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Fund, the Principal Fund or the Sinking Fund (in such order) in the event of any deficiency at any time in any of the Installment Payments relating to such Reserve Account. Notwithstanding anything to the contrary herein, each Reserve Account shall be available only to cover a deficiency in the Installment Payments under the related Installment Purchase Agreement.

Earnings on amounts in the Reserve Accounts in excess of the Reserve Account Requirements shall be transferred to the related Installment Payment Account of the appropriate Participant on March 1 and September 1 of each year.

Section 3.4. Project Fund and Costs of Issuance Fund. There shall be established a separate fund with the Trustee to be known as the "Series 2003B California Statewide Communities Development Authority Water and Wastewater Pooled Financing Program Project Fund," which fund shall be referred to herein as the "Project Fund". Within said Project Fund a separate account shall be established to hold the proceeds of the Bonds to be made available to each related Participant. Such accounts shall be known as the "City of Lodi Project Account."

There shall also be established a separate fund with the Trustee to be known as the "Series 2003B California Statewide Communities Development Authority Water and Wastewater Pooled Financing Program Costs of Issuance Fund," which fund shall be referred to herein as the "Costs of Issuance Fund". On March 1, 2004 all amounts on deposit in the Costs of Issuance Fund shall be transferred to the Revenue Fund. The Installment Payment Accounts shall be credited *pro rata* for any such deposit to the Interest Fund based on the principal amount

outstanding under each Installment Purchase Agreement or as otherwise directed by the Authority.

Before any payment of money is made from any Project Account within the Project Fund, the related Participant shall file with the Trustee a sequentially numbered Written Request of the Participant in substantially the form of Exhibit B which contains the following items:

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid and the Project Fund from which such payment is to be made; and
- (c) the purpose for which the obligation to be paid was incurred.

Each such Written Request of the Participant shall state and shall be conclusive evidence to the Trustee of the following:

- (w) that such payment complies with the requirements of the Indenture;
- (x) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Project Account; and
- (y) that there has not been filed with or served upon the Participant a stop notice or any other notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named in such Written Request of the Participant which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by operation of law, or if such a stop notice or any other notice has been filed with or served upon the Participant, the Participant has provided satisfactory assurances to the Trustee, including an indemnity or bond, if appropriate, that such lien, right to lien or attachment upon, or claim will not adversely affect the operations or finances of such Participant.

Before any payment of money is made from any of the Costs of Issuance Fund, the Authority shall file with the Trustee a Written Request of the Authority substantially in the form of Exhibit C which contains the following items:

- (a) the name and address of the person to whom payment is due;
- (b) the amount of money to be paid and the Costs of Issuance Fund from which such payment is to be made; and
- (c) the purpose for which the obligation to be paid was incurred.

Each such Written Request of the Authority shall state and shall be conclusive evidence to the Trustee of the following:

- (w) that such payment complies with the requirements of this Indenture and the Supplemental Indenture; and

(x) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Fund.

Upon receipt of each Written Request described above the Trustee shall pay the amount set forth therein as directed by the terms thereof.

When the acquisition and construction of the Project of any Participant has been completed, the Authority shall cause the Participant to deliver to the Trustee a Certificate of the Participant stating the fact and date of the completion of such Project and stating that all of the costs of such Project and the expenses incidental thereto have been determined and paid (or that all such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the appropriate Account of the Project Fund is to be maintained in the full amount of such claims until such dispute is resolved). Upon the receipt by the Trustee of such Certificate, the Trustee shall transfer any remaining balance of money in the appropriate Project Account of the Project Fund (but less the amount of any such retention) to the Participant to which it relates. If three years after the delivery of Bonds a Project Account has moneys on deposit, the Trustee shall send the related Participant a notice that funds remain on deposit.

All investment earnings on funds held in a Project Fund shall remain in such Project Account until completion of the related Project.

ARTICLE IV

COVENANTS OF THE AUTHORITY

Section 4.1. Punctual Payment. The Authority will punctually pay the interest on and principal of and redemption premiums, if any, to become due with respect to the Bonds in strict conformity with the terms hereof and of the Bonds, and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof and of the Bonds.

Section 4.2. Legal Existence. The Authority will use all means legally available to maintain its existence so long as any of the Bonds are Outstanding.

Section 4.3. Against Encumbrances. The Authority will not mortgage or otherwise encumber, pledge or place any charge upon any of the Revenues except as provided herein.

Section 4.4. Tax Covenants and Matters.

(a) General. The Authority hereby covenants with the holders of the Bonds that, notwithstanding any other provisions of this Indenture, they shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. The Authority shall not, directly or indirectly, use or permit the use of proceeds of the Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Bonds. It shall be understood, however, that the Authority does not control the expenditure of the moneys in the Project Accounts.

(b) Arbitrage. The Authority shall not, directly or indirectly, use or permit the use of any proceeds of any Bonds, or of any property financed or refinanced thereby, or other funds of the Authority, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Authority shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Bonds. It shall be understood, however, that the Authority does not control the expenditure of the moneys in the Project Accounts.

(c) Federal Guarantee. The Authority shall not make any use of the proceeds of the Bonds or any other funds of the Authority, or take or omit to take any other action, that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. It shall be understood, however, that the Authority does not control the expenditure of the moneys in the Project Accounts.

(d) Compliance with Tax Certificate and Agreement. In furtherance of the foregoing tax covenants of this Section, the Authority covenants that they will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Bonds.

Section 4.5. Rebate Fund.

(a) Establishment. The Trustee shall establish a special fund designated the "Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder. Such amounts shall be free and clear of any lien under this Indenture and shall be governed by this Section and Section 4.4 of this Indenture and by the Tax Certificate executed by the Authority and the Participants. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Bonds shall be governed by this Section and the Tax Certificate for the Bonds, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. The Trustee shall act with respect to the Rebate Fund solely on the Authority's instructions, and the Authority's instructions shall be in accordance with the Tax Certificate and the Trustee shall have no responsibility to enforce compliance by the Authority with the terms of the Tax Certificate. Pursuant to a Supplemental Indenture or a Written Request of the Authority or a Participant, separate accounts may be established within the Rebate Fund relating to a particular Participant.

(i) Computation of Rebate Amount. Within 55 days of the end of each fifth Bond Year (and each Bond Year in which amounts are held in the Project Fund) (as such term is defined in the Tax Certificate), the Authority shall calculate or cause to be calculated the amount of "rebate amount," in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the "rebate amount," described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(A)(ii) or Section 148(f)(4)(B) of the Code, the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code

or Section 1.148-7(d) of the Treasury Regulations, the exception for certain "small governmental issuers" as set forth in Section 148(f)(4)(D) of the Code, and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations.

(ii) Transfer of Moneys. Within 55 days of the end of each such fifth Bond Year, upon the written request of the Authority, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available moneys for such purpose (as specified by the Authority in the aforesaid written request), if and to the extent required so that the balance in the Rebate Fund shall equal the "rebate amount" so calculated in accordance with this Section. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written request of the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then transfer the excess as directed by the Authority.

(iii) Timing of Rebate Payment to the Treasury. The Trustee shall pay, as directed by request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund,

(A) not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year; and

(B) not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

Each payment required to be made pursuant to this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Deficiencies in the Rebate Fund. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due.

(c) Disposition of Unexpended Moneys. Any moneys remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in this Section being made may be withdrawn by the Authority and utilized in any lawful manner by the Authority.

(d) Record Keeping. The Authority shall retain records of all determinations made hereunder until six years after the complete retirement of the Bonds.

(e) Survival of Defeasance. Notwithstanding anything in this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the payment in full or defeasance of the Bonds.

(f) Arbitrage Calculation Service. As provided in Section 4.3 of the Installment Purchase Agreements, the Authority hereby designates Hawkins, Delafield & Wood as the arbitrage calculation service, unless written notification to the contrary is provided by any Participant to the Trustee and the Authority.

Section 4.6. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or any holder or beneficial owner of the Bonds may take such actions as described under the Continuing Disclosure Certificate to cause the Authority to comply with its obligations under this Section.

As provided in Section 4.3 of the Installment Purchase Agreements, the Authority hereby designates Union Bank of California, N.A. as the dissemination agent to assist the Participants in their continuing disclosure obligation, unless written notification to the contrary is provided by any Participant to the Trustee and the Authority.

Section 4.7. Further Assurances. The Authority will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided herein.

ARTICLE V

THE TRUSTEE

Section 5.1. The Trustee. Union Bank of California, N.A., is hereby appointed Trustee hereunder for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided herein.

The Authority at any time may (prior to the occurrence of an Event of Default which shall then be continuing), and shall upon the written request of the Bond Insurer upon any breach of the trust set forth herein, remove the Trustee initially appointed and any successor thereto upon thirty (30) days written notice to the Trustee, and the Authority shall appoint a successor or successors thereto; *provided*, that any such successor shall be a bank or trust company doing business in California that is approved by the Bond Insurer and that has a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and is subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the Authority and to the Bond Insurer and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books maintained under Section 2.8 hereof. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; *provided*, that if no such successor shall have been appointed by the Authority within thirty (30) days after the receipt by the Authority of such notice, the Trustee may petition any court of competent jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the appointment of and the acceptance of appointment by the successor Trustee.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall destroy all Bonds in accordance with its then current retention policy upon payment thereof or upon the surrender thereof by the Authority and shall, upon receipt of a Written Request of the Authority, deliver a certificate of such destruction to the Authority; *provided*, that the Trustee may require the Authority to pay all reasonable costs for copying the cancelled Bonds. The Trustee shall keep accurate records of all Bonds paid and discharged and destroyed by it.

The Authority shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (both in-house and outside) and engineers or other experts employed by it in the exercise and performance of its powers and duties hereunder, and indemnify and save the Trustee and its officers, directors, officials, employees and agents harmless against any costs, expenses, losses and liabilities not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The Trustee's rights to indemnification and protection from liability hereunder and its rights to payment of its fees, charges and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

Section 5.2. Liability of Trustee. The recitals of facts, agreements and covenants contained herein and in the Bonds shall be taken as statements, agreements and covenants of the Authority, and the Trustee does not assume any responsibility for the correctness of the same, or make any representation as to the validity or sufficiency hereof or of the Bonds, the adequacy of any security afforded thereunder, or the correctness or completeness of any information contained in any offering materials distributed in connection with the sale of the Bonds, or incur any responsibility in respect of any of the foregoing, other than in connection with the duties or obligations herein or in the Bonds explicitly assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it hereunder at the request or direction of any Owner pursuant hereto unless such Owner shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Except during the continuance of an Event of Default,

(a) the Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read herein against the Trustee; and

(b) in the absence of negligence or willful misconduct on its part, the Trustee 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 Trustee and conforming to the requirements hereof, and shall be under no duty to make any investigation or inquiry into such matters.

In case an Event of Default has occurred and is then continuing, the Trustee shall exercise such rights and powers vested in it hereby, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee in its individual or other capacity may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee.

The Trustee shall not be deemed to have knowledge of any Event of Default (other than a payment default hereunder) until it has actual knowledge at its Corporate Trust Office that an Event of Default has occurred. The Trustee shall not be bound to ascertain or inquire as to the performance or observance by any other party of any of the agreements, conditions, covenants or terms hereof or of any of the documents executed in connection with the Bonds.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any duties hereunder.

The Trustee may execute any of the trusts or powers hereof and perform the duties of it required hereunder by or through attorneys, accountants, agents or receivers, and may, in all cases, pay, and be reimbursed for, the reasonable fees and expenses thereof.

Section 5.3. Notice to Trustee. The Trustee shall be protected in acting upon any notice, indenture, request, requisition, consent, order, certificate, report, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel to the Authority, 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, suffered or omitted hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority and the Trustee is under no obligation to independently investigate or verify such matter, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, but is not required to, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

ARTICLE VI

AMENDMENT OF THE INDENTURE

Section 6.1. Procedure for Amendment of the Indenture. Subject to Section 9.8, the Indenture and the rights and obligations of the Authority and of the Owners hereunder and any Installment Purchase Agreement and the rights and obligations of the Participant and Authority thereunder may be amended at any time by a Supplemental Indenture or Supplemental Agreement which shall become binding when the written consents of the Owners of at least sixty per cent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 6.2 hereof) and the written consent of the Bond Insurer are filed with the Trustee; *provided* that so long as the Municipal Bond Insurance Policy is in effect, the Bond Insurer may give consent to amendments in place of the Owners of the Bonds. No such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Authority to pay the interest or principal or redemption premium, if any, of any Bond or reduce the scheduled Installment Payments to come due, without the express written consent of the Owner of the affected Bond, or (2) permit the creation by the Authority of any mortgage, pledge or lien upon the Revenues superior to or on a parity with the pledge and lien created herein for the benefit of the Bonds, or (3) permit the creation by any Participant of any mortgage, pledge or lien upon the System Revenues (as defined in the Installment Purchase Agreements) superior to or on a parity with the pledge and lien created by an Installment Purchase Agreement, or (4) reduce the percentage of Bonds required for the written consent to any such amendment, or (5) modify the rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Authority and of the Owners and any Installment Purchase Agreement and the rights and obligations of the Participant and the Authority thereunder may also be amended at any time by a Supplemental Indenture or Supplemental Agreement which shall become binding upon execution, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

- (a) To add to the agreements and covenants of the Authority or a Participant other agreements and covenants thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Authority or the Participant;
- (b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision, or in regard to questions arising hereunder or thereunder, as may deem necessary or desirable and not inconsistent herewith or therewith, and which shall not materially adversely affect the interests of the Owners of the Outstanding Bonds;
- (c) To modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(d) To maintain the exclusion under the Code of interest on the Bonds from gross income for federal income tax purposes;

(e) To the extent necessary to maintain any then existing rating by Moody's (if Moody's is then rating the Bonds) or S&P (if S&P is then rating the Bonds) or in connection with placing a credit facility in the Reserve Fund or;

(f) For any other purpose that does not materially adversely affect the interests of the Owners of the Outstanding Bonds.

Section 6.2. Disqualified Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for herein, and shall not be entitled to consent to, or take any other action provided for herein.

Section 6.3. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds may bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Corporate Trust Office of the Trustee, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds. The cost of any services rendered or expenses incurred by the Trustee in connection with any endorsement or replacement of Bonds shall be paid by the Authority.

Section 6.4. Amendment by Mutual Consent. The provisions of this Article VI shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds and such amendment has no effect on the rights or obligations of the Bond Insurer.

Section 6.5. Opinion of Counsel. The Trustee may conclusively rely upon and accept an opinion of counsel to the Authority that an amendment hereof is in conformity with the provisions of this Article VI without independent investigation.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.1. Events of Default and Acceleration of Maturities. If one or more of the following events (herein an "Event of Default") shall happen, that is to say:

(a) If default shall be made in the due and punctual payment of the interest on any Bond or when and as the same shall become due and payable; or

(b) If default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on or of any Sinking Fund Installment for any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; or

(c) If an Event of Default shall occur under one of the Installment Purchase Agreements;

then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time Outstanding, shall, by notice in writing to the Authority, declare the principal of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained herein or in the Bonds to the contrary notwithstanding; *provided*, any such declaration shall be limited to those Bonds corresponding in principal amount and maturity date to the principal components of delinquent Installment Payments related to such default (Bonds to be selected by lot within a maturity if necessary); *provided further*, that any such declaration shall be subject to the prior written consent of the Bond Insurer; and *provided further*, that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered, there shall be deposited with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the expenses of the Trustee, including attorneys' fees, together with interest on any such amounts advanced as provided herein, and any and all other defaults known to the Trustee (other than in the payment of interest and principal on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured or provision shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all the Bonds, rescind and annul such declaration and its consequences; except that no such rescission or annulment shall occur without the prior written consent of the Bond Insurer, and no such rescission or annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 7.2. Application of Funds Upon Acceleration. All money in the accounts and funds provided for herein upon the date of the declaration of acceleration by the Trustee as provided in Section 7.1 hereof, and all Revenues thereafter received by the Authority hereunder, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs, fees and expenses of the Trustee, if any, including reasonable compensation to its agents, attorneys and counsel, and thereafter to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal and in case

such money shall be insufficient to pay in full the whole amount so owing and unpaid upon such Bonds then to the payment of such interest, principal, interest on overdue interest and principal and without preference or priority among such interest, principal, interest on overdue interest and principal and, ratably to the aggregate of such interest and principal.

Section 7.3. Other Remedies of Owners. Any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights hereunder or;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Owners.

Section 7.4. Non-Waiver.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach, and no delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Authority and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 7.5. Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners, and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact; *provided*, that the Trustee shall have no duty or obligation to enforce any right or remedy unless it has been indemnified by the Owners from any liability or expense including without limitation fees and expenses of its attorneys (both in-house and outside); and *provided further*, that notwithstanding any other provision contained herein, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant hereto, the Trustee shall consider the effect on the Owners as if there were no Municipal Bond Insurance Policy on the Bonds.

Section 7.6. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter

existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VIII

DEFEASANCE

Section 8.1. Discharge of Bonds. If there shall be paid, to the Owners of all or a portion of the Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated therein and herein, then the owners of such Bonds shall cease to be entitled to the pledge of Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied; *provided*, that notwithstanding anything contained herein to the contrary, in the event that the interest on or principal of any Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy or the Reserve Policy, then such Bonds shall remain Outstanding for all purposes hereof and shall not be defeased or otherwise satisfied and shall not be considered paid, and the assignment and pledge hereunder and all agreements and covenants to the Owners of such Bonds shall continue to exist and shall run to the benefit of such Bond Insurer, and such Bond Insurer shall be subrogated to the rights of such Owners. In such event, the Trustee shall execute and deliver all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the appropriate Participant all money or securities held by it pursuant hereto which secure only such Bonds (or are properly allocable under the terms hereof to such Bonds to be defeased) which are not required for the payment of such interest, principal and redemption premiums, if any, on such Bonds, other than the money, if any, in the Rebate Fund.

Any Outstanding Bonds for the payment of which money shall have been set aside to be held in trust by the Trustee for such payment at the maturity or redemption date thereof shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this Section.

Any Outstanding Bonds shall prior to the maturity date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (1) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Authorized Investments identified in paragraph 1(a) of the definition thereof ("Federal Securities") which are not subject to redemption prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America) the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient (as evidenced by a report of an Independent Certified Public Accountant obtained by the Authority and filed with the Trustee) to pay when due the interest due and to become due on such Bonds on and prior to the maturity date or redemption date thereof, and the principal of and redemption premiums, if any, on such Bonds on the maturity date or redemption date thereof, and (2) the Authority shall have given the Trustee a Written Request of the Authority containing irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Trustee and that such

Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds; *provided*, that neither the Federal Securities nor any money deposited with the Trustee pursuant to this Section nor any interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities shall be held in trust for, the payment of the interest on and principal of and redemption premiums, if any, on such Bonds as provided herein; and *provided further*, that any cash received from such interest or principal payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested as specified in a Written Request of the Authority in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of and redemption premiums, if any, on such Bonds on and prior to such maturity date or redemption date thereof, and interest earned from such reinvestments shall be deposited in the Revenue Fund.

As provided in Section 9.1 of the Installment Purchase Agreements, the Installment Purchase Agreements will be discharged to the extent the Bonds are discharged under this Section. The principal components of the Installment Payments to be discharged shall correspond in amount and maturity date to the Bonds related to such Installment Purchase Agreements.

Section 8.2. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee for the payment and discharge of the interest on or principal of or redemption premiums, if any, on any of the Bonds (shall be held uninvested) and such money which remains unclaimed for two (2) years after the date when such payments have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such payments became due and payable, shall be repaid by the Trustee to the Authority as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the making of such payments; *provided*, that before being required to make any such payment to the Authority, the Trustee shall, upon receipt of a Written Request of the Authority, cause to be mailed to the Owners of such Bonds (at the expense of the Authority) at their addresses as they appear in the registration books maintained under Section 2.8 hereof a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the Authority. Any such moneys will be held uninvested by the Trustee.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Liability of Authority Limited to Revenues and Other Funds. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source of income other than the Revenues and the other funds as provided herein for the payment of the interest on or the principal of or the redemption premiums, if any, on the Bonds or for the observance or performance of any agreements, conditions, covenants or terms contained herein.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the Revenues and such other funds as provided hereunder, and the Authority is not obligated to pay them except from the Revenues and such other funds. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and the principal of and redemption premiums, if any, on the Bonds as provided herein.

Neither the faith and credit nor the taxing power of the State of California or any Participant thereof or any Member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any Member of the Authority, and neither the governing board of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Section 9.2. Benefits of Indenture Limited to Certain Parties. Nothing herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Owners and the Bond Insurer any right, remedy or claim under or by reason hereof. Any agreements, conditions, covenants or terms hereof required to be observed or performed by and on behalf of the Authority or any director, officer or employee thereof shall be for the sole and exclusive benefit of the Trustee and the Bond Insurer and the Owners, and to the extent the Indenture confers upon or gives or grants to any Bond Insurer any right, remedy or claim under or by reason hereof, such Bond Insurer is hereby explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred upon or given or granted hereunder.

Section 9.3. Successor Is Deemed Included in All References to Predecessor. Whenever herein either the Authority or any director, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority or such director, officer or employee, and all the agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Authority or any director, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 9.4. Execution of Documents by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority in good faith and in accordance therewith.

Section 9.5. Waiver of Personal Liability. No director, officer or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds; but nothing contained herein shall relieve any director, officer or employee of the Authority from the performance of any official duty provided by law.

Section 9.6. Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered promptly to the Trustee for cancellation.

Section 9.7. Content of Certificates and Reports. Every certificate (other than a certificate of destruction of Bonds) or report with respect to compliance with an agreement, condition, covenant or term contained herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or report are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representation by counsel, unless such officer knows that the certificate or opinion or representation with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Authority, upon the opinion of or representation by an officer or officers of the Authority, unless such counsel knows that the opinion or representation with respect to the matters upon which his opinion or representation may be based, as aforesaid, are erroneous, or in exercise of reasonable care should have known that the same were erroneous.

Section 9.8. Provisions Relating to Municipal Bond Insurance. Notwithstanding anything to the contrary in the Indenture, the provisions in this Section shall govern so long as the Municipal Bond Insurance Policy is in effect or any amounts are owing to the Bond Insurer.

(a) Notwithstanding any provision of this Indenture to the contrary, the Bond Insurer shall be deemed the sole Owner of the Outstanding Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that such Owners are entitled to take pursuant to the Indenture, and no amendment or supplement to the Indenture or the Installment Purchase Agreements may become effective except upon obtaining the prior written consent of the Bond Insurer; *provided, however*, that the rights of the Bond Insurer to

direct or consent to Participant, Trustee or Owner actions under the Indenture shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Municipal Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Municipal Bond Insurance Policy is no longer in effect or the Insurer asserts that the Municipal Bond Insurance Policy is not in effect or the Insurer shall have provided written notice that it waives such rights.

(b) In the event that the interest on or principal of the Bonds shall be paid by the Bond Insurer pursuant to the terms of the Municipal Bond Insurance Policy or the Reserve Policy, such interest and principal shall not be deemed paid for purposes of the Indenture or the Installment Purchase Agreements and shall continue to be due and owing until paid in accordance with the Installment Purchase Agreements and the Indenture, and such Bond shall (to the extent of such interest and principal) remain outstanding under this Indenture. Neither the Indenture nor the Installment Purchase Agreements shall be discharged unless and until all amounts due to the Bond Insurer have been paid in full.

(c) The rights granted to the Bond Insurer under the Indenture, or the Installment Purchase Agreements to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of the issuance of the Municipal Bond Insurance Policy or the Reserve Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Owner nor does such action evidence any position of the Bond Insurer, positive or negative, as to whether Owner consent is required in addition to consent of the Bond Insurer.

(d) If, on the third Business Day prior to an Interest Payment Date or Principal Payment Date, there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of and interest on a Bond due on such date, the Trustee shall give notice to the Bond Insurer and to the Bond Insurer's Fiscal Agent (if any) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to such date, there continues to be a deficiency in the amount available to pay the principal of and interest of the Bonds due on such date, the Trustee shall make a claim under the Municipal Bond Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest and the amount required to pay principal, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day filling in the form of Notice of Claim and Certificate delivered with the Municipal Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal of the Bonds paid by the Bond Insurer on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement bond certificate to the Bond Insurer, registered in the name of Financial Security Assurance, Inc., in a principal amount equal to the amount of principal amount so paid (without regard to authorized denominations); *provided* that the Trustee's failure to so designate any payment or execute and deliver any replacement bond certificate shall have no effect on the amount of principal or interest payable with respect to any Bond or the subrogation rights of the Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account and the allocation of such funds to payment of interest and principal with respect to any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Municipal Bond Insurance Policy the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereto regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfers used to pay interest and principal with respect to the Bonds with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following the payments due with respect to the Bonds on an Interest Payment Date or Principal Payment Date shall promptly be remitted to the Bond Insurer.

(e) The Bond Insurer shall, to the extent it makes any payment of principal component or interest with respect to the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy and the Reserve Policy.

(f) Payments required to be made to the Bond Insurer shall be payable solely from Installment Payments and amounts on deposit in the funds and accounts established under the Indenture and shall be paid (i) prior to an Event of Default, to the extent not paid from the Revenue Fund, after required deposits to the Reserve Fund and (ii) after an Event of Default, with respect to amounts other than principal and interest with respect to the Bonds, on the same priority as payments to the Trustee for expenses. The obligations to the Bond Insurer shall survive discharge or termination of this Indenture.

(g) The Bond Insurer shall be entitled to pay principal or interest with respect to the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) thereof in accordance with the Indenture, whether or not the Bond Insurer has received a Notice of Nonpayment (as defined in the Municipal Bond Insurance Policy) or a claim upon the Municipal Bond Insurance Policy.

(h) The Bond Insurer has the right to remove the Trustee hereunder.

(i) Notwithstanding anything to the contrary herein, the Bonds may not be accelerated without the consent of the Bond Insurer.

(j) In the event the maturity of the Bonds is accelerated, the Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Bond Insurer's obligations under the Municipal Bond Insurance Policy with respect to such Bonds shall be fully discharged.

(k) No grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of the Bond Insurer.

(l) The discretion of the Trustee to apply moneys shall not permit the Trustee to fail to liquidate investments in the Interest, Principal and Sinking Funds and Reserve Fund and apply amounts credited to such funds to the payment of debt service on any payment date for the Bonds.

(m) No modification, amendment or supplement to the Indenture or any Installment Purchase Agreement may become effective except upon obtaining the prior written consent of the Insurer. Copies of such modifications, amendments and supplements shall be sent to Standard & Poor's Ratings Service and Moody's Investors Service, Inc. at least 10 days prior to their effective date.

(n) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated or (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or any combination thereof, shall be authorized to be used to effect defeasance of the Bonds unless the Bond Insurer otherwise approves.

To accomplish defeasance the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to the Bond Insurer), and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture, each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee and the Bond Insurer. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Bond Insurer and shall be accompanied by such opinions of counsel as may be required by the Bond Insurer. The Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

(o) The Indenture shall not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

(p) The Bond Insurer shall be provided with the following information by the Authority or, if the Trustee has actual knowledge of the event (as to (ii) and (iii) below), by the Trustee:

(i) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(ii) Notice of any Event of Default known to the Trustee within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or prepayment of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(v) The commencement of any proceeding by or against the Authority or any Participant commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vi) The making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal or interest with respect to the Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment or supplement to this Indenture or any Installment Purchase Agreement; and

(viii) All reports, notices and correspondence to be delivered under the terms of this Indenture.

(q) The Bond Insurer is a third-party beneficiary of this Indenture.

Section 9.9. Provisions Relating to the Reserve Policy.

Notwithstanding anything to the contrary in the Indenture, the provisions of this Section shall govern so long as the Reserve Policy is in effect or any amounts are owing to the Bond Insurer.

As provided in the Installment Purchase Agreements entered into by those Participants having the Reserve Policy available for their related Reserve Accounts, interest shall accrue and be payable on draws under the Reserve Policy and all related reasonable expenses incurred by the Insurer from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank (N.A.) at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate")(any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank (N.A.)) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment

Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank (N.A.) ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

In the event of a shortfall in Installment Payments, all cash and investments in the Reserve Account relating to such shortfall in Installment Payments shall be transferred for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to such Reserve Account in lieu of cash ("Reserve Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Reserve Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro rate basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the related Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the related Reserve Account.

If any Participant shall fail to pay any Policy Costs in accordance with the requirements set forth above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Owners of the Bonds.

In order to secure the Participant's payment obligations with respect to the Policy Costs the Authority hereby grants to the Insurer a security interest in all revenues and collateral pledged as security for the Bonds; *provided* that said security interest shall be subordinate to the lien on Revenues securing the Bonds. The Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Participant's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

The Trustee shall determine the necessity for a claim upon the Reserve Policy and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. The Reserve Policy shall be drawn upon prior to a claim upon the Municipal Bond Insurance Policy.

Section 9.10. Investment of Money in Funds and Accounts. Unless otherwise directed by the Authority, the Trustee is hereby directed to invest all money in the Costs of Issuance Fund, the Interest Fund, the Principal Fund, the Sinking Fund, or the Rebate Fund in the Authorized Investments described in subparagraph (7) of the definition thereof. Upon receipt of a Written Request of the Authority by the Trustee at least two (2) Business Days prior to the date of such investment, moneys in such Funds shall be invested by the Trustee in those Authorized

Investments specified in such Written Request of the Authority. Amounts in the Accounts within the Project Funds and the Reserve Fund shall be invested by the Trustee in those Authorized Investments specified in a Written Request of the Participant to which they relate. Authorized Investments purchased with funds on deposit in any Reserve Account shall have an average aggregate weighted term to maturity not greater than five years (provided that this requirement does not apply to any investment agreement or other arrangement pursuant to which an investment may be liquidated at par without penalty). Such Written Request shall contain a statement that each investment so designated constitutes an Authorized Investment and can be made without violation of any provision hereof. The Trustee shall be entitled to rely on such Written Request without independent investigation and shall not be responsible or liable for any loss incurred in connection with any investment of funds made by it in accordance with the express provisions of this Indenture. If, at any time, the Trustee shall not receive such Written Request in a timely manner, the Trustee shall only acquire or invest in those Authorized Investments described in subparagraph 7 of the definition thereof. The Trustee shall not be responsible for monitoring the ratings of any Authorized Investment subsequent to its initial purchase; *provided* that if the Trustee has actual knowledge of a downgrading of the ratings on any Authorized Investment held hereunder then it shall notify the Authority in writing as soon as practicable.

Any interest, income or profits from the deposits or investments of money in the funds and accounts hereunder shall be credited to such funds and accounts. For purposes of determining the amount on deposit in any fund or account held hereunder, all Authorized Investments or Federal Securities credited to such fund or account shall be valued at the market value thereof, and except as otherwise provided in this Section, Authorized Investments or Federal Securities representing an investment of money attributable to any account or fund and all investment profits or losses thereon shall be deemed at all times to be a part of such account or fund. Notwithstanding the foregoing, investment agreements shall be valued at the notional or face amount thereof. The Trustee is authorized to utilize computer pricing services including the valuation system utilized in its regular accounting system when valuing any fund or account held by it hereunder. The Trustee or an affiliate may act as principal or agent in the making or disposing of any Authorized Investment and shall be entitled to its customary fee therefore.

If at any time there is no rating agency rating the Bonds, the provisions herein which make reference to rating categories of rating agencies "then rating the Bonds" shall be deemed to mean that at least one of such rating agencies shall have a rating as indicated in such provision.

Section 9.11. Accounts and Funds. Any account or fund required hereby to be established and maintained the Trustee may be established and maintained in the accounting records or the Trustee either as an account or fund, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or as a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 9.12. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect

hereof, and words of any gender shall be deemed and construed to include all genders, and all references herein to "articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 9.13. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms or portions thereof provided herein to be observed or performed on the part of the Authority or of the Trustee should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants, such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms or portions thereof and shall in no way affect the validity hereof or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Authority hereby declares that it would have adopted the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.14. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 9.15. Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day that is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 9.16. Governing Law. The Indenture shall be governed and construed in accordance with the laws of the State of California.

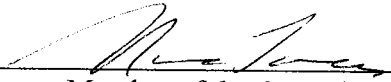
Section 9.17. Notices. Whenever any notice is required to be given hereunder, such notice shall be mailed, first class mail, postage prepaid, to the following parties at the following addresses:

If to the Authority: California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814
Attention: Secretary

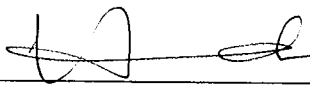
If to the Trustee: Union Bank of California
475 Sansome Street, 12th Floor
San Francisco, CA 94111
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the California Statewide Communities Development Authority has caused the Indenture to be signed in its name by its duly authorized officer, and Union Bank of California, as Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY

By 
Member of the Commission

UNION BANK OF CALIFORNIA N.A.
as Trustee

By 
Authorized Officer

Sandra Hanrahan
Trust Officer

**EXHIBIT A
FORM OF BONDS**

No. _____

\$ _____

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u> _____ %	<u>MATURITY DATE:</u> _____ 1, _____	<u>DATED DATE:</u> _____, 2003	<u>CUSIP</u>
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Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from _____ 1, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on _____ 1 and _____ 1 in each year, commencing on _____ 1, 2003. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program),

Series 2003B (the "Bonds"), limited in aggregate principal amount to \$_____, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Bond Law"), and pursuant to the provisions of the Indenture, dated as of _____ 1, 2003, (the "Indenture"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Bonds are principally secured by Installment Payments (as defined in the Indenture) to be made by Participants (as defined in the Indenture) under Installment Purchase Agreements (as defined in the Indenture). Under the Indenture, the Authority has assigned all of its rights to receive the Installment Purchase Agreements to the Trustee. All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Bond Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Bond Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are special obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Revenues (as that term is defined in the Indenture) and other funds as provided in the Indenture, and the Authority is not obligated to pay them except from the Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds.

Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any Member of the Authority, and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Authority hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Authority a special fund (the "Revenue Fund") into which all Revenues shall be deposited, and as an irrevocable charge the Authority has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue out of the Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are subject to redemption as provided in the Indenture.

As provided in the Indenture, notice of redemption of this Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Indenture, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an event of default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Corporate Trust Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Authority, the Participants and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the Authority.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any

limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the California Statewide Communities Development Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chair and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated _____, 2003.

CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY

By _____
Chair

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Indenture.

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

Dated: _____

By _____
Authorized Officer

[STATEMENT OF INSURANCE]

Financial Security Assurance Inc. (the "Insurer"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to Union Bank of California, N.A., San Francisco, California, or its successor, as trustee for the Bonds ("the Trustee"). Said Policy is on file and available for inspection at the corporate trust office of the Trustee and a copy thereof may be obtained from the Insurer or the Trustee.

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto _____
the within-mentioned registered Bond and hereby irrevocably constitutes and appoint(s) attorney to
transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of
the within Bond in every particular, without alteration or enlargement or any change
whatsoever, and the signatures must be guaranteed by an eligible guarantor institution.
Social Security Number, Taxpayer Identification Number or other Identifying Number of
Assignee:

Unless this Bond is presented by an authorized representative of The Depository Trust
Company, a New York corporation ("DTC"), to the Authority or its agent for registration of
transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or
in such other name as is requested by an authorized representative of DTC (and any payment is
made to Cede & Co. or to such other entity as is requested by an authorized representative of
DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR
OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner
hereof, Cede & Co., has an interest herein.

EXHIBIT B

FORM OF PROJECT ACCOUNT REQUISITION

[Trustee]

Re: Project Account ("Project Account") for [Participant] held under Indenture (the "Indenture") relating to the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds")

You are hereby instructed to transfer moneys from the Project Account as follows:

Payee Name: _____

Payee Address: _____

Payee Wiring Instructions: _____

Amount: \$ _____

Purpose of Expenditure: _____

The undersigned as a duly authorized representative of the [Participant] hereby certifies as follows:

(w) that above payment complies with the requirements of the Indenture;

(x) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Project Account; and

(y) that there has not been filed with or served upon the [Participant] a stop notice or any other notice of any lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable to the person named above which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanic's liens accruing by operation of law.

Date: _____

[Participant]

Name: _____

Title: _____

EXHIBIT C

FORM OF COSTS OF ISSUANCE FUND REQUISITION

[Trustee]

Re: Cost of Issuance Fund ("Cost of Issuance Fund") held under Indenture (the "Indenture") relating to the California Statewide Communities Development Authority (the "Authority") Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds")

You are hereby instructed to transfer moneys from the Cost of Issuance Fund as follows:

Payee Name: _____
Payee Address: _____
Payee Wiring Instructions: _____
Amount: \$ _____
Purpose of Expenditure: _____

The undersigned as a duly authorized representative of the Authority hereby certifies as follows:

- (w) that above payment complies with the requirements of the Indenture; and
- (x) that an obligation in the stated amount has been properly incurred and that such obligation is a proper charge against the Costs of Issuance Fund.

Date: _____

California Statewide Communities
Development Authority

Authorized Officer

\$9,855,000
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B

October 7, 2003

BOND PURCHASE AGREEMENT

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, California 95814

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this Bond Purchase Agreement with the California Statewide Communities Development Authority (the "Authority"), which, upon the acceptance hereof by the Authority and the public agencies listed on the signature page hereto (the "Participants"), will be binding upon the Authority, the Participants and the Underwriter. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the Authority and the Participants and the delivery of such acceptance to the Underwriter at or prior to 11:59 p.m., Pacific time, on the date hereof.

1. Sale of the Bonds. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for reoffering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$9,855,000 aggregate principal amount of the Authority's Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"). The purchase price of the Bonds shall be \$9,900,326.05 (representing the par amount of the Bonds, plus a net original issue premium of \$161,013.55 and less an Underwriter's discount of \$115,687.50).

2. Terms of the Bonds. The Preliminary Official Statement with respect to the Bonds, dated October 2, 2003 (the "Preliminary Official Statement"), as amended to conform to the terms of this Bond Purchase Agreement, and with such changes and amendments as are mutually agreed to by the Authority and the Underwriter, including the cover page, the appendices and all information incorporated therein by reference, is herein collectively referred to as the "Official Statement." The terms of the Bonds and the Installment Purchase Agreements (defined below) shall be as set forth in Exhibit A hereto and as further described in the Official Statement and shall be issued under and pursuant to the Indenture, dated as of October 1, 2003 (the "Indenture"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). Capitalized terms used herein unless otherwise defined herein shall have the meanings given to such terms in the Indenture.

The Bonds are being issued for the purposes described in the Official Statement, including the financing and refinancing of public capital improvements.

3. Public Offering of the Bonds. The Underwriter agrees to make a bona fide public offering of all the Bonds at not in excess of the respective initial public offering prices to be set forth on the cover page of the Official Statement, plus interest accrued on the Bonds from their date. The Underwriter reserves the right to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers and others at prices lower than the initial offering prices set forth on the cover page of the Official Statement. The Underwriter also reserves the right to (i) overallocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time.

4. Legal Documents. The Authority hereby authorizes the use by the Underwriter of the Indenture, the Disclosure Certificates (as defined below) and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds. The Authority consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds.

Various cities, counties and special districts in California (collectively, the "Members") entered into a Joint Exercise of Powers Agreement, effective June 1, 1988, as amended (the "JPA Agreement").

The Authority and each Participant will enter into an Installment Purchase Agreement, each dated as of October 1, 2003 (the "Installment Purchase Agreements"), which provide for the payment of Installment Payments by the Participants.

The Authority authorized the issuance of the Bonds and execution of related documents pursuant to a Resolution adopted September 23, 2003 (the "Authority Resolution").

The Authority and the Participants will enter into Continuing Disclosure Certificates (the "Disclosure Certificates") in substantially the forms attached to the Preliminary Official Statement and the Official Statement.

The Authority will deliver to the Underwriter, within seven business days after the date of this Bond Purchase Agreement or four (4) days before settlement date, whichever is sooner and in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, copies of the Official Statement in final form (including all documents incorporated by reference therein) and any amendment or supplement thereto in such quantities as the Underwriter may reasonably request in order to comply with the obligations of the Underwriter pursuant to the rules of the Municipal Securities Rulemaking Board and Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). As soon as practicable following receipt thereof from the Authority, the Underwriter shall deliver the Official Statement to a nationally recognized municipal securities information repository (as such term is defined by the Rule). The Underwriter hereby agrees to deliver a copy of the Official Statement to a national repository on or before the Closing Date and to each investor that purchases any of the Bonds during the Underwriting Period (as such term is defined under the Rule), and to otherwise comply with all applicable statutes and regulations

in connection with the offering and sale of the Bonds, including without limitation, MSRB Rule G-32 and the Rule.

5. Delivery of Bonds and Closing. At 8:00 a.m., California time, on October 21, 2003 or at such other time or on such other business day as shall have been mutually agreed upon by the Authority and the Underwriter (the "Closing Date"), the Authority will deliver to the Underwriter at the office of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the Authority and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds by wire transfer payable in Federal funds at the office of Hawkins, Delafield & Wood, San Francisco, California, or such other place as shall have been mutually agreed upon by the Authority and the Underwriter. Such delivery of and payment for the Bonds is referred to herein as the "Closing." The Bonds shall be made available for inspection by DTC at least one business day before the Closing.

6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter that:

(a) The Authority is a joint powers authority under Chapter 5 of Division 7 of Title 1 of the California Government Code, duly organized and validly existing under and by virtue of the Constitution and the laws of the State of California

(b) The Authority has the legal right and power to issue and deliver the Bonds and to execute and deliver, and to perform its obligations under, the Indenture, the Installment Purchase Agreements and this Bond Purchase Agreement (collectively, the "Authority Documents"). The Authority has duly authorized the issuance and delivery of the Bonds and the execution and delivery of, and performance of its obligations under, the Authority Documents and as of the date hereof such authorizations are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the respective parties thereto, the Authority Documents will constitute legal, valid and binding obligations of the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and the application of equitable principles relating to or affecting creditors' rights generally. The Authority has complied, and will at the Closing be in compliance in all respects, with its obligations under the Authority Documents.

(c) The Bonds are special limited obligations of the Authority and are payable, as to principal, premium (if any), and interest thereon, from a pledge of and lien on the Revenues and certain other funds held under the Indenture.

(d) To the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending other than as described in the Official Statement, (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Authority Documents or the

consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority to assign and pledge the Installment Payments; or (iii) contesting the completeness or accuracy of the Preliminary Official Statement (excluding all appendices) or the Official Statement (excluding all appendices) or any supplement or amendment thereto or asserting that the Preliminary Official Statement (excluding all appendices) or the Official Statement (excluding all appendices) contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. Representations, Warranties and Covenants of the Participants. Each Participant individually represents, warrants and covenants to the Underwriter that:

(a) The Participant is a public agency, duly organized and validly existing under and by virtue of the Constitution and the laws of the State of California.

(b) The Participant has the legal right and power to execute and deliver, and to perform its obligations under, the related Installment Purchase Agreement and this Bond Purchase Agreement (collectively, the "Participant Documents"). The Participant has duly authorized the execution and delivery of, and performance of its obligations under, the Participant Documents and as of the date hereof such authorizations are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the respective parties thereto, the Participant Documents will constitute legal, valid and binding obligations of the Participant in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and the application of equitable principles relating to or affecting creditors' rights generally. The Participant has complied, and will at the Closing be in compliance in all respects, with its obligations under the Participant Documents.

(c) The information in the Official Statement concerning the Participant is true and correct in all material respects, and the information in the Official Statement concerning the Participant does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(d) The Participant covenants with the Underwriter that so long as the Underwriter is required under the Rule to send any potential customer, on request, a copy of the Official Statement (the "Delivery Period"), if any event occurs which might or would cause the information in the Official Statement concerning the Participant, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Participant shall notify the Underwriter thereof, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Participant will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement, in a form and in a manner approved by the Underwriter.

(e) The Participant will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without consultation with the Underwriter. The Participant will advise the Underwriter promptly of the institution of any proceedings known to it by any Governmental Entity prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(f) If the Official Statement is supplemented or amended, the information in the Official Statement concerning the Participant as so supplemented or amended, as of the date of such supplement or amendment, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) The Participant is not in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment, decree, consent or other agreement to which the Participant is a party, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any of the foregoing.

(h) The authorization, execution and delivery by the Participant of the Participant Documents, and compliance by the Participant with the provisions thereof, do not and will not conflict with or constitute a breach of or default by the Participant under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, consent or other agreement to which it is bound or by which its properties may be affected.

(i) All authorizations, consents or approvals of, or filings or registrations with any Governmental Entity or court necessary for the valid issuance of, and performance by the Participant of its obligations under, the Participant Documents will have been duly obtained or made prior to the issuance of the Bonds (and disclosed to the Underwriter). No further authorization, consent or approval of, or filing or registration with, any Governmental Entity or court is, or under existing requirements of law will be, necessary for the valid execution and delivery of, or performance by the Participant of its obligations under, the Participant Documents, other than any authorization, consent, approval, filing or registration as may be required under the Blue Sky or securities laws of any state in connection with the offering, sale or issuance of the Bonds.

(j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Participant, threatened (i) in any way questioning the existence of the Participant or the titles of the officers of the Participant to their respective offices; (ii) in any way contesting or affecting the validity of the Participant Documents or the consummation of the transactions contemplated thereby, (iii) which may result in any material adverse change relating to the finances or operations of the Participant; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material

fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Any certificate signed by any official or other representative of the Participant and delivered to the Underwriter pursuant to this Bond Purchase Agreement shall be deemed a representation and warranty by the Participant to the Underwriter as to the truth of the statements therein made.

(l) The Participant has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Participant is an issuer whose arbitrage certificates may not be relied upon.

(m) Other than as contemplated by the Official Statement, between the date of this Bond Purchase Agreement and the Closing Date the Participant will not, without the prior written consent of the Underwriter, offer or issue any certificates, bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the System Net Revenues (as such term is defined in the related Installment Purchase Agreement).

(n) The financial statements of, and other financial information regarding, the Participant contained in the Official Statement fairly present the financial position and results of the operations of the Participant as of the dates and for the periods therein set forth, and (i) the audited financial statements of the Participant attached to the Official Statement have been prepared in accordance with generally accepted accounting principles consistently applied and (ii) the other financial information contained in the Official Statement concerning the Participant has been compiled and presented on a basis substantially consistent with that of the Participant's audited financial statements included in the Official Statement.

(o) The Participant agrees to the terms of the sale of the Bonds as provided herein and agrees to such terms of sale as they shall be reflected in the principal and interest components of the Installment Payments under the related Installment Purchase Agreements, as provided in Exhibit B hereto. The Participant agrees to execute the Participant Documents subject to the conditions herein contained. The Participant agrees to indemnify the Authority and the Trustee and to pay the fees and expenses of the Authority and the Trustee relating to the Bonds (as provided in Sections 4.2 and 10.11 of the Installment Purchase Agreement) and all other costs and expenses relating to the Bonds, including but not limited to annual fees of the Authority, arbitrage rebate calculation fees and disclosure service fees which are allocable to the Participant; *provided* that the foregoing indemnification and payments shall be limited as to each Participant to such Participant's reasonable *pro rata* share.

(p) The Participant has never failed to comply with its continuing disclosure obligations undertaken in connection with the Rule in any material respect.

8. Closing Conditions. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and covenants of the Authority and the Participants contained herein, and the performance by the Authority and the Participants of their obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Bond Purchase Agreement are and shall also be subject to the following conditions:

(a) The representations and warranties of the Authority and the Participants contained herein shall be true, complete and correct in all material respects on the date hereof and at and as of the Closing Date, as if made at and as of the Closing Date, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects at the Closing Date; the Authority and the Participants shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement (unless such agreements are waived by the Underwriter); there shall not have occurred an adverse change in the financial position, results of operations or financial condition of any of the Participants which materially adversely affects the ability of a Participant to pay Installment Payments when due or otherwise perform any of its obligations under the related Installment Purchase Agreement.

(b) At the time of the Closing, the Indenture, the Disclosure Certificates, the Installment Purchase Agreements and this Bond Purchase Agreement shall be in full force and effect, and shall not have been amended, modified or supplemented in any material respect from the forms of such documents which have been provided to the Underwriter as of the date hereof (except as may be agreed to by the Underwriter); all actions which, in the opinion of Hawkins, Delafield & Wood, San Francisco, California ("Bond Counsel") shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and the Authority and the Participants shall perform or shall have performed their obligations required under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing

(c) At the time of the Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of circumstances under which they were made, not misleading.

(d) Except as disclosed in the Official Statement, no decision, ruling or finding shall have been entered by any court or Governmental Entity since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside) which in the reasonable opinion of the Underwriter materially adversely affects the market for the Bonds.

(e) (i) No default by the Authority or any Participant shall have occurred and be continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority or any Participant, respectively, and (ii) no bankruptcy, insolvency or other similar proceeding in respect of the Authority or any Participant shall be pending nor to the knowledge of the Authority or any Participant, contemplated.

(f) The Underwriter may terminate this Bond Purchase Agreement by notification to the Authority if at any time after the date hereof and prior to the Closing:

(i) legislation shall have been enacted by the United States or the State of California or shall have been reported out of committee or be pending in committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or a regulation, proposed regulation or a temporary regulation shall have been published in the Federal Register or any other release or announcement shall have been made by the Treasury

Department of the United States or the Internal Revenue Service, with respect to Federal or California taxation upon revenues or other income or payments of the general character to be derived by the Authority or upon interest received on obligations of the general character of the Bonds, which in the reasonable opinion of the Underwriter materially adversely affects the market for the Bonds; or

(ii) the United States shall have become engaged in hostilities or an escalation of hostilities which have resulted in a declaration of war, or a national emergency or the President of the United States of America shall have committed the armed forces of the United States of America to combat so as to adversely affect the financial markets in the United States of America and in the reasonable opinion of the Underwriter materially adversely affects the market for the Bonds; or

(iii) there shall have occurred and be continuing a general suspension of trading on the New York Stock Exchange, or a general banking moratorium shall have been declared by Federal, California or New York authorities having jurisdiction and being in force; or

(iv) there shall have occurred an adverse change in the financial position, results of operations or financial condition of the Authority or any Participant which in the reasonable opinion of the Underwriter materially adversely affects the market for the Bonds; or

(v) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(vi) legislation shall be enacted by the Congress of the United States, or decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(vii) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental agency or by any national securities exchange, which restrictions materially adversely affect the ability of underwriters to trade obligations of the general character of the Bonds; or

(viii) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(ix) the commencement of any action, suit or proceeding described in Section 6(m) or 7(j); which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes any statement or information contained in the Official Statement, as of its date, untrue in any material adverse respect, or has the effect that the Official Statement, as of its date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (for the purposes of this paragraph, prior to the printing of the final Official Statement, the Preliminary Official Statement, together with any additional information for inclusion therein or changes thereto delivered on or prior to the date hereof in writing to the Underwriter shall be deemed to be the Official Statement);

(g) At or prior to the Closing, the Underwriter shall receive the following documents:

(i) Bond Counsel Opinion. The opinion of Bond Counsel, dated the Closing Date, in substantially the form included in the Official Statement as Appendix D, addressed to the Authority (together with a reliance letter addressed to the Underwriter).

(ii) Supplemental Opinion. A supplemental opinion of Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the Underwriter (together with a reliance letter or separate opinion addressed to the Insurer as to paragraph (C) below and a reliance letter or separate opinion addressed to the Authority as to paragraph (D) below), to the effect that:

(A) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(B) the statements and information in the Official Statement on the cover page relating to tax exemption, description of the Bonds and security for the Bonds and statements under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "Appendix C - Definitions and Summary of Legal Documents" and "Appendix D-Form of Bond Counsel's Opinion," to the extent they purport to summarize certain provisions of the Indenture, the Installment Purchase Agreements and the Bonds and the final approving opinion of such counsel dated the date of the closing, present a fair and

accurate summary of such provisions and such opinion in all material respects;

(C) the Indenture, the Installment Purchase Agreements and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, such documents constitute the legal, valid and binding agreements of the Authority enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California; and

(D) although we have not undertaken to check the accuracy, completeness or fairness of, or verified the information contained in, the Official Statement, and are therefore unable to make any representation to you in that regard, we have participated in conferences prior to the date of the Official Statement with your representatives and representatives of the Authority, the Participants, counsel to the Authority and Participants and others, during which conferences the contents of the Official Statement and related matters were discussed. Based upon the information made available to us in the course of our participation in such conferences, our review of the documents referred to above, our reliance on the certificates and the opinions of counsel described above and our understanding of applicable law, we do not believe that the Official Statement (other than financial statements and projections and statistical data therein, information concerning the Policy, the Reserve Policy, the Bond Insurer, The Depository Trust Company and the book-entry system and Appendices A, E and F thereto, as to which no view is expressed) as of its date contained, or as of the date hereof, contains, any untrue statement or a material fact, or as of its date omitted, or as of the date hereof omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Finally, we advise you that, other than reviewing the various certificates and opinions required by this Bond Purchase Agreement regarding the Official Statement, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the closing date;

(iii) Opinion of Authority Counsel. An opinion of counsel to the Authority in form and substance satisfactory to the Underwriter dated the Closing Date, addressed to the Underwriter and the Bond Insurer, to the effect that:

(A) The Authority is a joint powers agency organized under and by virtue of the laws of the State of California.

(B) the resolution of the Authority approving and authorizing the execution and delivery of the Indenture, the Installment Sale Agreements, the Bond Purchase Contract and the Bonds was duly adopted at a meeting of the

governing body of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(iv) Opinion of Participant Counsels. Opinions from counsel to each Participant in form and substance satisfactory to the Underwriter dated the Closing Date, addressed to the Participant, the Underwriter and the Bond Insurer, to the effect that:

(A) the Participant is a public agency duly organized and validly existing under and by virtue of the laws of the State of California;

(B) the Participant has full legal power and lawful authority to enter into the Participant Documents;

(C) the resolution of the Participant approving and authorizing the execution and delivery of the Participant Documents and approving the Official Statement (the "Participant Resolution") was duly adopted at a meeting of the governing board of the Participant which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Participant Resolution is in full force and effect and has not been modified, amended or rescinded as of the date of such certificate;

(D) the Official Statement has been duly approved and the Participant Documents have been duly authorized, executed and delivered by the Participant and, assuming due authorization, execution and delivery by the other parties thereto, such documents constitute the legal, valid and binding agreements of the Participant enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(E) the execution and delivery by the Participant of the Participant Documents, and compliance by the Participant with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which the Participant is subject to or by which it is bound;

(F) to the best knowledge of such counsel, the information in the Official Statement concerning the Participant (excluding therefrom financial statements and other statistical data included in the Official Statement, as to which no view need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(G) to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding or investigation of a material nature at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Participant, affecting the validity of the Participant Documents or the adequacy of the Official Statement;

(H) no authorization, approval, consent or other order of the State or any governmental agency within the State of California having jurisdiction over the Participant is required for the valid authorization, execution and delivery by the Participant of the Participant Documents, which has not already been obtained as of the Closing Date.

(v) Closing Certificate of Authority. A certificate from the Authority in form and substance satisfactory to the Underwriter, dated the Closing Date, to the effect that the representations and warranties of the Authority contained in this Bond Purchase Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing.

(vi) Closing Certificates of Participants. Certificates from each Participant in form and substance satisfactory to the Underwriter, dated the Closing Date, to the effect that:

(A) the representations and warranties of the Participant contained in this Bond Purchase Agreement are true and correct on and as of the Closing Date with the same effect as if made on the Closing; and

(B) there has been no material adverse change in the financial condition or results of operations of the Participant from the date of the Official Statement to the date of such certificate.

(vii) 15c2-12 Certificates. Certificates, dated the date of the Preliminary Official Statement, from the Authority and each Participant, deeming the Preliminary Official Statement final for purposes of the Rule.

(viii) Certificate of Trustee. A certificate, dated the Closing Date, signed by a duly authorized officer of the Trustee, to the effect that (i) the Trustee is a national banking association, duly organized and validly existing and in good standing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture, (ii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect, and (iii) the acceptance of the duties and obligations of the Trustee under the Indenture, and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee with the terms, conditions and provisions of such document do not contravene any provisions of applicable law of regulation or any order or decree, writ or injunction of the Articles of Incorporation or Bylaws of the Trustee, and, to the best of such officer's

knowledge, will not require the consent under, or result in a breach of or default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound.

(ix) Opinion of Counsel to Trustee. An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter and the Authority, to the effect that (i) the Trustee is duly organized and validly existing under the laws of the United States of America, having full power and being qualified to enter into, accept and agree to the provisions of the Indenture and (ii) the Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other respective parties thereto, constitutes the valid and binding obligations of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases.

(x) Resolutions. A certified copy of the Authority Resolution, each Participant Resolution and a Resolution of the Trustee authorizing the execution and delivery of the Indenture

(xi) Legal Documents. Two copies each of the Indenture, the Installment Purchase Agreements, the Disclosure Certificates and the Official Statement, duly executed and delivered by the respective parties thereto.

(xii) JPA Agreement and Filing. A certified copy of the JPA Agreement, duly executed and delivered by the parties thereto, and evidence of the filing of a notice pursuant to Section 6503.5 of the California Government Code.

(xiii) Tax Certificate. Tax Certificates of the Authority and each Participant, in form satisfactory to Bond Counsel.

(xiv) Rating. Evidence that the ratings on the Bonds described in the Official Statement are in full force and effect on the Closing Date.

(xv) Bond Insurance. The policy of municipal bond insurance and the reserve account surety bond issued by Financial Security Assurance, Inc. (the "Bond Insurer"), together with such legal opinions and certificates as may be reasonably requested by Bond Counsel.

(xvi) Other Items Requested by Counsel. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority and each Participant with legal requirements, the accuracy, as of the time of Closing, of the representations of the Authority and each Participant herein contained and the due performance or satisfaction by the Authority and each Participant at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and each Participant.

If the Authority and each Participant shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Agreement, and such condition is not waived by the Underwriter, or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Authority, the Participants or the Underwriter shall have any further obligation hereunder.

9. Expenses. The Underwriter shall be under no obligation to pay, and the Authority shall pay, but only out of the proceeds of the Bonds, any expenses incident to the performance of the obligations of the Authority hereunder including, but not limited to: (a) the cost of preparation, printing and distribution of the Indenture and word processing, reproduction, printing and distribution costs relating to the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto (whether incurred by counsel or an independent printer); (b) the cost of preparation of the Bonds; (c) the fees and disbursements of Bond Counsel, Disclosure Counsel and Counsel to the Authority; (d) the fees and disbursements of the Financial Advisor to the Participants; (e) the fees and disbursements of the Trustee; (f) the fees of the rating agencies; and (g) the premium for the policy of municipal bond insurance and reserve account surety bond.

The Underwriter shall pay fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds and all other expenses incurred by the Underwriter in connection with the public offering of the Bonds.

10. Notices. Any notice or other communication to be given to the Authority under this Bond Purchase Agreement may be given by delivering the same in writing to the Statewide Communities Development Authority, 1100 K Street, Suite 101, Sacramento, California 95814, Attn: Secretary and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Henderson Capital Partners, LLC, One Kaiser Plaza, Suite 650, Oakland, California 94612.

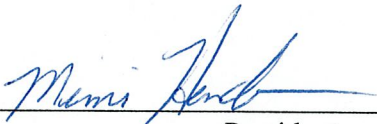
11. California Law to Govern. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed within such state.

12. Facsimile and Counterpart Signatures. This Bond Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Entire Agreement and Beneficiaries. This Bond Purchase Agreement when accepted by the Authority and each Participant in writing as heretofore agreed shall constitute the entire agreement among the Authority, the Participants and the Underwriter and is made solely for the benefit of the Authority, the Participants and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any right hereunder or by virtue hereof.

Very truly yours,

HENDERSON CAPITAL PARTNERS, LLC

By: 
President

ACCEPTED:

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

CITY OF FORT BRAGG

By: _____
Authorized Officer

CITY OF LODI

By: _____
Authorized Officer

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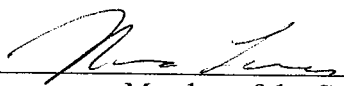
Very truly yours,

HENDERSON CAPITAL PARTNERS, LLC

By: _____
President

ACCEPTED:

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By:  _____
Member of the Commission

CITY OF FORT BRAGG

By: _____
Authorized Officer

CITY OF LODI

By: _____
Authorized Officer

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Very truly yours,

HENDERSON CAPITAL PARTNERS, LLC

By: _____
President

ACCEPTED:

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

CITY OF FORT BRAGG

By: Shirley D. Johnson
Authorized Officer

CITY OF LODI

By: _____
Authorized Officer

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Very truly yours,

HENDERSON CAPITAL PARTNERS, LLC

By: _____
President

ACCEPTED:

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

CITY OF FORT BRAGG

By: _____
Authorized Officer

CITY OF LODI

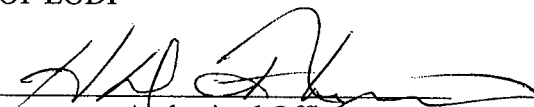
By:  _____
Authorized Officer

EXHIBIT A

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2004	\$375,000	2.00%	1.10%
2005	370,000	2.00	1.30
2006	375,000	2.00	1.55
2007	390,000	2.00	1.95
2008	395,000	2.25	2.35
2009	400,000	2.60	2.70
2010	410,000	3.50	3.15
2011	425,000	3.30	3.45
2012	445,000	4.00	3.70
2013	455,000	3.75	3.85
2014	470,000	3.90	4.00
2015	495,000	4.50	4.10
2016	515,000	4.10	4.20
2017	535,000	4.20	4.30
2018	560,000	5.00	4.45
2019	590,000	5.00	4.54

\$2,650,000 5.25% Term Bonds due October 1, 2023 4.80%

Principal Amounts Allocable to Participants:

City of Fort Bragg	\$4,855,000
City of Lodi	\$5,000,000

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE OF THE AUTHORITY
AS TO FINALITY OF THE
PRELIMINARY OFFICIAL STATEMENT

The undersigned, as a duly appointed, qualified and acting Member of the California Statewide Communities Development Authority (the "Authority"), is authorized to execute this Certificate on behalf of the Authority.

The Authority hereby deems to be final the section entitled "THE AUTHORITY" and the first paragraph of the section entitled "LITIGATION" of the Preliminary Official Statement dated October 2, 2003 relating to the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B.

Dated: October 2, 2003

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member

POOL VERIFICATION


Upon delivery of the Bonds, Grant Thornton LLP, a firm of independent certified public accountants, will have verified the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to (a) the adequacy of the Program Participants' scheduled Installment Payments to pay when due all of the scheduled principal of and interest on the Bonds, (b) the adequacy of the maturing principal of and interest on the federal securities in the Escrow Fund to pay all of the principal and payment premium represented by and the interest on the Refunded Obligations (see "PARTICIPANTS AND FINANCING PLAN" herein) and (c) the computations of yield of the Bonds and the federal securities in the Escrow Funds which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the Program Participants.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: 
Member of the Commission

CITY OF FORT BRAGG

By: _____
Authorized Officer

CITY OF LODI

By: _____
Authorized Officer

POOL VERIFICATION

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The execution and delivery of this Official Statement have been duly authorized by the Authority and the Program Participants.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

CITY OF FORT BRAGG

By: Shirley D. Johnson
Authorized Officer

CITY OF LODI

By: _____
Authorized Officer

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The execution and delivery of this Official Statement have been duly authorized by the Authority and the Program Participants.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

CITY OF FORT BRAGG

By: _____
Authorized Officer

CITY OF LODI

By:  _____
Authorized Officer

Fitch Ratings

1201 East 7th Street
Powell, WY 82435

T 307 754 2012 / 800 853 4824
www.fitchratings.com

Mr. Robert P. Cochran
Chairman & Chief Executive Officer
Financial Security Assurance Inc.
Financial Guaranty Group
350 Park Avenue
New York, NY 10022
October 20, 2003

Dear Mr. Cochran:

RE: California Statewide Communities Development Authority
\$9,855,000 in aggregate principal amount of Water and Wastewater Revenue Bonds
(Pooled Financing Program) Series 2003B (201838-N)

Fitch Ratings has assigned a rating of 'AAA' to the above referenced Bonds. This reflects credit enhancement in the form of a bond insurance policy provided by Financial Security Assurance Inc. (FSA), which has an insurer financial strength rating of 'AAA'. Fitch Ratings defines companies with 'AAA' insurer financial strength ratings as follows: "Companies are viewed as possessing exceptionally strong capacity to meet policyholder and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors is expected to be extremely small."

Ratings assigned by Fitch Ratings are based on information provided to us by FSA. Fitch Ratings does not audit or verify the truth or accuracy of such information. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payment made in respect of any security. The insurer financial strength rating assigned to FSA may be changed, withdrawn, suspended, or placed on RatingWatch as a result of changes in FSA's financial condition. The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., UK or any other relevant securities laws.

Sincerely,



Becky K. Christensen
Manager / Insured Ratings

STANDARD & POOR'S

Vincent S. Orgo
Administrative Officer
55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212 438-2074
vincent_orgo@standardandpoors.com

Steven G. Zimmermann
Managing Director
One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5004
steve_zimmermann@standardandpoors.com

reference no.: 638957

October 20, 2003

Financial Security Assurance Inc.
1550 Spear Tower
One Market
San Francisco, CA 94105
Attention: Ms. Sheelagh Flanagan, Managing Director

Re: **\$9,855,000 California Statewide Communities Development Authority, Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B, dated: Date of Delivery, due: October 1, 2004-2019, Term Bonds due: October 1, 2023, (POLICY #201838-N)**

Dear Ms. Flanagan:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AAA". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's assumes that the documents you have provided

Ms. Sheelagh Flanagan

Page 2

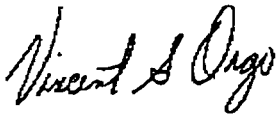
October 20, 2003

to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Standard & Poor's is pleased to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a division of The McGraw-Hill Companies, Inc.



By: Vincent S. Orgo
Administrative Officer

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enclosure

STANDARD & POOR'S

Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Public Finance Ratings

Request for a Rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and Expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/Obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the

issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the rating is withdrawn. Notwithstanding the foregoing, the paragraphs above, Standard & Poor's Not an Advisor, Fiduciary, or Expert and Limitation on Damages, shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.00%	October 1, 2004	October 21, 2003	13078AJR9

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 1, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.00%	October 1, 2005	October 21, 2003	13078AJS7

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED SEVENTY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003 until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.00%	October 1, 2006	October 21, 2003	13078AJT5

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.00%	October 1, 2007	October 21, 2003	13078AJU2

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED NINETY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003 until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.25%	October 1, 2008	October 21, 2003	13078AJV0

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED NINETY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
2.60%	October 1, 2009	October 21, 2003	13078AJW8

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
3.50%	October 1, 2010	October 21, 2003	13078AJX6

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED TEN THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

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**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
3.30%	October 1, 2011	October 21, 2003	13078AJY4

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

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**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
4.00%	October 1, 2012	October 21, 2003	13078AJZ1

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED FOURTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 1, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
3.75%	October 1, 2013	October 21, 2003	13078AKA4

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED FIFTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
3.90%	October 1, 2014	October 21, 2003	13078AKB2

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED SEVENTY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 31, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series **2003B** (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
4.50%	October 1, 2015	October 21, 2003	13078AKC0

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED NINETY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
4.10%	October 1, 2016	October 21, 2003	13078AKF3

Registered Owner: CEDE & CO.

Principal Amount: FIVE HUNDRED FIFTEEN THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series **2003B** (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
4.20%	October 1, 2017	October 21, 2003	13078AKG1

Registered Owner: CEDE & CO.

Principal Amount: FIVE HUNDRED THIRTY FIVE THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
5.00%	October 1, 2018	October 21, 2003	13078AKH9

Registered Owner: CEDE & CO.

Principal Amount: FIVE HUNDRED SIXTY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
5.00%	October 1, 2019	October 21, 2003	13078AKD8

Registered Owner: CEDE & CO.

Principal Amount: FIVE HUNDRED NINETY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS, SERIES 2003B
(POOLED FINANCING PROGRAM)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
5.250%	October 1, 2023	October 21, 2003	13078AKE6

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

The California Statewide Communities Development Authority, a joint exercise of powers authority, duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from October 21, 2003) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on April 1 and October 1 in each year, commencing on April 1, 2004. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"), limited in aggregate principal amount to \$9,855,000, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of

Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Bond Law"), and pursuant to the provisions of the Indenture, dated as of October 1, 2003, (the "Indenture"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Bonds are principally secured by Installment Payments (as defined in the Indenture) to be made by Participants (as defined in the Indenture) under Installment Purchase Agreements (as defined in the Indenture). Under the Indenture, the Authority has assigned all of its rights to receive the Installment Purchase Agreements to the Trustee. All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Bond Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Bond Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are special obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Revenues (as that term is defined in the Indenture) and other funds as provided in the Indenture, and the Authority is not obligated to pay them except from the Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds.

Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any Member of the Authority, and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Authority hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Authority a special fund (the "Revenue Fund") into which all Revenues shall be deposited, and as an irrevocable charge the Authority has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue out of the Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are subject to redemption as provided in the Indenture.

As provided in the Indenture, notice of redemption of this Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Indenture, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

If an event of default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Corporate Trust Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Authority, the Participants and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the Authority.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the California Statewide Communities Development Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chair and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated October 21, 2003.

SPECIMEN

CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY

By Chris McKenzie
Chris McKenzie

Attest:

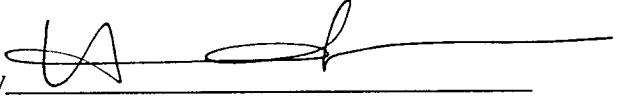
STH
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Indenture.

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

Dated: October 21, 2003

By 

Authorized Officer

Sandra Hanrahan
Trust Officer

SPECIMEN

STATEMENT OF INSURANCE

Financial Security Assurance Inc. (the "Insurer"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to Union Bank of California, N.A., Los Angeles, California, or its successor, as trustee for the Bonds ("the Trustee"). Said Policy is on file and available for inspection at the corporate trust office of the Trustee and a copy thereof may be obtained from the Insurer or the Trustee.

SPECIMEN

(FORM OF ASSIGNMENT)

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and hereby irrevocably constitutes and appoint(s) attorney to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signatures must be guaranteed by an eligible guarantor institution. Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE REGARDING
EFFECTIVENESS OF JOINT EXERCISE OF POWERS AGREEMENT

The undersigned hereby states and certifies:


(i) that she or he is the duly appointed, qualified and acting Member of the California Statewide Communities Development Authority, a joint powers authority duly organized and in good standing under the Constitution and the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that attached hereto is a true and correct copy of the Amended and Restated Joint Exercise of Powers Agreement, dated June 1, 1988, as amended, by and among various cities, counties, districts and agencies in the State of California; and

(iii) that the attached Amended and Restated Joint Exercise of Powers Agreement has not been materially amended, modified, supplemented, rescinded or repealed and remains in full force and effect as of the date hereof, and that the attached Notice of a Joint Powers Agreement, filed with the Secretary of State on May 2, 1989 is true and correct.

IN WITNESS WHEREOF, the undersigned has hereunto set her or his hand this 21st day of October, 2003.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: 
Member

**AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY**

THIS AGREEMENT, dated as of June 1, 1988, by and among the parties executing this Agreement (all such parties, except those which have withdrawn in accordance with Section 13 hereof, being herein referred to as the "Program Participants"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Program Participants is a "public agency" as that term is defined in Section 6500 of the Government Code of the State of California, and

WHEREAS, each of the Program Participants is empowered to promote economic development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, within its boundaries; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue industrial development bonds pursuant to the California Industrial Development Financing Act (Title 10 (commencing with Section 91500 of the Government Code of the State of California)) (the "Act") and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of law to promote economic development through the issuance of bonds, notes, or other evidences of indebtedness, or certificates of participation in leases or other agreements (all such instruments being herein collectively referred to as "Bonds"); and

WHEREAS, in order to promote economic development within the State of California, the County Supervisors Association of California ("CSAC"), together with the California Manufacturers Association, has established the Bonds for Industry program (the "Program").

WHEREAS, in furtherance of the Program, certain California counties (collectively, the "Initial Participants") have entered into that certain Joint Exercise of Powers Agreement dated as of November 18, 1987 (the "Initial Agreement"), pursuant to which the California Counties Industrial Development Authority has been established as a separate entity under the Joint Exercise of Powers Act for the purposes and with the powers specified in the Initial Agreement; and

WHEREAS, the League of California Cities ("LCC") has determined to join as a sponsor of the Program and to actively participate in the administration of the Authority; and

WHEREAS, the Initial Participants have determined to specifically authorize the Authority to issue Bonds pursuant to Article 2 of the Joint Exercise of Powers Act ("Article 2") and Article 4 of the Joint Exercise of Powers Act ("Article 4"), as well as may be authorized by the Act or other applicable law; and

WHEREAS, the Initial Participants desire to rename the California Counties Industrial Development Authority to better reflect the additional sponsorship of the Program; and

WHEREAS, each of the Initial Participants has determined that it is in the public interest of the citizens within its boundaries, and to the benefit of such Initial Participant and the area and persons served by such Initial Participant, to amend and restate in its entirety the Initial Agreement in order to implement the provisions set forth above; and

WHEREAS, it is the desire of the Program Participants to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake projects within their respective jurisdictions that may be financed with Bonds issued pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; and

WHEREAS, the projects undertaken will result in significant public benefits, including those public benefits set forth in Section 91502.1 of the Act, an increased level of economic activity, or an increased tax base, and will therefore serve and be of benefit to the inhabitants of the jurisdictions of the Program Participants;

NOW, THEREFORE, the Program Participants, for and in consideration of the mutual promises and agreements herein contained, do agree to restate and amend the Initial Agreement in its entirety to provide as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act, relating to the joint exercise of powers common to public agencies, in this case being the Program Participants. The Program Participants each possess the powers referred to in the recitals hereof. The purpose of this Agreement is to establish an agency for, and with the purpose of, issuing Bonds to finance projects within the territorial limits of the Program Participants pursuant to the Act, Article 2, Article 4, or other applicable provisions of law; provided, however that nothing in this Agreement shall be construed as a limitation on the rights of the Program Participants to pursue economic development outside of this Agreement, including the rights to issue Bonds through industrial development authorities under the Act, or as otherwise permitted by law.

Within the various jurisdictions of the Program Participants such purpose will be accomplished and said powers exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective as of the date hereof and shall continue in full force and effect for a period of forty (40) years from the date hereof, or until such time as it is terminated in writing by all the Program Participants; provided, however, that this Agreement shall not terminate or be terminated until the date on which all Bonds or other indebtedness issued or caused to be issued by the Authority shall have been retired, or full provision shall have been made for their retirement, including interest until their retirement date.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

(1) Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Statewide Communities Development Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Program Participants. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to this Agreement.

B. COMMISSION.

The Authority shall be administered by a Commission (the "Commission") which shall consist of seven members, each

serving in his or her individual capacity as a member of the Commission. The Commission shall be the administering agency of this Agreement, and, as such, shall be vested with the powers set forth herein, and shall execute and administer this Agreement in accordance with the purposes and functions provided herein.

Four members of the Commission shall be appointed by the governing body of CSAC and three members of the Commission shall be appointed by the governing body of LCC. Initial members of the Commission shall serve a term ending June 1, 1991. Successors to such members shall be selected in the manner in which the respective initial member was selected and shall serve a term of three years. Any appointment to fill an unexpired term, however, shall be for such unexpired term. The term of office specified above shall be applicable unless the term of office of the respective member is terminated as hereinafter provided, and provided that the term of any member shall not expire until a successor thereto has been appointed as provided herein.

Each of CSAC and LCC may appoint an alternate member of the Commission for each member of the Commission which it appoints. Such alternate member may act as a member of the Commission in place of and during the absence or disability of such regularly appointed member. All references in this Agreement to any member of the Commission shall be deemed to refer to and include the applicable alternate member when so acting in place of a regularly appointed member.

Each member or alternate member of the Commission may be removed and replaced at any time by the governing body by which such member was appointed. Any individual, including any member of the governing body or staff of CSAC or LCC, shall be eligible to serve as a member or alternate member of the Commission.

Members and alternate members of the Commission shall not receive any compensation for serving as such but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a member or alternate member, if the Commission shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The Commission shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among its members to serve for such term as shall be determined by the Commission. The Commission shall appoint one or more of its officers or

employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve for such term as shall be determined by the Commission.

Subject to the applicable provisions of any resolution, indenture or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived.

The Treasurer of the Authority shall have the powers, duties and responsibilities specified in Section 6505.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Commission but in no event less than \$1,000. If and to the extent permitted by law, any such officer may satisfy this requirement by filing an official bond in at least said amount obtained in connection with another public office.

The Commission shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Commission shall have the power, by resolution, to the extent permitted by the Joint Exercise of Powers Act or any other applicable law, to delegate any of its functions to one or more of the members of the Commission or officers or agents of the Authority and to cause any of said members, officers or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Commission or the Authority.

D. MEETINGS OF THE COMMISSION.

(1) Regular Meetings.

The Commission shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Commission and a copy of such resolution shall be filed with each party hereto.

(2) Special Meetings.

Special meetings of the Commission may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(3) Ralph M. Brown Act.

All meetings of the Commission, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California).

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Commission and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Commission.

(5) Quorum.

A majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC shall constitute a quorum for the transaction of business. No action may be taken by the Commission except upon the affirmative vote of a majority of the members of the Commission which includes at least one member appointed by the governing body of each of CSAC and LCC, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Commission such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have any and all powers relating to economic development authorized by law to each of the parties hereto and separately to the public entity herein created, including, without limitation, the promotion of opportunities for the creation and retention of employment, the stimulation of economic activity, and the increase of the tax base, within the jurisdictions of such parties. Such powers shall include the common powers specified in this

Agreement and may be exercised in the manner and according to the method provided in this Agreement. All such powers common to the parties are specified as powers of the Authority. The Authority is hereby authorized to do all acts necessary for the exercise of such powers, including, but not limited to, any or all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity; to sue and be sued in its own name; and generally to do any and all things necessary or convenient to the promotion of economic development, including without limitation the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, and the increase of the tax base, all as herein contemplated. Without limiting the generality of the foregoing, the Authority may issue or cause to be issued bonded and other indebtedness, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, including Article 2 and Article 4, the Act or any other applicable provision of law.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties until a California general law city shall become a Program Participant, at which time it shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by the Authority, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 1988.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2 hereof, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Program Participants and shall thereafter remain the sole property of the Program Participants; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Program Participants.

Section 7. Bonds.

The Authority shall issue Bonds for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement. Said Bonds may, at the discretion of Authority, be issued in series.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The fees and expenses of such counsel, consultants, advisors, and the expenses of CSAC, LCC, and the Commission shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 9. Local Approval.

A copy of the application for financing of a project shall be filed by the Authority with the Program Participant in whose jurisdiction the project is to be located. The Authority shall not issue Bonds with respect to any project unless the governing body of the Program Participant in whose jurisdiction the project is to be located, or its duly authorized designee, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Action to approve or disapprove a project shall be taken within 45 days of the filing with the Program Participant. Certification of approval or disapproval shall be made by the clerk of the governing body of the Program Participant, or by such other officer as may be designated by the applicable Program Participant, to the Authority.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Program Participant, CSAC, or LCC or pledge of the faith and credit of the Program Participants, CSAC, LCC, or the

Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds or the respective project costs except from revenues and other funds pledged therefor. Neither the Program Participants, CSAC, LCC, nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Program Participants nor the faith and credit of CSAC, LCC, or the Authority shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds nor shall the Program Participants, CSAC, LCC, or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any member of the Commission, or any officer, agent or employee of the Authority in his individual capacity and neither the Commission of the Authority nor any officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 10. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Program Participant.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Agency by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as public records with each Program Participant and also with the county auditor of each county in which a Program Participant is located. Such report shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Commission may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

The Treasurer of the Authority, within 120 days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to each of the Program Participants to the extent such activities are not covered by the reports of the trustees for the Bonds. The trustee appointed under each Indenture shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out this Agreement.

Section 11. Funds.

Subject to the applicable provisions of each Indenture, which may provide for a trustee to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Section 10 hereof, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions or purposes of this Agreement.

Section 12. Notices.

Notices and other communications hereunder to the Program Participants shall be sufficient if delivered to the clerk of the governing body of each Program Participant.

Section 13. Withdrawal and Addition of Parties.

A Program Participant may withdraw from this Agreement upon written notice to the Commission; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding under an Indenture. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Commission which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Qualifying public agencies may be added as parties to this Agreement and become Program Participants upon: (i) the filing by such public agency of an executed counterpart of this Agreement, together with a certified copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (ii) adoption of a resolution of the Commission approving the addition of such public agency as a Program Participant. Upon satisfaction of such conditions, the Commission shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

Section 14. Indemnification.

To the full extent permitted by law, the Commission may authorize indemnification by the Authority of any person who is or was a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member or alternate member of the Commission, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 15. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the parties hereto for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the party making such advance at the time of such advance.

Section 16. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, all pension, relief, disability, workers' compensation, and other benefits which apply to the activity of officers, agents or employees of Program Participants when performing their

respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged as members of the Commission or otherwise as an officer, agent or other representative of the Authority or while engaged in the performance of any of their functions or duties extraterritorially under the provisions of this Agreement.

Section 17. Amendments.

Except as provided in Section 13 above, this Agreement shall not be amended, modified, or altered except by a written instrument duly executed by each of the Program Participants.

Section 18. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Program Participants at 9:00 a.m., California time, on the date that the Commission shall have received from each of the Initial Participants an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Participant approving this Agreement and the execution and delivery hereof.

Section 19. Partial Invalidity.

If anyone or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 20. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no party may assign any right or obligation hereunder without the consent of the other parties.

Section 21. Miscellaneous.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement is made in the State of California, under the Constitution and laws of such state and is to be so construed.

This Agreement is the complete and exclusive statement of the agreement among the parties hereto, which supercedes and merges all prior proposals, understandings, and other agreements, including, without limitation, the Initial Agreement, whether oral, written, or implied in conduct, between and among the parties relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

Program Participant:

[SEAL]

By _____

Name:

Title:

ATTEST:

By _____

Name:

Title:

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

INCUMBENCY AND SIGNATURE CERTIFICATE OF THE AUTHORITY

The undersigned hereby state and certify that:

(i) she or he is a duly appointed, qualified and Member of the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized, validly existing and in good standing under the Constitution and the laws of the State of California (the "Authority"), and, as such, she or he is familiar with the facts herein certified and am authorized to certify the same;

(ii) that the following were on September 23, 2003, and are now, the duly elected, qualified and acting Members of the Commission of the Authority:

Chairperson	Chris McKenzie
Vice Chairperson	Steve Szalay
Secretary	Daniel Harrison
Treasurer	Norma Lammers
Member	Paul Hahn
Member	Steve Keil
Member	Betty Masouka

(iii) that the following documents and instruments relating to the California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds") all bear the authentic manual or facsimile signature of a Member of the Commission of the Authority and that the Authority has all the necessary power and authority to authorize the execution of the Bonds, and to perform its obligations under these documents:

- (a) the Indenture, dated as of October 1, 2003, by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee");
- (b) the Continuing Disclosure Certificate, dated October 21, 2003, executed by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee");
- (c) the Official Statement, dated October 7, 2003, relating to the Bonds;

- (d) the Bond Purchase Agreement, dated October 7, 2003, by and between the Authority, Henderson Capital Partners, LLC, as underwriter, the City of Lodi, the City of Fort Bragg and North Coast County Water District;
- (e) the Installment Purchase Agreement, dated as of October 1, 2003, by and between the Authority and City of Lodi;
- (f) the Installment Purchase Agreement, dated as of October 1, 2003, by and between the Authority and the City of Fort Bragg; and
- (g) the Bonds, dated October 21, 2003; and

(iv) that until the Trustee is otherwise so advised by the Authority in writing, the signature of any Member of the Commission shall constitute the signature of the representative of the Authority who is authorized to perform specified acts and sign documents on behalf of the Commission with respect to the Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto set her or his hand this 21st day of October, 2003.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: 
Member

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

AUTHORITY CLOSING AND NO-LITIGATION CERTIFICATE

The undersigned hereby states and certifies that:

(i) that she or he is the duly appointed, qualified and acting Member of the California Statewide Communities Development Authority, a joint exercise of powers authority organized, validly existing and in good standing under the Constitution and the laws of the State of California (the "Authority"), and as such, is familiar with the facts herein certified and is authorized to certify the same; and

(ii) that the representations and warranties of the Authority contained in the Bond Purchase Agreement, dated October 7, 2003, (the "Bond Purchase Agreement"), by and between the Authority, Henderson Capital Partners, LLC, as the underwriter, the City of Lodi and the City of Fort Bragg and North Coast County Water District are true and correct on and as of the date set forth below with the same effect as if made on the date set forth below.

IN WITNESS WHEREOF, the undersigned has hereunto set her or his hand this 21st day of October, 2003.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: 
Member

\$9,855,000
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

TAX CERTIFICATE

The California Statewide Communities Development Authority, a public entity of the State of California (the "**Authority**"), in its capacity as issuer of the Bonds (as hereinafter defined), the City of Lodi ("**Lodi**"), and the City of Fort Bragg ("**Fort Bragg**," and together with Lodi, the "**Participants**"), in connection with the issuance of certain bonds hereinafter defined, hereby make the following representations of facts and expectations and covenant to comply with the requirements of this Tax Certificate in connection with the issuance of the \$9,855,000 aggregate principal amount of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "**Bonds**"). Each Participant makes each certification, representation, covenant, warranty and statement as to expectation herein with respect to itself only, and no other Participant. These representations and covenants are in furtherance of the covenants contained in Section 4.4 of an Indenture, dated as of October 1, 2003 (the "**Indenture**"), by and between the Authority and Union Bank of California, N.A., as trustee (the "**Trustee**"), Section 6.16 of each of the Installment Purchase Agreements (as hereinafter defined), dated as of October 1, 2003, each by and between the Authority and each of the Participants, and in part are made pursuant to Section 1.148-2(b)(2) of the Regulations. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Indenture.

ARTICLE I

GENERAL MATTERS

Section 1.1. Authorization for Issuance. The undersigned and other officers and members of the Authority and the Participants are charged with the responsibility of authorizing and requesting the issuance of the Bonds. The Bonds are being issued pursuant to the Constitution and laws of the State of California, the Amended and Restated Joint Exercise of Powers Agreement, dated June 1, 1988, (the "**Joint Powers Agreement**"), the Indenture, and Resolution No. 03R-11 of the Authority adopted on September 23, 2003 (the "**Authority Resolution**"). The Bonds are secured as to payment from a pledge of Revenues consisting of Installment Payments (as that term is defined in the Indenture) payable by the Participants to the Authority under and pursuant to separate Installment Purchase Agreements (each an "**Installment Purchase Agreement**," and collectively, the "**Installment Purchase Agreements**"), each dated as of October 1, 2003, by and between the Authority and the respective Participant, pursuant to which the Authority will lease certain facilities to each Participant.

Section 1.2. Sale of the Bonds. The Bonds are being delivered to Henderson Capital Partners, LLC, as the underwriter (the "**Underwriter**"), on the date hereof for resale to the general public. The Underwriter is delivering good funds in exchange for the Bonds on the date hereof. Bartle Wells Associates served as financial advisor to the Participants with respect to this financing (the "**Financial Advisor**").

Section 1.3. The Authority. The Authority is a constituted authority and is executing and delivering the Bonds on behalf of a state or political subdivision thereof. The Authority hereby certifies, represents, covenants and warrants that (a) the Authority has been created pursuant to a law of the State of California; (b) the Authority was created for a public purpose; (c) the Authority is governed by a body controlled by a state or political subdivision thereof; (d) the Authority is authorized to issue obligations such as the Bonds for the purposes for which the Authority was created; (e) the earnings of the Authority will not and cannot inure to the benefit of any private person or entity; and (f) upon dissolution of the Authority, title to the Authority's assets will revert to a state or political subdivision thereof.

Section 1.4. Purpose of Bonds. The Bonds are being issued for the purpose, together with the other available moneys, of the following:

(a) financing the costs of acquisition and construction of various capital improvements to a wastewater treatment plant and wastewater collection system owned and operated by Lodi (the "**Lodi Project**");

(b) refunding on a current basis the \$6,265,000 City of Fort Bragg (Mendocino County) Certificates of Participation (1993 Water System Refunding Program) (the "**Refunded Bonds**"), issued on September 8, 1993, of which \$5,235,000 aggregate principal amount is outstanding;

(c) paying the costs of issuance with respect to the Bonds (the "**Costs of Issuance**");

(d) purchasing a municipal bond insurance policy (the "**Bond Insurance**") from Financial Security Assurance Inc. (the "**Credit Enhancer**") with respect to the Bonds, and;

(e) (e) purchasing a surety bond ("**Surety Bond**," and together with the Bond Insurance, the "**Credit Enhancement**") from the Credit Enhancer to fund a reasonably required reserve with respect to the Bonds.

Proceeds of the Refunded Bonds were applied to refinance all or a portion of four then outstanding obligations of Fort Bragg, consisting of (i) the refunding on an advance basis of a portion (\$3,645,000) of the outstanding principal amount represented by the City of Fort Bragg Certificates of Participation (1989 Capital Improvement Projects) (the "**1989 Certificates**"), executed and delivered in March 1989, (ii) refunding on an advance basis a portion (\$640,000) of the outstanding principal amount represented by the Certificates of Participation California Cities Financing Corporation, 1986 Series B (the "**1986 Certificates**"), executed and delivered in December 1986, allocable to Fort Bragg, (iii) refinancing the grant amount (\$775,873.66) advanced to Fort Bragg pursuant to an Agreement between the State of California Department of

Commerce and Fort Bragg, dated May 16, 1989, for a grant under the McCorquodale-Nielson-Hauser Rural Development Act of 1986 (the "**Grant Agreement**"), and (iv) refinancing the required loan repayment (\$1,438,037.82) to be made by Fort Bragg pursuant to a Contract between the State of California Department of Water Resources and Fort Bragg for a loan under the Safe Drinking Water Bond Law of 1976 (the "**Loan Agreement**," and together with the 1989 Certificates, the 1986 Certificates and the Grant Agreement, the "**Prior Obligations**"). Based on the representations of Fort Bragg, the proceeds of the Prior Obligations were used to finance certain improvements to water system of Fort Bragg (collectively, the "**Prior Projects**"). The Authority and each of the Participants covenant to use the proceeds of the Bonds solely for the above-described purposes, unless an opinion of Bond Counsel is received permitting uses of proceeds for other than the above-described purposes.

Section 1.5. Participants. The entities receiving proceeds of the Bonds for the purpose of financing and/or refinancing the Projects and the Prior Projects are described in the chart below. The allocation among the Participants of the sources and uses of the proceeds of the Bonds is set forth in Exhibit D attached hereto.

<u>Name of Participant</u>	<u>Type of System</u>	<u>Type of Project</u>	<u>Allocable Bond Principal</u>	<u>Final Installment Payment by Participant</u>
City of Lodi	Wastewater	New Improvements	\$5,000,000	10/1/2023
City of Fort Bragg	Water	Refunding	\$4,855,000	10/1/2023

Section 1.6. Nature of Issue. All the Bonds are being sold at the same time, have been sold pursuant to the same plan of financing, and are reasonably expected to be paid from substantially the same source of funds. Accordingly, the Bonds are a single issue of obligations for certain federal income tax purposes relating to the exclusion from gross income of interest on the Bonds. No other governmental obligations which are reasonably expected to be paid from substantially the same source of funds are being sold at substantially the same time and sold pursuant to the same plan of financing as the Bonds.

Section 1.7. Purpose of Tax Certificate. The Authority and each of the Participants are executing this Tax Certificate (including all exhibits hereto) with the understanding and acknowledgement that Hawkins, Delafield & Wood ("**Bond Counsel**") will rely on the representations and certifications made in this Tax Certificate (including all exhibits hereto) in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, and the execution of this Tax Certificate is necessary to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes.

Section 1.8. Multipurpose Issue. For certain purposes of this Tax Certificate, in accordance with Section 1.148-9(h) of the Regulations, the portion of the Bonds allocable to the refunding of the Refunded Bonds is referred to herein as the "**Refunding Bonds**," and the portion of the Bonds allocable to the costs of the Projects is referred to herein as the "**Project Bonds**."

Section 1.9. Definitions; Capitalized Terms. All capitalized terms used in this Tax Certificate and not specifically defined herein shall have the meanings given such terms in the Indenture.

ARTICLE II

PRIVATE ACTIVITY BOND RESTRICTIONS

Section 2.1. Governmental Use of Proceeds. Absent an opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, neither the Authority and nor any of the Participants will not allow any of the proceeds of the Bonds, or any refinanced obligations or any of the facilities financed or refinanced with such obligations to be used in the trade or business of any nongovernmental persons (other than in their roles as members of the general public) and will not loan any of the proceeds of the Bonds, or any refinanced obligations, to any nongovernmental persons. In furtherance of the foregoing, the Authority and each of the Participants represent the following with respect to the use of proceeds of the Bonds and the facilities financed and refinanced therewith.

Section 2.2. In General. No more than 10% of the proceeds of the Bonds or the Projects or the Prior Projects (based on the cost of the components of the Projects or the Prior Projects or, with respect to a unitary structure, on the relative fair rental value of such components) has been or will be used in the aggregate for any activities that constitute a "Private Use" (as such term is defined below in Section 2.5 hereof). No more than 10% of the principal of and interest on the Bonds, under the terms thereof or any underlying arrangement, has been or will be secured by any interest in property (whether or not the Projects or the Prior Projects) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use.

Section 2.3. No Private Loan Financing. No more than the lesser of 5% or \$5,000,000 of the proceeds of the Bonds will be used to make or finance loans to any person other than to a state or local governmental unit (other than loans to finance any governmental tax or assessment of general application for a specific essential governmental function or loans that are used to acquire or carry Nonpurpose Investments (as such term is defined below)).

Section 2.4. No Disproportionate or Unrelated Use. No more than 5% of the proceeds of the Bonds or the Projects or the Prior Projects has been or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the proceeds of the Bonds (an "**Unrelated or Disproportionate Use**"), and no more than 5% of the principal of or interest on any of the Bonds has been or will be, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Use that is an Unrelated or Disproportionate Use or in payments in respect of property used or to be used for a Private Use that is an Unrelated or Disproportionate Use.

Section 2.5. Definition of Private Use. The term "**Private Use**" means any activity that constitutes a trade or business that is carried on by persons or entities other than governmental entities. The leasing of property financed or refinanced with proceeds of the Bonds or the use of or access by a person or entity other than a governmental unit to property or services on a basis other than as a member of the general public shall constitute a Private Use.

Section 2.6. Management and Service Contracts. With respect to management and service contracts, the determination of whether a particular use constitutes Private Use under this Tax Certificate shall be determined on the basis of applying the relevant sections of the Regulations and Revenue Procedure 97-13. As of the date hereof, no portion of the proceeds derived from the sale of the Bonds is being used to provide property subject to contracts or other arrangements with persons or entities engaged in a trade or business (other than governmental units) that involve the management of property or the provision of services with respect to property financed or refinanced by proceeds of the Bonds that do not comply with the standards of the Regulations or Revenue Procedure 97-13.

ARTICLE III

ARBITRAGE CERTIFICATIONS

The following states the expectations of the Authority and each of the Participants with respect to the amount and uses of the proceeds of the Bonds and certain other moneys or property. As set forth above, each Participant makes each certification, representation, covenant, warranty and statement as to expectation herein with respect to itself only, and no other Participant.

Section 3.1. Source and Use of Funds. The total proceeds to be derived by the Authority from the sale of the Bonds, in the aggregate amount of \$9,900,326.05 (representing \$9,855,000.00 face amount of the Bonds, less Underwriter's discount of \$115,687.50, plus net original issue premium of \$161,013.55), are expected to be needed and fully expended as follows:

(a) \$60,367.72 of such proceeds will be utilized to purchase the Bond Insurance from the Credit Enhancer;

(b) \$19,087.00 of such proceeds will be utilized to purchase the Surety Bond from the Credit Enhancer to be used to secure the payment of debt service on the Bonds attributable to Fort Bragg and Lodi, respectively;

(c) \$119,413.31 of such proceeds will be deposited in the Series 2003B Costs of Issuance Fund and used to pay Costs of Issuance, which together with investment earnings thereon, will be expended to pay Costs of Issuance (including the Authority's fee and excluding Underwriter's discount and Credit Enhancement premiums within one year of the date hereof;

(d) \$4,935,000.00 of such proceeds will be deposited in the Project Fund, all of which shall be allocated to the Lodi Project Account, and together with the earnings thereon, will be utilized to pay the costs of construction, improvement and equipping of the Lodi Project within three years of the date hereof, including the reimbursement of certain capital expenditures previously incurred and paid by Lodi with respect to the Lodi Project (as set forth in Section 3.2 herein).

(e) \$4,766,458.02 of such proceeds, together with other available moneys of Fort Bragg in the aggregate amount of \$705,870.98 currently on deposit in the funds and

accounts relating to the Refunded Bonds as set forth in Subsections 3.4(d) and (e) below, will be deposited in the Escrow Fund and applied to acquire certain United States Treasuries – State and Local Government Series (the "SLGs") which will be utilized to pay and prepay on December 1, 2003 the principal and interest with respect to the Refunded Bonds maturing on and after December 1, 2004, and to pay a prepayment premium of 2% with respect to the Refunded Bonds (\$101,900.00), pursuant to the Escrow Agreement, dated as of October 1, 2003 (the "**Escrow Agreement**"), entered into by and between Fort Bragg and U.S. Bank, N.A., as escrow agent (the "**Escrow Bank**").

Section 3.2. Reimbursement of Eligible Original Expenditures Paid Before Issue Date. As set forth in Section 3.1 hereof, a portion of the proceeds of the Bonds allocable to Lodi (*i.e.*, \$1,398,440.96) will be used to reimburse Lodi for expenditures incurred and paid thereby with respect to the Lodi Project in anticipation of the issuance of the Bonds. Regulations Section 1.150-2 provides that proceeds of tax-exempt bonds may be spent on a "reimbursement" basis to reimburse certain eligible types of original expenditures originally paid before the date of issuance of bonds from other funds. To qualify for reimbursement, certain requirements must be satisfied. In this regard, Lodi represents the following:

(a) Official Intent. Not later than 60 days after payment of the original expenditure, Lodi must adopt a "declaration of official intent" that satisfies the reimbursement rules (an "**Official Intent**"). The Official Intent may be made in any reasonable form, including a resolution, an action by an appropriate representative of Lodi (*e.g.*, a person authorized or designated to declare official intent on behalf of Lodi), or specific legislative authorization for the issuance of the Bonds for a particular project. The Official Intent generally must describe the project for which the original expenditure is paid and state the maximum principal amount of the Bonds to be issued for that project. A project includes any property, project, or program (*e.g.*, school building construction). See, Exhibit G attached hereto for a copy of the Official Intent of Lodi relating to the Lodi Project. Lodi has taken no action subsequent to the expression of such intent that would contradict or otherwise be inconsistent with such intent. Further, Lodi does not have a pattern of failing to reimburse expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by Lodi other than in circumstances that were unexpected and beyond the control of Lodi.

(b) Eligible Types of Reimbursement Expenditures. Types of expenditures eligible for reimbursement include expenditures for a capital project, de minimis working capital items, extraordinary working capital items and grants (but not restricted working capital expenditures). See, Exhibit F attached hereto for the particular expenditures to be reimbursed by Lodi.

(c) Reimbursement Period. Any reimbursement of original expenditures from Proceeds of the Bonds must be made not later than 18 months after the later of (i) the date the original expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event later than 3 years after the original expenditure is paid. Lodi represents that the foregoing timing requirement is satisfied with respect to all reimbursed expenditures set forth in Exhibit F attached hereto.

(d) Preliminary Expenditures. Regulations Section 1.150-2(f)(2) provides a special exception to the official intent requirement for reimbursing certain prescribed "preliminary expenditures." Preliminary expenditures include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a capital project, but preliminary expenditures do not include land acquisition, site preparation, and similar costs incident to commencement of construction. Eligible preliminary expenditures cannot exceed 20% of the issue price of the bond issue or issues that are reasonably expected to finance the applicable project. Lodi represents certain of the expenditures being reimbursed with proceeds of the Bonds constitute preliminary expenditures.

(e) Anti-Abuse Rules. None of the proceeds of the Bonds are being used in a manner that employs an abusive arbitrage device under Regulations Section 1.148-10 to avoid the arbitrage restrictions or to avoid the restriction under Sections 142 through 147 of the Code. Lodi represents that none of the proceeds of the Bonds being used to reimburse prior expenditures are being or will be used, directly or indirectly, within one year of the date hereof, in a manner that results in the creation of replacement proceeds (within the meaning of Regulations Section 1.148-1(c)), other than amounts deposited in a Bona Fide Debt Service Fund.

Section 3.3. Overissuance. The total proceeds to be received by the Authority and the Participants from the sale of the Bonds, together with anticipated investment earnings thereon, do not exceed the total amount necessary for the governmental purposes described above.

Section 3.4. Refunding Plan. Fort Bragg represents as follows with respect to the Refunding Bonds.

(a) Purpose of Refunding. The Refunding Bonds are being issued for purposes of providing present value debt service savings to Fort Bragg. The refunding of the Refunded Bonds does not involve a device employed to obtain a material financial advantage.

(b) Escrow Fund. As referred to above, \$4,766,458.02 of proceeds of the Bonds, together with other available monies of Fort Bragg in the aggregate amount of \$705,870.98 currently on deposit in funds and accounts relating to the Refunded Bonds as set forth in Section 3.4(d), will be deposited in the Escrow Fund and applied to acquire SLGs in the aggregate principal amount of \$5,472,329.00 as described in the Escrow Agreement.

(c) Sufficiency. Fort Bragg represents that the amount of moneys deposited to the Escrow Fund, together with the investment earnings on such amounts and the initial cash deposit (if any), will be sufficient to pay and prepay the debt service requirements and prepayment premium with respect to the Refunded Bonds on December 1, 2003. This conclusion was verified in the report of even date herewith relating to the Bonds (the "**Verification Report**") prepared by Grant Thornton LLP, independent certified public accounts (the "**Verification Agent**").

(d) Prior Debt Service Reserve Moneys. \$426,688.26 is held in the reserve fund with respect to the Refunded Bonds. On the date hereof, these moneys will be transferred and deposited in the Escrow Fund and used (together with proceeds of the Bonds, as set forth in Section 3.1(e) above) to acquire a pro-rata portion of the SLGs in order to refund and redeem the Refunded Bonds. Such transferred amounts consist solely of proceeds from the sale of the Refunded Bonds, the interest on which is excluded from gross income for federal income tax purposes, or investment earnings thereon. These unexpended proceeds are being used no later than the proceeds of the Bonds to pay principal of, interest and prepayment premium with respect to the Refunded Bonds.

(e) Prior Debt Service Moneys. \$279,182.72 is held in the debt service fund with respect to the Refunded Bonds. On the date hereof, these moneys will be transferred and deposited in the Escrow Fund and used (together with proceeds of the Bonds, as set forth in Section 3.1(e) above) to acquire a pro-rata portion of the SLGs in order to refund and redeem the Refunded Bonds.

(f) Prior Construction Fund Moneys. No moneys are held in the construction fund with respect to the Refunded Bonds. Other than as described above, no proceeds derived from the sale of the Refunded Bonds remain unexpended as of the date hereof. Net proceeds of the Refunded Bonds have been expended on the capital costs of the project for which such obligations were issued.

(g) Excess Proceeds. [Intentionally Omitted]

(h) Transferred Proceeds. [Intentionally Omitted]

Section 3.5. Other Replacement Proceeds. Any moneys of the Participants "freed-up" as a result of the refunding of the Refunded Bonds are a result solely of the present value debt service savings with respect to such refunding.

Section 3.6. Temporary Period. Based on the representations of the Lodi, the Authority reasonably expects that (i) at least eighty-five percent (85%) of the net sale proceeds (as such term is defined in Section 1.148-1(b) of the Regulations) of the Project Bonds will be allocated to expenditures for the Lodi Project within three years of the date hereof, (ii) it will incur within six (6) months of the date hereof a substantial binding obligation (*i.e.*, not subject to contingencies within the control of the Authority or a related party) to a third party to expend at least five percent (5%) of the net sale proceeds of the Project Bonds on the costs of the Projects, and (iii) the completion of acquisition, construction and equipping of the Lodi Project and the allocation of net sale proceeds of the Project Bonds to expenditures for the Lodi Project will proceed with due diligence.

Section 3.7. Working Capital. No operational expenditures of the Authority, the Participants or any related entity are to be financed or refinanced directly or indirectly with proceeds derived from the sale of the Bonds.

Section 3.8. Funds and Accounts. The Indenture creates and establishes the following funds, accounts and sub-accounts with respect to the Bonds.

- (a) the Project Fund (including separate accounts established therein related to each Participant);
- (b) the Costs of Issuance Fund (including separate accounts established therein related to each Participant);
- (c) the Interest Fund (including separate accounts established therein with respect to each Participant);
- (d) the Principal Fund (including separate accounts established therein with respect to each Participant);
- (e) the Reserve Fund (including separate accounts established therein with respect to each Participant);
- (f) the Sinking Fund (including separate accounts established therein with respect to each Participant); and
- (g) the Rebate Fund.

In addition, the Indenture establishes a special fund to be known as the "Series 2003B California Statewide Communities Development Authority Water and Wastewater Financing Program Revenue Fund" (the "**Revenue Fund**") which shall be held and invested by the Trustee. All revenues of the Authority relating to this Program shall be deposited into such Revenue Fund. Within the Revenue Fund there shall be established a separate, segregated Account to be designated the "[name of Participant] Installment Payment Account" (each an "**Installment Payment Account**") relating to each Installment Purchase Agreement, into which each Installment Payment Account shall be deposited the related Installment Payments.

Section 3.9. Sinking Funds.

(a) Bona Fide Debt Service Funds. The portion of the Revenue Fund to be used to pay debt service on the Bonds (the "**Sinking Fund Portion of the Revenue Fund**"), the Interest Fund, the Principal Fund, and the Sinking Fund (collectively, the "**Bona Fide Debt Service Funds**") will be used primarily to achieve a proper matching of revenues of the Authority and payments of principal and interest on the Bonds within each Bond Year. Amounts deposited to the Bona Fide Debt Service Funds will be depleted during each Bond Year, except for a reasonable carryover amount, if any, not to exceed the greater of (i) the earnings on the funds for the immediately preceding Bond Year, or (ii) 1/12th of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

(b) Reasonably Required Reserve. The Reserve Fund will be funded with the Surety Bond.

(c) No Negative Pledges. There are no amounts held under any agreement to maintain amounts at a particular level for the direct or indirect benefit of the holders of the Bonds or guarantor of the Bonds, if any, excluding for this purpose amounts in which

the Authority or any of the Participants (or a substantial beneficiary) may grant rights that are superior to the rights of the holders of the Bonds or guarantor of the Bonds, if any, and amounts that do not exceed reasonable needs for which they are maintained and as to which the required level is tested no more frequently than every six (6) months and that may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.

Section 3.10. Project Fund. The Project Fund was established pursuant to the Indenture, and shall be invested at the direction of the applicable Participant. Any moneys on deposit therein shall be solely for the purpose of paying the costs of the Projects (including expenses incidental thereto) and, at the direction of the applicable Participant, to the extent there is any money remaining therein following completion of the Projects, to pay a portion of the interest on the Bonds.

Section 3.11. Costs of Issuance Fund. The Costs of Issuance Fund will be established and maintained by the Trustee pursuant to Section 3.4 of the Indenture. Moneys will be disbursed from the Costs of Issuance Fund at the appropriate time and amount as is necessary to pay Costs of Issuance. No later than March 1, 2004, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to the Revenue Fund to be used for the purposes thereof.

Section 3.12. No Other Proceeds. Other than the Bona Fide Debt Service Funds, the Project Fund, the Costs of Issuance Fund and the Reserve Fund, there are no funds or accounts of the Authority or the Participants established pursuant to the Indenture, the Installment Purchase Agreements or otherwise, that are reasonably expected to be used for the payment of principal and interest on the Bonds or to make payments to the Credit Enhancer or that are pledged as collateral for the Bonds or to the Credit Enhancement and for which there is a reasonable assurance that amounts on deposit therein will be available for the payment of principal and interest on the Bonds or to make payments to the Credit Enhancer if the Authority or any of the Participants encounter financial difficulties.

Section 3.13. No Replacement Proceeds. The term of the Bonds is not longer than is reasonably necessary for the governmental purpose of the issue, and the weighted average maturity of the Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities financed and refinanced with the proceeds of the Bonds.

Section 3.14. Rebate Fund. Amounts deposited in the Rebate Fund are to assist the Authority with compliance of Section 148(f) of the Code. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Bonds. Proceeds of the Bonds are not expected to be held in the Rebate Fund.

Section 3.15. Arbitrage Investment Restrictions. The proceeds derived from the sale of the Bonds and the amounts on deposit in the aforementioned funds and accounts may be invested as follows:

- (a) No Accrued Interest. No amounts were derived from the sale of the Bonds to pay pre-issuance accrued interest with respect to the Bonds.

(b) Costs of Issuance. Proceeds derived from the sale of the Bonds to pay Costs of Issuance may be invested at an unrestricted yield until expended, for a period not to exceed thirteen months from the date hereof. Investment earnings on such amounts that are retained in such fund may be invested at an unrestricted yield for a period not to exceed one year from the date of receipt of the amount earned.

(c) Escrow Fund. Proceeds derived from the sale of the Refunding Bonds deposited in the Escrow Fund and used to redeem the Refunded Bonds may be invested at an unrestricted yield until used to pay or redeem the Refunded Bonds, but in no event for a period longer than 90 days from the date hereof.

(d) Project Costs. Proceeds derived from the sale of the Project Bonds deposited in the various accounts within the Project Fund to finance the cost of the Projects may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point (1/8%). Investment earnings on obligations acquired with such proceeds may be invested at an unrestricted yield for a period not exceeding three years from the date hereof or one year from the receipt thereof, whichever is longer, and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point (1/8%).

(e) Reserve Fund. No proceeds of the Bonds have been deposited in the Reserve Fund.

(f) Payment of Debt Service. Amounts deposited in the Bona Fide Debt Service Funds (other than as pre-issuance accrued interest, if any) may be invested at an unrestricted yield for a period not to exceed thirteen months from the date of deposit of such amounts to such funds. Earnings on such amounts that are retained in such funds may be invested at an unrestricted yield for a period not to exceed one year from the date of receipt of the amount earned.

(g) Minor Portion. Amounts described in this Section 3.15 that may not be invested at an unrestricted yield as described above may be invested at an unrestricted yield to the extent such amounts do not exceed the lesser of five percent (5%) of the sale proceeds of the Bonds or \$100,000 (the "**Minor Portion**").

(h) Yield Restricted Moneys. Proceeds derived from the sale of the Bonds and investment earnings thereon that may not be invested at an unrestricted yield pursuant to this Section 3.15 will either (i) be invested at a yield not in excess of the yield on the Bonds (or, where applicable, at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point), or (ii) be invested in Tax-Exempt Obligations (as such term is hereinafter defined). Amounts other than proceeds derived from the sale of the Bonds and investment earnings that may not be invested at an unrestricted yield pursuant to this Section 3.15 will either (i) be invested at a yield not in excess of the yield on the Bonds, or (ii) be invested in Tax-Exempt Obligations.

(i) Rebate Fund. Amounts held on deposit in the Rebate Fund, to the extent funded with amounts other than proceeds derived from the sale of the Bonds and investment earnings thereon, may be invested without regard to yield. Amounts held in the Rebate Fund will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code unless such amounts constitute Gross Proceeds of the Bonds (as hereinafter defined).

Section 3.16. Yield. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148 of the Code and Sections 1.148-4 and 1.148-5 of the Regulations. Thus, yield generally means that discount rate which when used in computing the present value of all unconditionally payable payments representing principal, interest, and the fees of qualified guarantees paid and to be paid with respect to the Bonds produces an amount equal to the issue price of the Bonds. The issue price of the Bonds is \$10,016,013.55 (which is equal to the initial offering price of the Bonds to the public (excluding bond houses, brokers and similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount (at least 10 percent) of each maturity of the Bonds was or is reasonably expected to be sold, as represented by the Underwriter in Exhibit A), plus pre-issuance accrued interest, if any. The yield on the Bonds, calculated as described above, is 4.203315%. Yield with respect to the obligations allocable to proceeds of the Bonds, is that discount rate which when used in computing the present worth of the payments of principal and interest on the obligations produces an amount equal to the purchase price of the obligation.

(a) Qualified Guarantee Fees. The fees for the Credit Enhancement, in an aggregate amount equal to \$79,454.72, may be taken into account with respect to computing yield on the Bonds. The Underwriter has represented that the present value of the fees for the Credit Enhancement are reasonably expected to be less than the present value of the expected interest savings on the Bonds as a result of the Credit Enhancement, determined by using the yield on the Bonds, determined with regard to the Credit Enhancement, as the discount rate. The Credit Enhancement imposes a secondary liability of the Credit Enhancer that unconditionally shifts substantially all of the credit risk for certain payments on the Bonds. The Underwriter has represented that the fees for the Credit Enhancement do not exceed a reasonable arm's-length charge for the transfer of credit risk with respect to payments on the Bonds. The Credit Enhancer has represented that the fees for the Credit Enhancement do not include any payment for any direct or indirect services other than the transfer of credit risk. Certain certifications of the Credit Enhancer are attached hereto as Exhibit B.

(b) Yield on the Bonds. The Authority and the Participants represent that, in accordance with the above meaning of the term "yield," the yield on the Bonds has been determined to be not less than 4.203315%, as calculated by the Underwriter. Such calculations are, in part, based in part on the representations of the Underwriter and the Credit Enhancer set forth in Exhibit A and Exhibit B attached hereto.

(c) Computations by Underwriter. The above determination of yield has been made on the basis of computations performed by the Underwriter and on the representations made to the Authority by the Underwriter as to the initial offering price of

the Bonds to the public as the purchase price of the Bonds, as shown in Exhibit A attached hereto.

(d) Special Rule for Optional Early Redemption. None of the Bonds (i) is subject to optional redemption within five (5) years of the date hereof, or (ii) bears interest at increasing interest rates (*i.e.*, a stepped coupon bond). The Bonds maturing on October 1, 2015 and on each October 1 from 2018 through and including 2023, which are callable at the option of the Participants on October 1, 2013, at a price of 100% of the then outstanding principal amount, are being issued at respective issue prices (*i.e.*, as set forth in Exhibit A hereto) that exceed the stated redemption price at maturity of each such Bond by more than one-fourth of one percent (.25%) multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the Bonds.

(e) Special Rule for Term Bonds. Some of the Bonds are term bonds which require mandatory sinking fund payments on dates prior to their stated maturity date. None of these Bonds that are "term" bonds that have mandatory sinking fund payment requirements are being issued with original issue discount.

(f) Investment Contract. Neither the Authority and nor any of the Participants has invested any portion of the proceeds of the Bonds pursuant to an investment contract within the meaning of Section 1.148-1(b) of the Regulations.

(g) Yield on the Installment Purchase Agreements. With respect to the Installment Purchase Agreements, the term "yield" has the same meaning as that set forth in Section 3.16. In computing the yield on the Installment Purchase Agreements, each or any of the above payments made pursuant to the Installment Purchase Agreements shall be reduced by certain amounts the present value (using a discount factor equal to the yield on the Bonds for the period in which such payments are made) of which is equal to or less than the present value of the costs of issuing, carrying or repaying the Bonds. The yield on the Installment Purchase Agreements, calculated in such manner, does not exceed the yield on the Bonds plus 1½%.

Section 3.17. Yield Reduction Payments. Notwithstanding the provisions of Section 3.15 above that require the Authority and each of the Participants to invest proceeds derived from the sale of the Bonds and investment earnings thereon at a yield not in excess of the yield on the Bonds, the yield on certain nonpurpose investments acquired with proceeds of the Bonds will not be considered to be higher than the applicable yield limitation described in Section 3.15 above if the Authority or any of the Participants make "yield reduction payments" to the United States Treasury at the time and in the amounts described in Section 1.148-5(c) of the Regulations. The Authority and each of the Participants covenant to consult with Bond Counsel prior to making any such "yield reduction payments."

Section 3.18. No Artifice or Device. The Bonds are not and will not be part of a transaction or series of transactions (i) that attempts to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the regulations promulgated thereunder or under any predecessor thereto, enabling the Authority, the Participants or any related person to exploit the

difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (ii) that increases the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling bonds that would not otherwise be sold, or selling more bonds, or issuing bonds sooner, or allowing bonds to remain outstanding longer, than otherwise would be necessary.

Section 3.19. Qualification of the Installment Purchase Agreements as Program Obligations. The Bonds are being issued to finance the Authority's program (the "**Program**"), involving the origination or acquisition of investments with proceeds of the Authority's obligations to carry out the governmental purpose of such obligations (collectively, the "**Program Obligations**"). The purpose of the Program is to fund capital facilities and improvements for its member cities, counties and other municipal entities within the State of California. As each of the Participants is a political subdivision of the State of California, each of the Installment Purchase Agreements is an evidence of indebtedness of a political subdivision. The Bonds will be part of a program meeting the requirements of Section 1.148-1(b) of the Regulations in that:

(a) Percent of Outstanding Cost. At least 95% of the cost of the Program Obligations acquired under the Program represents one or more loans to a substantial number of persons representing the general public, States or political subdivisions, 501(c)(3) organizations or persons who provide housing or related facilities, or any combination thereof.

(b) Proceeds of Program Obligations. At least ninety-five percent (95%) of all amounts received by the Authority pursuant to the Program Obligations (other than amounts deposited in the Rebate Fund) shall be used for one or more of the following purposes: (i) to pay the principal of, interest on or otherwise to pay debt service on obligations of the Authority that financed the Program; (ii) to pay or reimburse the Authority for or to pay for, administrative costs of those obligations or of the Program; (iii) to pay or reimburse the Authority for anticipated future losses directly related to the Program; (iv) to finance additional Program Obligations for the same general purposes of the Program; or (v) to redeem and retire governmental obligations at the next earliest possible date of redemption.

(c) No Waiver of Right. The Authority has not waived the right to treat either of the Installment Purchase Agreements as a "program investment" within the meaning of Section 1.148-1(b) of the Regulations.

(d) Restriction on Purchasing Bonds. Neither the Authority, the Participants nor any related person, as defined in Section 144(a)(3) of the Code and Section 1.150-1(b) of the Regulations, pursuant to any arrangement, formal or informal, shall purchase the Bonds in an amount related to the amount of Program Obligations.

ARTICLE IV

REBATE COMPLIANCE

Section 4.1. Covenants. The Authority and each of the Participants hereby covenant to comply with the rebate requirements of Section 148(f) of the Code. The Authority and each of the Participants acknowledge that the United States Department of the Treasury has issued certain regulations with respect to certain requirements relating to compliance with Section 148(f) of the Code. The Authority and each of the Participants covenant that they will determine precisely what is required with respect to Section 148(f) of the Code and will comply with any requirements applicable to the Bonds.

The Authority and each of the Participants acknowledge that, to the extent that an exception to the rebate requirements of Section 148(f) of the Code is not available with respect to the Bonds, under Section 148(f) of the Code, the federal government must be paid the sum of (i) the excess of the amount earned on all "nonpurpose investments" with respect to the Bonds over the amount that would have been earned had such investments been invested at a rate equal to the yield on the Bonds, plus (ii) any income attributable to the excess described in clause (i) (the "**Rebate Requirement**").

The Authority and each of the Participants acknowledge that currently, unless an exception to the Rebate Requirement is available, compliance with Section 148(f) of the Code generally involves a multi-step process: (1) ascertaining the funds (the "**Gross Proceeds**") and investments (the "**Nonpurpose Investments**") subject to the Rebate Requirement of Section 148(f) of the Code after applying, if applicable, a universal cap with respect to the Bonds (the "**Universal Cap**"), (2) creating an investment history cash flow report with respect to the investment of Gross Proceeds of the Bonds, (3) determining the yield on the Bonds (the "**Yield**"), (4) future valuing receipts and payments in the cash flow report (including certain deemed receipts and payments) using the Yield as the discount factor, and (5) determining the amount of rebatable arbitrage with respect to the Bonds and paying the appropriate amount to the United States Treasury. See Treas. Reg. Section 1.148-0 through 1.148-11, 1.149(d)-1, and 1.150-1 for rules with respect to rebate compliance methodology. See Section 4.2(a) hereof for a description of Nonpurpose Investments with respect to the Bonds, Section 4.2(b) hereof for a description of Gross Proceeds of the Bonds, Section 4.2(c) hereof for the description of a Universal Cap with respect to the Bonds, Section 4.2(d) hereof for a description of Yield on the Bonds for purposes of compliance with Section 148(f) of the Code, and Sections 4.4 and 4.5 hereof with respect to allocating Gross Proceeds, recordkeeping, and permitted investment of Gross Proceeds. **The Authority and the Participants have covenanted that compliance with Section 148(f) of the Code is the responsibility of the Participants.** Pursuant to the provisions of the Installment Purchase Agreements and the Indenture, Hawkins, Delafield & Wood has been engaged as rebate analyst to perform the rebate and/or penalty calculations that may be required to be made from time to time with respect to the Bonds to assure compliance with Section 148(f) of the Code.

The Authority and each of the Participants also acknowledge that additional or different requirements may be applicable to the Bonds if certain exceptions are satisfied. See Section 4.3 herein.

Section 4.2. Operative Terms.

(a) Nonpurpose Investments. Subject to the limitation in Section 4.2(c) hereof, Nonpurpose Investments are generally securities, obligations, annuity contracts or any other investment-type property that are not acquired to carry out the governmental purpose of the Bonds that are allocated to Gross Proceeds. However, Nonpurpose Investments do not include:

(1) United States Treasury - State and Local Government Series, Demand Deposit Securities; or

(2) Tax-Exempt Obligations. The term "Tax-Exempt Obligations" for the purposes of this Tax Certificate includes only obligations the interest on which is excludable from gross income for federal income tax purposes that do not constitute "specified private activity bonds" for purposes of Section 57(a)(5)(C) of the Code. The term "tax-exempt obligations" does, however, include stock in a "qualified regulated investment company," which is a corporation that (A) is a regulated investment company within the meaning of Section 851(a) of the Code and meets the requirements of Section 852(a) of the Code for the taxable year; (B) has only one class of stock authorized and outstanding; (C) invests all of its assets in tax-exempt obligations (as defined above) to the extent practicable; and (D) has at least 98% of its gross income derived from interest on, or gain from the sale or other disposition of, tax-exempt obligations or at least 98% of the weighted average value of its assets is represented by investments in tax-exempt obligations.

(b) Gross Proceeds. Subject to the limitation in Section 4.2(c) hereof, "Gross Proceeds" with respect to the Bonds means:

(1) amounts actually or constructively received from the sale (or other disposition) of the Bonds;

(2) amounts actually or constructively received from investing amounts described in Section 4.2(b)(1) hereof;

(3) amounts (other than proceeds derived from the sale of the Bonds) that are reasonably expected to be or are in fact used to pay debt service on the Bonds;

(4) amounts pledged as security for the payment of debt service on the Bonds or otherwise serving as a reserve fund with respect to the Bonds;

(5) Transferred Proceeds of the Bonds; and

(6) any other amounts which are replacement proceeds of the Bonds within the meaning of Regulation Section 1.148-1(c).

(c) Universal Cap. Except as provided below, in no event shall the value of Nonpurpose Investments allocated to Gross Proceeds of the Bonds exceed the Universal Cap of the Bonds computed in accordance with Section 1.148-6 of the Regulations. The Universal Cap of the Bonds is equal to the value of the outstanding Bonds computed in accordance with Section 1.148-4 of the Regulations. The value of a Nonpurpose Investment on a date allocated to Gross Proceeds of the Bonds for this purpose is equal to the value of such investment in accordance with Section 1.148-5(d) of the Regulations. The Universal Cap value and the value of Nonpurpose Investments are to be computed as of the first day of each Bond Year that commences after the second anniversary of the issue date and if the applicable obligations, are a refunding issue, as of each date that, without regard to the Universal Cap, proceeds of any refunded issue become Transferred Proceeds of the Bonds within the meaning of Section 1.148-9 of the Regulations (a "**Cap Computation Date**"). Amounts described in Section 4.3(a) hereof are not subject to the Universal Cap. Between Cap Computation Dates, Nonpurpose Investments cease to be allocated to the Bonds to the extent they are expended or otherwise cease to be allocated to the Bonds under Section 1.148-6 of the Regulations. To the extent Nonpurpose Investments cease to be allocated to the Bonds, other investments become so allocated up to the amount of the unused Universal Cap, computed in accordance with Section 1.148-6 of the Regulations. If on a Cap Computation Date Nonpurpose Investments have a value in excess of the Universal Cap, an amount of such investments necessary to eliminate that excess ceases to be allocated to the Bonds. Nonpurpose Investments cease to be allocated to the Bonds in the following order, within the meaning of Section 1.148-6 of the Regulations:

- first, amounts held in a sinking fund, pledged fund, or reserve or replacement fund for the Bonds (other than proceeds derived from the sale of the Bonds),
- second, Transferred Proceeds, and
- third, proceeds derived from the sale of the Bonds and earnings thereon, all within the meaning of Section 1.148-6 of the Regulations.

A failure to do a Universal Cap calculation on a Cap Computation Date will not result in noncompliance with Section 148(f) of the Code if, in the absence of that failure, the Bonds would have satisfied the Rebate Requirement.

(d) Yield. See Section 3.16 hereof.

Section 4.3. Rebate Exceptions.

(a) Bona Fide Debt Service Funds. As the Bonds are not private activity bonds and have an average maturity of greater than 5 years and a fixed rate of interest and subject to the representations made in Section 3.9(a) hereof, amounts earned on moneys in the Bona Fide Debt Service Funds shall not be taken into account for any Bond Year for purposes of complying with the Rebate Requirement.

(b) Expenditure Exceptions. Proceeds of the Bonds not applied to the purchase of Installment Purchase Agreements shall be subject to the Rebate Requirement. The Rebate Requirement may be considered met with respect to that portion of the proceeds of the Bonds applied to the purchase of an issue of Installment Purchase Agreements if the respective expenditure schedules for the Six-Month Exception (set forth in Section 4.3(b)(2) below), the Eighteen-Month Exception (set forth in Section 4.3(b)(3) below), or the Two-Year Exception (set forth in Section 4.3(b)(1) below), or the requirements of the Small Governmental Issuer Exception (set forth in Section 4.3(e) below), are satisfied by such Participant. Pursuant to Regulation Section 1.148-7(b)(6)(ii), the Authority hereby elects to apply the Expenditure Exceptions and the Small Governmental Issuer Exception (to the extent applicable) to the proceeds of the Project Bonds applied to purchase the Installment Purchase Agreement of each Participant separately. Pursuant to Regulation Section 1.148-7(b)(6)(ii)(C), the Authority and each of the Participants elect to make all elections under the Two-Year Exception separately for each of the Installment Purchase Agreements. References to the Bonds in the Expenditure Exceptions and Small Governmental Issuer Exception set forth below apply to each of the Installment Purchase Agreements individually.

(1) Two-Year Exception. A Participant will be relieved of the obligation to pay the Rebate Requirement with respect to the portion of the proceeds of the Project Bonds described in Section 4.3(b)(1)(A) if the requirements described in Section 4.3(b)(1)(B) are satisfied.

(A) Applicability. The portion of the "available construction proceeds" (as defined below) of the Bonds at least 75 percent of which are to be used for construction expenditures (including reconstruction and rehabilitation) with respect to property that is to be owned by a governmental unit or an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code is described in this Section 4.3(b)(1)(A). The term "available construction proceeds" means an amount equal to the portion of the issue price (as defined in Article 3 of this Tax Certificate) of the Bonds, increased by earnings thereon, and increased by the proportionate amount of earnings on a reasonably required reserve fund, if any, allocable to the portion of the issue described in this Section earned prior to the earlier of the close of the two-year period described in Section 4.3(b)(1)(B) or the date construction of the Projects are substantially complete. Available construction proceeds do not include amounts to be used to pay issuance costs of the Bonds or proceeds derived from the sale of the Bonds deposited in a reasonably required reserve fund, if any (other than the earnings thereon described above). See, Treas. Reg. Section 1.148-7(i). The Authority should note that earnings on the portion of a reasonably required reserve fund, if any, described above earned other than during the period described in Section 4.3(b)(1)(B) are subject to the Rebate Requirement.

(B) Qualification. This exception will be treated as being satisfied if at least 10% of the available construction proceeds of the Bonds are expended for the governmental purposes of the Bonds within the six-month period beginning on the date of issue of the Bonds, at least 45% of such amounts are expended for the governmental purposes of the Bonds within the one-year period beginning on the date of issue of the Bonds, at least 75% of such amounts are expended for the governmental purposes of the Bonds within the 18-month period beginning on the date of issue of the Bonds, and all of such amounts are expended for the governmental purposes of the Bonds within the two-year period beginning on the date of issue of the Bonds. The requirement that 100% of the available construction proceeds of the Bonds be expended within two years may be reduced to not below 95% provided that the amount not expended is held by the Authority for a period not exceeding one year as a "reasonable retainage" as required or permitted by construction contracts with contractors. The requirement that 100% of the Gross Proceeds be expended within two years may be reduced by an amount equal to the lesser of 3% of the issue price of the Bonds or \$250,000.00 if the Authority exercised due diligence to complete the Projects.

(2) Six-Month Exception. A Participant will be relieved of the obligation to pay the Rebate Requirement with respect to the portion of the proceeds of the Project Bonds described in Section 4.3(b)(2)(A) below if the requirements described in Section 4.3(b)(2)(B) are satisfied.

(A) Applicability. All Gross Proceeds of the Bonds (other than Transferred Proceeds of the Bonds, amounts held in a reasonably required reserve fund, if any, and amounts described in Section 4.3(a) of this Tax Certificate), are described in this Section.

(B) Qualification. This exception will be treated as having been satisfied if all Gross Proceeds of the Bonds subject to this exception are expended for the governmental purposes of the Bonds no later than the day that is six months after the date of issue of the Bonds.

(3) Eighteen-Month Exception. A Participant will be relieved of the obligation to pay the Rebate Requirement with respect to the portion of the proceeds of the Project Bonds described in Section 4.3(b)(3)(A) below if the requirements described in Section 4.3(b)(3)(B) are satisfied.

(A) Applicability. All Gross Proceeds of the Bonds allocable to new money purposes that may be invested at an unrestricted yield, including reasonably expected investment earnings as of the date hereof (other than amounts described in Section 4.3(a) of this Tax Certificate, and amounts held in a reasonably required reserve fund, if any), are described in this Section. See, Treas. Reg. Section 1.148-7(c)(3) and (d)(3).

(B) Qualification. This exception will be treated as being satisfied if at least 15% of such moneys are expended for the governmental purposes of the Bonds within the six-month period beginning on the date of issue of the Bonds, at least 60% of such moneys are expended for the governmental purposes of the Bonds within the one-year period beginning on the date of issue of the Bonds, and 100% of such moneys are expended for the governmental purpose of the Bonds within the 18-month period beginning on the date of issue of the Bonds. The requirement that 100% of the Gross Proceeds be expended within 18 months may be reduced to not below five percent (5%) of the proceeds derived from the sale of the Bonds subject to this exception that is retained for reasonable business purposes relating to the property financed with the Bonds provided such moneys are expended within 30 months of the issue date of the Bonds. Additionally, the requirement that 100% of the Gross Proceeds be expended within 18 months may be reduced by an amount equal to the lesser of 3% of the issue price of the Bonds or \$250,000.00 if the Authority exercised due diligence to complete the Projects.

(c) Expectations. The Authority reasonably expects, based on the representations of Lodi, that at least seventy-five percent of the proceeds of the Project Bonds deposited in each respective account within the Project Fund, and earnings thereon, will be used for construction expenditures incurred with respect to the Projects. For purposes of Section 4.3(b)(1) hereof, "construction expenditures" include costs for construction, reconstruction and rehabilitation, but do not include costs of acquisition of interests in land or other existing real property. See, Treas. Reg. Section 1.148-7(g).

(d) Elections.

(1) Seventy-Five Percent Test. Pursuant to Regulation Section 1.148-7(f)(1)(i), the Authority, at the request of Lodi, expressly elects to satisfy the requirements of Section 148(f)(4)(C)(iv)(I) of the Code based upon its reasonable expectations. The Authority, on the basis of representations of Lodi, reasonably expects that at least seventy-five percent of the proceeds of the Project Bonds, and earnings thereon, will be used for construction expenditures.

(2) Penalty in Lieu of Rebate. Pursuant to Section 148(f)(4)(C)(vii) of the Code, the Authority, at the request of Lodi, may elect, on the date hereof, to pay a penalty (the "**1½% Penalty**"), with respect to each six-month period after the date the Bonds are issued, equal to 1½ percent of the amount of available construction proceeds (as described above), which as of the close of the six-month period are not spent as required by Section 4.3(b)(1)(B). The 1½% Penalty shall cease to apply: (A) if the available construction proceeds are expended, (B) if a special three percent penalty (the "**3% Penalty**") is paid in accordance with Section 148(f)(4)(C) of the Code, or (C) after the latest maturity date of any Bonds (including any refunding bond). All penalties are to be paid to the United States not later than 90 days after the period to which the penalty relates. The Authority, at the request of the Participants, expressly does not elect to pay the

penalty described in Section 148(f)(4)(C)(vii) of the Code in lieu of the Rebate Requirement described in Section 148(f)(2) of the Code, the 3% Penalty described in Section 148(f)(4)(C)(viii) of the Code, or to terminate the 1½% Penalty pursuant to Section 148(f)(4)(C)(ix) of the Code. Additionally, the Authority, at the request of Lodi, expressly does not elect to exclude earnings on any reasonably required reserve fund as available construction proceeds pursuant to Section 148(f)(4)(C)(vi)(IV) of the Code.

(e) Small Governmental Issuer Exception. To the extent applicable, the Bonds are intended to qualify for the "small governmental unit" exception to the rebate requirement, contained in Section 148(f)(4)(D) of the Code and Regulations Section 1.148-8. It is intended that Lodi qualify as a "small governmental unit" for rebate purposes.

(1) Treatment of Authority. Under Section 1.148-8(d)(1) of the Regulations, the Bonds are not counted towards the \$5,000,000 size limitation of the Authority, so long as (i) the Authority is not an ultimate borrower in the financing, and (ii) the Participants (as conduit borrowers) are (x) governmental units, (y) with general taxing powers, and (z) not subordinate to the Authority. As set forth below, each of the foregoing conditions is satisfied. The Authority is, however, subject to the Rebate Requirement for any unloaned proceeds (if any).

(2) Treatment of Participants. Under Section 1.148-8(d)(2) of the Regulations, an Installment Purchase Agreement qualifies for the small governmental issuer exception so long as (i) the Installment Purchase Agreement does not constitute "private activity bonds" within the meaning of Section 141 of the Code, and (ii) the Installment Purchase Agreement meets all the requirements of the small governmental issuer exception, as set forth in Section 148(f)(4)(D) of the Code and Section 1.148-8 of the Regulations.

(A) Participant Representations. Lodi represent the following: (i) it is a governmental unit with general taxing powers; (ii) none of the proceeds of the allocable portion of the Bonds will be used by Lodi in any manner that cause the Bonds to be "private activity bonds;" (iii) at least 95% of the net proceeds of the allocable portion of the Bonds will be used for local governmental activities of Lodi; and (iv) the aggregate face amount of all tax-exempt bonds (other than "private activity bonds") issued by Lodi (and any subordinate entities thereof) during calendar year 2003 is not expected to exceed \$5 million. For purposes of clause (iv), this maximum annual limitation applies to bonds, tax and revenue anticipation notes, leases and general obligation bonds that are issued or expected to be issued by Lodi.

(B) Aggregation of Issues. For purposes of clause (iv) of Section 4.3(e)(2)(A) above, Lodi, together with any entities which have issued bonds or notes on behalf of it, and any entities subordinate thereto,

are treated as one entity. All tax-exempt issues issued in this calendar year (2003) by such entities are counted toward the \$5,000,000 limitation.

(C) Current Refundings. Issues issued to currently refund any bond, to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, shall not be taken into account in determining the \$5,000,000 limitation.

(D) No Abuse. The Authority was not formed or availed of to avoid the purposes of the \$5,000,000 size limitation and all entities that would benefit from the avoidance are treated as one issuer.

(E) Amount of Bonds Issued. For purposes of clause (iv) of Section 4.3(e)(2)(A) above, the term "aggregate face amount" means aggregate stated principal amount of the portion of the Bonds allocable to Lodi, unless there is more than a de minimis amount of allocable original issue discount or premium, in which case "aggregate face amount" means the allocable "aggregate issue price" of the Bonds (determined without regard to pre-issuance accrued interest). The term "de minimis amount" means an amount of allocable discount or premium that does not exceed two percent (2%) of the allocable stated redemption price at maturity, plus any original issue premium attributable exclusively to reasonable underwriters' compensation.

Section 4.4. Recordkeeping and Allocation of Gross Proceeds. The Authority and each of the Participants shall maintain or cause to be maintained detailed records with respect to each security, obligation, annuity contract, or any other investment-type property allocated to Gross Proceeds, including: (i) purchase date, (ii) purchase price, (iii) information establishing fair market value on the date such investment is allocated to Gross Proceeds, (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement. The Authority and each of the Participants shall establish separate sub-accounts or take other accounting measures in order to account fully for all Gross Proceeds.

The Authority and each of the Participants may use any reasonable, consistently applied accounting method to account for Gross Proceeds in accordance with Regulation Section 1.148-6. An accounting method is consistently applied if such method accounts uniformly for (i) Gross Proceeds commingled with other moneys in excess of \$25,000.00 and such other commingled moneys and (ii) Gross Proceeds for each fiscal year or interim fiscal period therein during which the issue is outstanding. Another accounting method may, however, be utilized for moneys if it is for a bona fide purpose unrelated to federal income tax restrictions. For purposes of allocating Gross Proceeds to capital expenditures intended to be financed pursuant to this Tax Certificate after the date of issue of the applicable tax-exempt obligation, and paid to unrelated third parties ("**Qualified Capital Expenditures**"), the Authority and each of the Participants may use the following accounting methods: "specific tracing," "gross-proceeds-spent-first," "first-in, first-out," or a ratable allocation method. The Authority and the Participants covenant

to consult with nationally-recognized bond counsel with respect to the applicable method of allocation of Gross Proceeds to expenditures that are not Qualified Capital Expenditures.

If Gross Proceeds are commingled with other moneys (other than in an open-end regulated investment company) in an amount in excess of \$25,000.00 (a "**Commingled Fund**"), the following additional requirements must be satisfied. First, all payments and receipts with respect to investments in the Commingled Fund must be allocated among the different moneys ratably based upon either (i) average daily balances during a "Computation Period" (as defined below) or (ii) the average of the beginning and ending balances of the amounts in the Commingled Fund for a Computation Period that does not exceed one month. A Commingled Fund may use as its Computation Period any consistent time period within its fiscal year that does not exceed three months. Not less frequently than at the end of each Computation Period, the Commingled Fund must compute and allocate to different types of moneys all payments, receipts, income, gain or losses realized, and expenditures. Second, except as provided below, the Commingled Fund must treat all of its investments as if sold at fair market value on the last day of the fiscal year or as of the last day of each Computation Period, and so allocate net gains or losses from such deemed sales (the "**Mark-to-Market Requirement**"). A Commingled Fund need not satisfy the Mark-to-Market Requirement if (i) the remaining weighted average maturity of all investments held by the Commingled Fund during a fiscal year does not exceed eighteen months and such investments consist exclusively of debt obligations, (ii) the Commingled Fund serves as a common reserve fund or sinking fund for two or more issues of the same issuer, or (iii) the Authority, the Participants (and any related party) do not own more than twenty-five percent of beneficial interests in the Commingled Fund. Common reserve funds or sinking funds for two or more issues must be ratably allocated (not less frequently than once every five years and on each date a new issue is added or retired (if relative original principal amounts are used to so allocate)) in accordance with (i) the value of the bonds under Regulation Section 1.148-4(e), (ii) the relative amounts of the remaining maximum annual debt service payable on the issues, or (iii) the relative original stated principal amounts of the outstanding issues. Notwithstanding any other provision of this Tax Certificate, the allocation methodology applied must be consistent for all purposes of this Tax Certificate.

Each of the Participants must account for the allocation of Gross Proceeds to expenditures not later than eighteen months after the later of the date the expenditure is paid and the date the applicable project is placed in service and in any event, by the date sixty days after the fifth anniversary of the issue date of the Bonds or the date 60 days after the retirement of the Bonds, if earlier.

Section 4.5. Prohibited Investments and Dispositions. The Authority and each of the Participants acknowledge that compliance with Section 148(f) of the Code may involve taking no action to artificially reduce the Rebate Requirement by the manner of investing Gross Proceeds. The Authority and each of the Participants covenant that absent an opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected, it will comply with the rules of this Section 4.5 to assure compliance with Section 148(f) of the Code.

(a) General Rule. Except to the extent imputed receipts would not arise under Section 1.148-5 of the Regulations, no Nonpurpose Investment may be acquired with

Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Regulations) in excess of the fair market value of such Nonpurpose Investment. No Nonpurpose Investment may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Regulations) less than the fair market value of the Nonpurpose Investment.

(b) Fair Market Value. In general, the fair market value of any Nonpurpose Investment is the price which a willing buyer would pay to a willing seller to acquire the Nonpurpose Investment, with no amounts to artificially reduce or increase the yield on the Nonpurpose Investment. The following provisions provide guidelines as to when the Nonpurpose Investment will be deemed to be acquired for its fair market value. Other methods may be used, however, to establish fair market value, so long as those methods comply with the requirements of Section 1.148-5(d)(6) of the Regulations.

(c) Investment Contracts. Nonpurpose Investments that are investment contracts (within the meaning of Section 1.148-5(d)(6)(iii) of the Regulations) will be considered acquired and disposed of for an amount equal to the fair market value of such obligations if the following Sections are satisfied:

(1) a bona fide solicitation is made for the Nonpurpose Investment with specified material terms and at least three bids on the Nonpurpose Investment are received from different reasonably competitive providers of the Nonpurpose Investment other than those with a material financial interest in the Bonds (*e.g.*, the purchaser or underwriter);

(2) the yield (determined net of broker's fees) on the Nonpurpose Investment is at least equal to the yield offered under the highest bid received from a noninterested party (or the Authority and any of the Participants have significant bona fide non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest yielding investment);

(3) the yield on the Nonpurpose Investment (determined net of broker's fees) is not less than the yield then currently available from the provider or reasonably comparable investments offered to other persons, if any, from a source of funds other than Gross Proceeds of tax-exempt obligations;

(4) the price of the Nonpurpose Investment takes into account as a significant factor the reasonably expected draw-down schedule, exclusive of float funds and reasonably required reserve funds;

(5) the terms of the Nonpurpose Investment, including the collateral security requirements for the Nonpurpose Investment, are reasonable; and

(6) the obligor of the Nonpurpose Investment certifies the administrative costs that are reasonably expected to be paid to third parties in connection with the Nonpurpose Investment.

(d) Certificates of Deposit. Nonpurpose Investments that are certificates of deposit with a fixed interest rate, a fixed principal payment schedule, a fixed maturity, and a substantial penalty for early withdrawal, will be considered acquired for their fair market value if the following requirements are satisfied:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest yield that is published or posted by the provider to be currently available from the provider on comparable certificates of deposit offered to the public.

(e) Arm's Length Purchase and Sale. Except as described above, the fair market value of any Nonpurpose Investment for which there is an established market shall be determined as provided in this Section 4.5(e). Any market especially established to provide Nonpurpose Investments to an issuer of governmental obligations shall not be treated as an established market.

(1) If a Nonpurpose Investment is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Nonpurpose Investment, the fair market value of the Nonpurpose Investment shall be the amount paid for the Nonpurpose Investment (without an increase for transaction costs except as provided infra).

(2) If a Nonpurpose Investment is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the amount due under Section 148(f) of the Code, the fair market value of the Nonpurpose Investment shall be the amount realized from the sale or other disposition of the Nonpurpose Investment (without reduction for transaction costs except as provided infra).

(3) If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Treasury (as in the case of State and Local Government Series ("SLGS") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(4) Alternatively, the fair market value of any Nonpurpose Investment for which there is an established market may be set at the mean of the bid and offered prices on an established market where such Nonpurpose Investment is traded on the date a binding contract to acquire such Nonpurpose Investment is entered into, or, if there are no bid and offered prices on such date, on the first day preceding such date for which there are bid and offered prices. Such mean price may be determined by reference to any appropriate publication, such as, for example, "Composite Closing Quotations for United States Government Securities" published by the Federal Reserve Bank of New York. Where the price

of any Nonpurpose Investment is quoted on an established market in terms of yield, the fair market value shall be the amount necessary to produce such yield.

(5) The fair market value of Nonpurpose Investments may also be established by the borrowing practices of the issuer of such Nonpurpose Investments, as, for example, by determining the fair market value based on the interest ordinarily paid by such issuer to persons other than governmental units with respect to Nonpurpose Investments of comparable maturities.

(f) Non-Arm's Length Transactions. Except to the extent the requirements of Section 4.3 hereof are met, any Nonpurpose Investment for which there is no established market shall be rebuttably presumed to be for an amount in excess of the fair market value of the Nonpurpose Investment.

(g) Administrative Costs. The purchase or sales price of a Nonpurpose Investment is not adjusted (except as provided below) to take into account any administrative costs of the Nonpurpose Investment. Certain administrative costs, including reasonable direct administrative costs, other than carrying costs, such as brokerage commissions or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs, may be taken into account in computing the Rebate Requirement with respect to investments. See Treas. Reg. Section 1.148-5(e). General overhead costs and similar indirect costs of the Authority or the Participant such as employee salaries and office expenses and costs of computing rebatable arbitrage may not be taken into account.

(h) Brokerage Commissions. Compensation received by a broker in connection with the acquisition of any Nonpurpose Investment shall be treated as set forth in Section 1.148-5(e) of the Regulations. A brokerage commission for an investment contract is included as a receipt with respect to the investment contract (*i.e.*, additional earnings to the Authority) to the extent the commission exceeds 0.05 percent of the weighted average amount reasonably expected to be invested each year of the term of the contract.

Section 4.6. Bond Year. The Authority, at the direction of the Participants, may select any date that is within one year of the date hereof as the day on which each Bond Year ends. If the Authority or the Participants do not select such a date before the earlier of (i) the final maturity date of the Bonds, or (ii) October 21, 2008, then for purposes of this Tax Certificate the term "Bond Year" shall mean each one-year (or shorter) period ending on each October 21 until there are no outstanding Bonds.

ARTICLE V

MISCELLANEOUS

Section 5.1. Federal Guarantee. Neither the Authority nor any of the Participants will invest any of the proceeds of the Bonds in a manner which would result in the Bonds being considered "federally guaranteed" within the meaning of Section 149(b) of the Code, except as

permitted therein (*i.e.*, will not cause interest on the Bonds to be included in gross income for federal income tax purposes).

Section 5.2. Information Reporting. Attached as Exhibit C is a copy of the Form 8038-G filed with respect to the Bonds. The Authority will file or cause to be filed such reports or other documents with the Internal Revenue Service as is required by the Code.

Section 5.3. Pooled Financing. On the date hereof, at least 95% of the net proceeds of the Bonds will be used by the Authority to make loans to the Participants. Expenditures with respect to Costs of Issuance are not contingent and will be paid not later than 180 days after the date hereof.

Section 5.4. Hedge Bonds.

(a) Refunding Bonds. Based on the representations of Fort Bragg, the Refunded Bonds (including each of the Prior Obligations) satisfied the rules of Section 149(g) of the Code in that (i) each issue of the Prior Obligations qualified for the three-year temporary period set forth in Section 1.148-2(e)(2) of the Regulations, and (ii) no more than fifty percent (50%) of the net sale proceeds of each of the Prior Obligations was invested in Nonpurpose Investments at a substantially guaranteed yield for four years or more. Therefore, the Refunding Bonds satisfy the requirements of Section 149(g) of the Code.

(b) Project Bonds. Based on the representations of Lodi, the proceeds derived from the sale of the Project Bonds qualify for a three-year temporary period for investment without yield restriction. Additionally, no more than fifty percent (50%) of the net sale proceeds of the Project Bonds will be invested in Nonpurpose Investments at a substantially guaranteed yield for four years or more. Therefore, the Project Bonds satisfy the requirements of Section 149(g) of the Code.

Section 5.5. Qualified Hedging Transaction. Neither the Authority and nor any of the Participants has engaged, and will not engage, in any qualified hedging transaction (as such term is defined in Section 1.148-4(h)(2) of the Regulations) with respect to the Bonds.

Section 5.6. No Sale or Disposition; No Change in Use. Based on representations of each of the Participants, the Authority reasonably expects that each of the Projects will be owned and operated by the respective Participant and that the Projects, or any component thereof, will not be sold or otherwise disposed of prior to the final maturity date of the Bonds of October 1, 2023, except such minor parts or portions thereof as may be disposed of due to normal wear, obsolescence or depreciation in the ordinary course of business. Each Participant represents, warrants and covenants that the facilities financed or refinanced with the proceeds of the Bonds will be used for governmental purposes of the Participant during the period of time that the Bonds are outstanding, unless an opinion of bond counsel is received with respect to any proposed change in use of the Project.

Section 5.7. No Early Issuance. The date of issuance of the Bonds has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practice in financing facilities similar to the Projects, and has not been determined with

a view to prolonging the period between the issuance of the Bonds and expenditure of the proceeds thereof.

Section 5.8. No Notification of Blacklisting. The Authority has not received notice that its arbitrage certificate may not be relied upon with respect to its issues, nor has it been advised that the Commissioner of the Internal Revenue Service has listed or is contemplating listing the Authority as a governmental unit whose arbitrage certification may not be relied upon.

ARTICLE VI

CONCLUDING MATTERS

Section 6.1. Reliance of Authority. The expectations of the Authority concerning the use, investment and/or expenditure of proceeds derived from the sale of the Bonds and certain other moneys described herein and other matters are based in whole or in part upon representations of the Participants, the Underwriter, the Credit Enhancer, and other parties set forth in this Tax Certificate and in the exhibits hereto. The Authority places good faith reliance upon such computations and representations on the bases of the reputable business practices of, and prior business dealings with, such parties by the Authority. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the exhibits hereto, including those representations made by the Participants, the Underwriter and the Credit Enhancer. With regard to covenants of the Authority to act or refuse to act in a certain manner in the future, the Authority is exclusively relying on the Participants to act or refuse to act in the appropriate manner except to the extent a particular affirmative action by the Authority is required or prohibited (*e.g.*, the Authority must actually execute and file any Form 8038 information return that is required).

Section 6.2. Representations of the Participants. The certifications, representations, covenants, warranties or statements as to expectation made by each Participant in this Tax Certificate concerning the use, investment and/or expenditure proceeds derived from the sale of the Bonds and/or property financed or refinanced therewith, are made with respect to itself only and no other Participant. No Participant is aware of any fact or circumstance that would cause it to question the accuracy or reasonableness of any certification, representation, covenant, warranty, statement as to expectation or decision made in this Tax Certificate or exhibits hereto with respect to itself, the Authority or otherwise.

Section 6.3. Authorization. The undersigned are authorized representatives of the Authority and each of the Participants, respectively, and are acting for and on behalf of the Authority and each of the Participants in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 6.4. Amendment. Notwithstanding any provision of this Tax Certificate, the Authority and the Participants may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on an opinion of nationally-recognized bond counsel that the exclusion from gross income of interest on the Bonds and any refinanced obligations will not be adversely affected.

Dated: October 21, 2003


CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____


Member

Dated: October 21, 2003

CITY OF LODI

By: 
Authorized Representative

Dated: October 21, 2003

CITY OF FORT BRAGG

By: Shirley D. Johnson
Authorized Representative

EXHIBIT A

\$9,855,000

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE OF THE UNDERWRITER

Henderson Capital Partners, LLC has acted as the underwriter (the "**Underwriter**") of the \$9,855,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "**Bonds**"), and hereby certifies and represents the following, under penalties of perjury, based upon the information available to it:

1. Issue Price.

A. As of the date the purchase agreement was entered into by the Authority and the Underwriter with respect to the Bonds (the "**Sale Date**"), the Underwriter reasonably expected to sell each maturity of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices listed on Schedule A attached hereto.

B. In our opinion, and based upon our estimate as of the date hereof, the issue prices of the Bonds set forth in Schedule A are within a reasonable range of, and should reflect, the fair market prices for such Bonds as of the Sale Date.

C. As of the date of execution of the attached Tax Certificate, all of the Bonds have actually been offered to the general public at the prices listed in Schedule A.

D. At least 10% of each maturity of the Bonds have been sold at the prices referred to in Schedule A.

2. Credit Enhancement.

A. The aggregate present value of the premiums paid or to be paid to obtain the Credit Enhancement is less than the present value of the interest reasonably expected to be saved as a result of having the Credit Enhancement, using the yield on the Bonds as the discount factor for this purpose.

B. To the best knowledge of the undersigned, the aggregate amount paid to the Credit Enhancer for the Credit Enhancement is within a reasonable range of premiums charged for comparable credit enhancement for obligations comparable to the obligation evidenced and represented by the Bonds.

C. The fees paid and to be paid to obtain the Credit Enhancement were determined in arm's-length negotiations and were required as a condition to the issuance by the Credit Enhancer of the Credit Enhancement.

D. The fees paid and to be paid for the Credit Enhancement represent a commercially reasonable charge for the transfer of credit risk. Such fees do not include any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the guarantor has no involvement other than as guarantor. No non-guarantee services are being provided by the Credit Enhancer.

3. Original Issue Discount.

With respect to each of the maturities of Bonds that are "term" bonds that have mandatory sinking fund payment requirements and are being issued with original issue discount (*i.e.*, those maturing on October 1, 2023), the stated redemption price at maturity of each such Bond does not exceed the issue price of that Bond by more than one-fourth of one percent (.25%) multiplied by the product of the stated redemption price at maturity and the number of years to the weighted average maturity date of the substantially identical bonds.

4. Yield-to-Call Bonds.

The Bonds maturing on October 1, 2015 and on each October 1 from 2018 through and including 2023, which are callable at the option of the Participants on October 1, 2013, at a price of 100% of the then outstanding principal amount, are being issued at respective issue prices (*i.e.*, as set forth in Schedule A hereto) that exceed the stated redemption price at maturity of each such Bond by more than one-fourth of one percent (.25%) multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the Bonds.

All terms not defined herein have the meanings ascribed to those terms in the attached Tax Certificate.

[Remainder of page intentionally left blank]

All terms not defined herein have the meanings ascribed to those terms in the attached Tax Certificate.

Dated: October 21, 2003

HENDERSON CAPITAL PARTNERS, LLC

By: Mimi Henderson
Mimi Henderson
President

SCHEDULE A

Price of Bonds Offered or Reasonably Expected to be
Offered to the General Public in a Bona Fide Public Offering

<u>Maturity Date</u>	<u>Maturity Amount</u>	<u>Coupon Rate</u>	<u>Reoffering Yield</u>	<u>Reoffering Price</u>
10/1/2004	375,000	2.000%	1.100%	100.843%
10/1/2005	370,000	2.000	1.300	101.339
10/1/2006	375,000	2.000	1.550	101.289
10/1/2007	390,000	2.000	1.950	100.188
10/1/2008	395,000	2.250	2.350	99.535
10/1/2009	400,000	2.600	2.700	99.453
10/1/2010	410,000	3.500	3.150	102.166
10/1/2011	425,000	3.300	3.450	98.964
10/1/2012	445,000	4.000	3.700	102.265
10/1/2013	455,000	3.750	3.850	99.178
10/1/2014	470,000	3.900	4.000	99.118
10/1/2015	495,000	4.500	4.100	103.237
10/1/2016	515,000	4.100	4.200	99.007
10/1/2017	535,000	4.200	4.300	98.957
10/1/2018	560,000	5.000	4.450	104.378
10/1/2019	590,000	5.000	4.540	103.645
10/1/2023	<u>2,650,000</u>	5.250	4.800	103.522
	<u>\$9,855,000</u>			

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.**

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 201838-N (the "Insurance Policy") and Policy No. 201838-R (the "Reserve Policy" and collectively with the Insurance Policy, the "Policy") in respect of the \$9,855,000 in aggregate principal amount of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – The Bond Insurer" in the official statement dated October 7, 2003 relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) each of the insurance premium for the Insurance Policy of \$60,367.72 and for the Reserve Policy of \$19,087.00 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) Financial Security would not have issued the Insurance Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: October 21, 2003

EXHIBIT C

INFORMATION REPORTING

FORM 8038-G

See Index No.14

EXHIBIT D

\$9,855,000

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

ALLOCATION OF SOURCES AND USES WITH RESPECT TO PARTICIPANTS

	<u>Lodi</u>	<u>Fort Bragg</u>	<u>Total for Bonds</u>
SOURCES:			
Par	\$5,000,000.00	\$4,855,000.00	\$9,855,000.00
Net OIP/(Net OID)	82,041.10	78,972.45	161,013.55
Prior DSRFs	0.00	426,688.26	426,688.26
Other Monies	<u>0.00</u>	<u>279,182.72</u>	<u>279,182.72</u>
TOTAL SOURCES	\$5,082,041.10	\$5,639,843.43	\$10,721,884.53
USES:			
Project Fund Deposit	\$4,935,000.00	\$0.00	\$4,935,000.00
Escrow Fund Deposit	0.00	5,472,329.00	5,472,329.00
Loan Repayment	0.00	0.00	0.00
Costs of Issuance	50,000.00	65,000.00	115,000.00
Bond Insurance	30,665.42	29,702.30	60,367.72
Surety Bond	9,653.44	9,433.56	19,087.00
Reserve Fund	0.00	0.00	0.00
Underwriter's Discount	55,000.00	60,687.50	115,687.50
Contingency	<u>1,722.24</u>	<u>2,691.07</u>	<u>4,413.31</u>
TOTAL USES	\$5,082,041.10	\$5,639,843.43	\$10,721,884.53

EXHIBIT E

ATTACHMENT TO FORM 8038-G WITH RESPECT TO:

\$9,855,000

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

<u>Name</u>	<u>EIN</u>
City of Lodi	94-6000361
City of Fort Bragg	94-6000335

EXHIBIT F

Reimbursed Costs to Lodi

<u>Date Paid</u>	<u>Name of Payee</u>	<u>Purpose</u>	<u>Amount</u>
8/12/1999	West Yost & Associates	Master Plan -Discharge Permit	\$26,857.24
9/16/1999	West Yost & Associates	Master Plan -Discharge Permit	15,399.99
10/7/1999	West Yost & Associates	Master Plan -Discharge Permit	13,602.70
11/4/2009	West Yost & Associates	Master Plan -Discharge Permit	8,740.49
12/16/1999	West Yost & Associates	Master Plan -Discharge Permit	17,078.18
1/6/2000	West Yost & Associates	Master Plan -Discharge Permit	10,191.41
1/20/2000	De Cuir & Somach	Legal Fees re: Discharge Permit	1,878.47
1/20/2000	Whitley Burchett	Professional services-Review of Master Plan	7,397.71
2/3/2000	West Yost & Associates	Master Plan -Discharge Permit	8,157.81
3/2/2000	De Cuir & Somach	Legal Fees re: Discharge Permit	1,025.00
3/16/2000	West Yost & Associates	Master Plan -Discharge Permit	15,917.09
3/23/2000	De Cuir & Somach	Legal Fees re: Discharge Permit	328.00
4/13/2000	West Yost & Associates	Master Plan -Discharge Permit	21,738.02
5/18/2000	De Cuir & Somach	Legal Fees re: Discharge Permit	41.00
6/22/2000	West Yost & Associates	Master Plan -Discharge Permit	12,174.85
6/22/2000	Saracino Kirby Snow	Ground Water Monitoring Plan	4,980.00
6/29/2000	UOP West	Water Quality/Dilution study for discharge	18,403.48
7/20/2000	West Yost & Associates	Master Plan -Discharge Permit	14,065.31
8/24/2000	West Yost & Associates	Master Plan -Discharge Permit	2,709.44
9/21/2000	West Yost & Associates	Master Plan -Discharge Permit	598.50
10/12/2000	UOP West	Water Quality/Dilution study for discharge	20,074.20
10/19/2000	West Yost & Associates	Master Plan -Discharge Permit	128.83
11/2/2000	Saracino Kirby Snow	Ground Water Monitoring Plan	5,828.50
11/16/2000	Saracino Kirby Snow	Ground Water Monitoring Plan	14,828.85
11/22/2000	West Yost & Associates	Master Plan -Discharge Permit	19,964.85
12/14/2000	Saracino Kirby Snow	Ground Water Monitoring Plan	322.96
12/28/2000	West Yost & Associates	Master Plan -Discharge Permit	2,276.60
1/18/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	2,278.75
1/18/2001	West Yost & Associates	Master Plan -Discharge Permit	1,847.57
2/15/2001	Whitley Burchett	Professional services-Review of Master Plan	3,180.00
3/1/2001	West Yost & Associates	Master Plan -Discharge Permit	20,356.13
3/8/2001	West Yost & Associates	Alternative Waste Discharge (add'l studies)	2,402.00
3/15/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	3,172.17
4/12/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	4,952.75
4/12/2001	West Yost & Associates	Alternative Waste Discharge (add'l studies)	6,724.45
4/12/2001	West Yost & Associates	Master Plan -Discharge Permit	44,735.53
5/24/2001	West Yost & Associates	Alternative Waste Discharge (add'l studies)	8,561.15
5/24/2001	West Yost & Associates	Master Plan -Discharge Permit	25,203.52
5/31/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	10,132.55
6/7/2001	West Yost & Associates	Master Plan -Discharge Permit	7,450.99
6/21/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	26,112.89
6/30/2001	West Yost & Associates	Master Plan -Discharge Permit	3,593.36
7/26/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	8,106.50
8/9/2001	West Yost & Associates	Master Plan -Discharge Permit	6,206.96

8/16/2001	West Yost & Associates	Master Plan -Discharge Permit	220.95
10/4/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	15,681.52
10/4/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	1,924.00
10/25/2001	West Yost & Associates	Master Plan -Discharge Permit	1,517.50
11/15/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	270.00
12/18/2001	West Yost & Associates	Master Plan -Discharge Permit	52,470.53
12/20/2001	West Yost & Associates	Master Plan -Discharge Permit	969.50
12/20/2001	West Yost & Associates	Master Plan -Discharge Permit	6,187.94
12/20/2001	West Yost & Associates	Master Plan -Discharge Permit	19,784.77
12/27/2001	Saracino Kirby Snow	Ground Water Monitoring Plan	4,574.00
1/10/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	3,903.00
1/17/2002	West Yost & Associates	Master Plan -Discharge Permit	2,418.00
1/31/2002	West Yost & Associates	Master Plan -Discharge Permit	11,412.48
3/7/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	440.00
3/21/2002	West Yost & Associates	Master Plan -Discharge Permit	3,695.16
3/28/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	95.00
3/28/2002	West Yost & Associates	Master Plan -Discharge Permit	20,460.61
4/11/2002	West Yost & Associates	Master Plan -Discharge Permit	11,107.00
4/18/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	393.00
4/18/2002	West Yost & Associates	Master Plan -Discharge Permit	3,631.00
4/18/2002	West Yost & Associates	Master Plan -Discharge Permit	23,932.37
5/9/2002	West Yost & Associates	Master Plan -Discharge Permit	24,542.78
6/6/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	1,827.50
6/6/2002	West Yost & Associates	Master Plan -Discharge Permit	11,308.71
6/13/2002	West Yost & Associates	Master Plan -Discharge Permit	2,629.07
6/30/2002	West Yost & Associates	Master Plan -Discharge Permit	21,990.44
6/30/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	67.50
8/1/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	190.00
8/8/2002	West Yost & Associates	Pre-design	38,325.47
9/19/2002	West Yost & Associates	Pre-design	30,005.80
10/17/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	142.50
10/24/2002	West Yost & Associates	Pre-design	38,886.92
10/31/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	380.00
11/14/2002	West Yost & Associates	Pre-design	11,750.59
11/27/2002	Saracino Kirby Snow	Ground Water Monitoring Plan	135.00
1/2/2003	West Yost & Associates	Pre-design	12,006.43
1/9/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	4,662.00
1/9/2003	West Yost & Associates	Master Plan-Discharge Permit	9,590.76
1/9/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	2,229.50
1/23/2003	West Yost & Associates	Pre-design	25,387.98
1/23/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	20,657.34
2/6/2003	West Yost & Associates	Pre-design	12,434.43
2/6/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	2,535.00
2/13/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	1,944.68
2/13/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	11,464.61
2/20/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	6,825.00
3/20/2003	West Yost & Associates	Pre-design	37,405.39
3/20/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	8,143.26
3/20/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	21,186.87
3/20/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	4,143.25

4/10/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	2,425.00
4/17/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	2,012.58
4/17/2003	West Yost & Associates	Pre-design	27,435.84
4/17/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	14,570.03
5/8/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	7,106.69
5/8/2003	West Yost & Associates	Pre-design	32,203.96
5/8/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	20,925.05
5/8/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	1,135.00
5/15/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	5,915.71
6/12/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	2,450.00
6/19/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	12,814.42
6/19/2003	West Yost & Associates	Pre-design	26,128.93
6/19/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	988.37
6/19/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	20,923.30
6/30/2003	West Yost & Associates	Pre-design	29,596.75
6/30/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	9,733.06
6/30/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	17,810.16
8/14/2003	Hibon, Inc.	Aeration Blower Replacement	23,651.13
8/14/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	9,912.43
8/14/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	4,306.25
8/14/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	4,322.70
8/21/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	7,088.84
9/11/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	10,295.36
9/11/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	5,809.46
9/11/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	4,034.34
9/11/2003	West Yost & Associates	Pre-design	33,432.54
9/18/2003	Saracino Kirby Snow	Ground Water Monitoring Plan	1,170.00
10/9/2003	West Yost & Associates	Alternative Waste Discharge (add'l studies)	4,791.87
10/9/2003	West Yost & Associates	Pre-design	51,817.37
10/16/2003	West Yost & Associates	Design-Tertiary Filt. Improvements	4,093.06
10/16/2003	West Yost & Associates	Interim Improvements-Phase 1 aeration	1,927.90
			<u>\$1,398,440.96</u>

EXHIBIT G

OFFICIAL INTENT RESOLUTION OF FORT BRAGG

RESOLUTION NO. 2001-207

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LODI
DECLARING ITS INTENT TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS (WHITE SLOUGH WATER
POLLUTION CONTROL FACILITY)

=====

WHEREAS, the City of Lodi ("City") intends to expand the White Slough Water Pollution Control Facility (WSWPCF), including improvements to meet State Regional Water Quality Control Board discharge requirements and other infrastructure improvements to accommodate anticipated increases in the waste flows; and

WHEREAS, the City expects to pay certain expenditures ("Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the City reasonably expects that debt obligations in an amount not expected to exceed \$34,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi that:

- Section 1. City finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind City to make any expenditure, incur any indebtedness, or proceed with the Project.
- Section 3. City hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.
- Section 4. This resolution shall take effect from and after its adoption.

Dated: August 15, 2001

=====

I hereby certify that Resolution No. 2001-207 was passed and adopted by the Lodi City Council in a regular meeting held August 15, 2001 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land, Pennino and Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


SUSAN J. BLACKSTON
City Clerk

RESOLUTION NO. 2003-178

RESOLUTION OF THE LODI CITY COUNCIL REGARDING ITS
INTENTION TO ISSUE TAX-EXEMPT WASTEWATER OBLIGATIONS

=====

WHEREAS, the City of Lodi (the "Borrower") desires to finance the costs of acquiring, construction, reconstructing and/or equipping certain public facilities and improvements relating to its wastewater system, as provided in Exhibit A attached hereto and incorporated herein (the "Project"); and

WHEREAS, the Borrower intends to finance the acquisition, construction, reconstructing and/or equipping of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Borrower desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Borrower; and

WHEREAS, this Governing Board of the Borrower has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Borrower for the Expenditures from the proceeds of the Obligations;

NOW, THEREFORE, THIS GOVERNING BOARD OF THE CITY OF LODI DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Borrower hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligation. Exhibit A describes the general character, type, purpose, and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is not to exceed \$5,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Borrower will expend moneys for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. The Borrower will make a reimbursement allocation, which is a written allocation that evidences the Borrower's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. For Obligations subject to the small governmental issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the "eighteen-month limit" of the previous sentence is changed to "three years" and the "three-year limitation" of the previous sentence is not applicable.

SECTION 5. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 6. Each expenditure will be of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure).

SECTION 7. To the best of our knowledge, this Governing Board is not aware of the previous adoption of official intents by the Borrower that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 8. This resolution is adopted as official action of the Borrower in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Borrower expenditures incurred prior to the date of issue of the Obligations.

SECTION 9. All the recitals in this Resolution are true and correct and this Governing Board so finds, determines and represents.

Dated: September 17, 2003
=====

I hereby certify that Resolution No. 2003-178 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 2003 by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

The foregoing document is certified to be a correct copy of the original on file in the City Clerk's Office.

Jennifer M. Perrin
Deputy City Clerk, City of Lodi



SUSAN J. BLACKSTON
City Clerk

2003-178

By:
Dated:


10/14/03

EXHIBIT A

DESCRIPTION OF PROJECT

The project to be financed consists of various capital improvements to the Borrower's wastewater system, including certain infrastructure improvements.

EXHIBIT H
PROOF OF ARBITRAGE YIELD

See Index No. 48

Information Return for Tax-Exempt Governmental Obligations

(Rev. November 2000)

Department of the Treasury
Internal Revenue Service

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting AuthorityIf Amended Return, check here ☐

1 Issuer's name California Statewide Communities Development Authority	2 Issuer's employer identification number 52-1598225	
3 Number and street (or P.O. box if mail is not delivered to street address) 1100 K Street	Room/suite 101	4 Report number 3 2003-49
5 City, town, or post office, state, and ZIP code Sacramento, California 95814	6 Date of issue October 21, 2003	
7 Name of issue Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B	8 CUSIP number 13078A KE6	
9 Name and title of officer or legal representative whom the IRS may call for more information James Hamill, Program Manager	10 Telephone number of officer or legal representative (925) 933-9229 x16	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input checked="" type="checkbox"/> Utilities	17 10,016,013.55
18 <input type="checkbox"/> Other. Describe	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANS, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. (Complete for the entire issue for which this form is being filed.)

(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 10/1/2032	\$ 10,016,013.55	\$ 9,855,000.00	11.711584 years	4.20331498 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	0.00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	10,016,013.55
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	235,100.81
25 Proceeds used for credit enhancement	25	79,454.72
26 Proceeds allocated to reasonably required reserves or replacement fund	26	0.00
27 Proceeds used to currently refund prior issues	27	4,766,458.02
28 Proceeds used to advance refund prior issues	28	0.00
29 Total (add lines 24 through 28)	29	5,081,013.55
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	4,935,000.00

Part V Description of Refunded Bonds (Complete part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	12.385387 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called	12/1/03
34 Enter the date(s) the refunded bonds were issued	9/8/93

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a 10,016,013.55
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer and the date of the issue	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign
Here

Signature of issuer's authorized representative

10/21/2003

Date

Norma Lammers, Member
Type or print name and title

EXHIBIT E

ATTACHMENT TO FORM 8038-G WITH RESPECT TO:

\$9,855,000

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

<u>Name</u>	<u>EIN</u>
City of Lodi	94-6000361
City of Fort Bragg	94-6000335

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

WRITTEN REQUEST OF THE AUTHORITY TO THE TRUSTEE

TO: Union Bank of California, N.A., as trustee (the "Trustee") under that certain Indenture, dated as of October 1, 2003 (the "Indenture"), by and between California Statewide Communities Development Authority (the "Authority") and the Trustee.

1. Pursuant to Section 2.5 of the Indenture the Trustee is hereby authorized and directed to authenticate and deliver California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B, dated October 21, 2003 (the "Bonds") substantially in the form attached to the Indenture as Exhibit A in an aggregate principal amount of \$9,855,000 on the date set forth below, to or upon the order of Henderson Capital Partners, LLC, as the underwriter (the "Underwriter"), upon payment to the Trustee by the Underwriter of an amount equal to \$5,054,413.31 such amount being calculated as shown below. All capitalized terms not otherwise defined in this certificate shall have the meaning assigned in the Indenture.

Principal Amount	\$9,855,000.00
Plus Net Original Issue Premium	161,013.55
Less Underwriter's Discount	(115,687.50)
Less Premiums for Bond Insurance and Surety Bonds	(79,454.72)
Less Amounts Wired Directly to Escrow Agent	<u>(4,766,458.02)</u>
TOTAL AMOUNT RECEIVED BY TRUSTEE	<u>\$5,054,413.31</u>

2. The Trustee is hereby directed to transfer the \$5,054,413.31 received from the Underwriter:

(i) The Trustee shall deposit in the Series 2003B Costs of Issuance Fund an amount equal to \$119,413.31.

(ii) The Trustee shall deposit in the Series 2003B City of Lodi Project Fund an amount equal to \$4,935,000.00.


3. The Authority will provide the Trustee with the Reserve Policy and the Trustee shall hold for the account of the Reserve Fund as follows:

<u>Participant</u>	<u>Initial Reserve Account Requirement</u>	<u>Bond Proceeds or Reserve Policy</u>
City of Lodi	\$386,137.50	Reserve Policy
City of Fort Bragg	\$377,342.50	Reserve Policy

The foregoing is hereby attested to by the undersigned as of the date below.

Dated: October 21, 2003

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

REQUISITION NO. 1 OF THE AUTHORITY
FOR DISBURSEMENTS OF COSTS OF ISSUANCE

The undersigned, a duly appointed, qualified and acting Member of the California Statewide Communities Development Authority (the "Authority"), hereby certifies to, and directs, Union Bank of California, N.A., as trustee (the "Trustee") under the Indenture, dated as of October 1, 2003, by and between the Authority and the Trustee (the "Indenture") as follows:

- (i) upon receipt of an invoice, the Trustee is to pay to the payees for the purposes set forth next to each such payee's name the amounts as set forth on Exhibit A attached hereto from the Series 2003B Costs of Issuance Fund (as defined under the Indenture) as Costs of Issuance (as defined under the Indenture);
- (ii) such payment complies with the requirements of the Indenture; and
- (iii) the obligations in the amounts stated on Exhibit A have been properly incurred and such obligations are a proper charge against the Series 2003B Costs of Issuance Fund.

Dated: October 21, 2003

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____

Member

EXHIBIT A

**DISBURSEMENTS OF DELIVERY COSTS FROM THE
SERIES 2003B COSTS OF ISSUANCE FUND**

<u>Payee Name</u>	<u>Purpose of Obligation</u>	<u>Not to Exceed Amount</u>
Hawkins, Delafield & Wood	Bond Counsel/Disclosure Counsel	\$53,000
Ideal	Printing	\$5,500
Union Bank	Trustee	\$4,752
US Bank	Escrow Agent	\$1,000
CSCDA	CSCDA Fee	\$12,319
Orrick, Herrington & Sutcliffe	CSCDA Counsel	\$7,500
Standard & Poor's	Rating	\$9,000
Fitch	Rating	\$3,000
Stanley Stone & Associates	Numerical Analysis	\$6,500
Grant Thornton	Verification	\$2,500
eMuni/eBondpool/Cal Muni	Electronic Administration/Advertising	\$4,000
Hawkins, Delafield & Wood	Rebate Services	<u>\$250</u>
Total		\$109,321

REPORT OF PROPOSED DEBT ISSUANCE

California Debt and Investment Advisory Commission
 915 Capitol Mall, Room 400, Sacramento, CA 95814
 P.O. Box 942809, Sacramento, CA 94209-0001
 Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only

CDIAC #: _____

03 SEP 22 PM 12:05

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete database of public debt in California. Thank you for your cooperation.

CALIFORNIA DEBT
 ADVISORY COMMISSION

ISSUER NAME: California Statewide Communities Development Authority

(If pool bond, list participants)

Cities of Lodi and Fort Bragg**ISSUE NAME:** _____

Please specify type/name of project: _____

PROPOSED SALE DATE: October 25, 2003 **PRINCIPAL TO BE SOLD:** \$ 18,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?¹

☒ No ☐ Yes, proposed amount for refunding \$ _____

Issuer Contact:Name: Michael LaPierre

Title: _____

Address: 2175 California Boulevard, Suite 550, Walnut Creek, CA 94596Phone: (925) 933-8457 Issuer Located In Sacramento County (main office) County

Filing Contact: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Sean Tierney, Esq.Firm/Agency: Hawkins, Delafield & WoodAddress: One Embarcadero Center, Suite 3820, San Francisco, CA 94111Phone: 415-486-4200 E-mail: stierney@hdw.comSend acknowledgement/copies to: Leigh Abresch, Paralegal**FINANCING PARTICIPANTS:**BOND COUNSEL: Hawkins, Delafield & Wood

FINANCIAL ADVISOR: _____

UNDERWRITER/PURCHASER: Henderson Capital Partners LLC**IS THE INTEREST ON THE DEBT TAXABLE?**Under State law: ☒ NO (tax-exempt) ☐ YES (taxable)Under Federal law: ☒ NO (tax-exempt) ☐ YES (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

☐ Yes, preference item ☒ No, not a preference item

TYPE OF SALE: ☐ Competitive ☒ Negotiated

¹ Section 8855(g) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDIAC no later than 30 days prior to the sale. Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

² Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

TYPE OF DEBT INSTRUMENT**NOTE**

- ☐ Bond anticipation (BAN)
☐ Grant anticipation (GAN)
☐ Other note (Please specify below.) (OTHN)
☐ Revenue anticipation (RAN)
☐ Tax allocation (TALN)
☐ Tax and revenue anticipation (TRAN)
☐ Tax anticipation (TAN)
☐ Commercial paper (CP)
☐ Certificates of participation/leases (COPL)
☐ Other (Please specify below.) (OTH)

BOND

- ☐ Conduit revenue (Private obligor) (CRB)
☐ General obligation (GOB)
☐ Limited tax obligation (LTOB)
☐ Other bond (Please specify below.) (OTHB)
☐ Public lease revenue (PLRB)
☐ Revenue (Pool) (RB)
☐ Revenue (Public enterprise) (PERB)
☐ Sales tax revenue (STRB)
☐ Special assessment (SAB)
☐ Tax allocation (TAB)

Please specify if "Other note/Other bond/Other" was checked:

SOURCE(S) OF REPAYMENT

- ☒ Bond proceeds (BDPR)
☐ General fund of issuing jurisdiction (GNFD)
☐ Grants (GRNT)
☐ Intergovernmental transfers other than grants (ITGV)
☐ Local obligations (LOB)
☐ Private obligor payments (POP)
☐ Other (Please specify.) (OTHS): _____

Revenue Bonds

- ☐ Property tax revenues (PRTX)
☒ Public enterprise revenues (PER)
☐ Sales tax revenues (SATR)
☐ Special assessments (SA)
☐ Special tax revenues (SPTR)
☐ Tax-increment (TI)

PURPOSE(S) OF FINANCING

- ☐ Cash flow, interim financing (CFIF)
☐ Project, interim financing (PIF)

☐ College/university housing (CUH)
☐ Multifamily housing (MFH)³
☐ Single-family housing (SFH)³

☐ Health care facilities (HCF)
☐ Hospital (HOSP)
☐ Other/multiple health care purposes (equipment; etc.)(OMHC)

☐ College/university facility (CUF)
☐ K-12 school facility (KSCH)
☐ Other/multiple education uses (equipment, etc.)(OMED)
☐ Student loans (SLC)

☐ Redevelopment, multiple uses (RD)

☐ Commercial development (CMDV)
☐ Industrial development (INDV)
☐ Pollution control (PC)

- ☐ Airport (APRT)
☐ Bridges and highways (BRHI)
☐ Convention center (CCTR)
☐ Equipment (EQU)
☐ Flood control/storm drainage (FLDS)
☐ Multiple capital improvements and public works (MCAP)
☐ Other capital improvements and public works (OCAP)
☐ Parking (PRKG)
☐ Parks/open space (PRKO)
☐ Ports and marinas (PRTS)
☐ Power generation/transmission (PWR)
☐ Prisons/jails/correctional facilities (PRSN)
☐ Public building (PB)
☐ Public transit (PTR)
☐ Recreation and sports facilities (RCSP)
☐ Seismic safety improvements/repair (SSI)
☐ Solid waste recovery facilities (SWST)
☐ Street construction and improvements (SCI)
☒ Wastewater collection and treatment (WSTW)
☒ Water supply/storage/distribution (WTR)

☐ Insurance/pension funds (IPF)
☐ Other than listed above (OTH)

Please specify type/name of project if different from above:

³Certain local government issuers of housing bonds are required to obtain a certification from the State Treasurer attesting to their compliance with the State housing reporting requirements prior to issuance of the bonds to finance single- or multifamily housing.



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

915 CAPITOL MALL, ROOM 400
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

Lisa M. Harris
Executive Director

September 24, 2003

TO: Leigh Abresch
Hawkins Delafield & Wood
One Embarcadero Ctr Ste 3820
San Francisco, CA 94111

FROM: Lisa M. Harris, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

Section 8855(g) of the California Government Code requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any public agency debt issue.

The Commission acknowledges your written notice of the following proposed debt issuance:

CDIAC Nbr:	2003-1747
Issuer:	California Statewide Communities Development Authority
Project:	Lodi & Fort Bragg
Proposed Amount:	\$18,000,000.00
Proposed Sale Date:	October 25, 2003
Date Notice Received:	September 22, 2003

Please submit the **Report of Final Sale** and the Official Statement (or offering circular) on this issue within 45 days of sale date. Any questions regarding reporting requirements may be directed to the CDIAC staff at (916) 653-3269.

Cc: Michael LaPierre
Project Manager

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only

RECEIVED

03 NOV -6 AM 8:38

CDIAC #: 2003-1747

CALIFORNIA DEBT
ADVISORY COMMISSION

Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

ISSUER NAME: California Statewide Communities Development Authority

(If pool bond, list participants) Cities of Fort Bragg and Lodi, California

ISSUE NAME: _____

IF THIS IS A POOLED FINANCING, WHICH ISSUANCE STATUTE IS IT AUTHORIZED UNDER?

☐ 1) Marks-Roos Local Bond Pooling Act ☒ 2) JPA Law ☐ 3) Installment Sales Agreement, Lease... ☐ 4) Housing Revenue Bond Law & Industrial Development Bond Law ☐ 5) Other _____

WILL A VALIDATION ACTION BE PURSUED: ☐ No ☐ Yes ☒ Unknown

ACTUAL SALE DATE: October 7, 2003 PRINCIPAL SOLD: \$9,855,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?¹

☐ No ☒ Yes, refunding amount (including costs) \$4,766,458.02

Issuer Contact:

Name: James Hamill

Title: Program Manager

Address: 2175 California Boulevard, Suite 550, Walnut Creek, CA 94596

Phone: (925) 933-9229

ISSUER LOCATED IN

Sacramento (main office)

COUNTY

Filing Contact: Name of Individual (representing: ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:

Name: Sean Tierney, Esq.

Firm/Agency: Hawkins, Delafield & Wood

Address: One Embarcadero Center, Suite 3820, San Francisco, CA 94111

Phone: (415) 486-4200

E-Mail: stierney@hdw.com

Send acknowledgement/copies to: Leigh Abresch, Paralegal

Name of individual to whom an invoice for the CDIAC issue fee should be sent:²

Name: Mimi Henderson

Firm: Henderson Capital Partners LLC

Address: One Kaiser Plaza, Oakland, CA 94612

Phone: (510) 835-0600

¹ Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at a private sale or on a negotiated basis instead of at public sale.

This fee is authorized by Section 8856 of the California Government Code and is charged to the lead underwriter or purchaser of the issue. The fee is administratively set by the Commission. The current fee schedule may be obtained from CDIAC.

FINANCING PARTICIPANTS (Firm name)

FINANCIAL ADVISOR:

LEAD UNDERWRITER/PURCHASER: Henderson Capital Partners LLCBOND COUNSEL: Hawkins, Delafield & WoodTRUSTEE/PAYING AGENT: Union Bank of California, N.A.**OFFICE LOCATION (City/State)**Oakland, CASan Francisco, CASan Francisco, CA**MATURITY SCHEDULE**☐ Attached ☒ Included in Official Statement**MATURITY STRUCTURE**☐ Serial (S) ☐ Term (T)☒ Serial and term bonds or two or more term (B)**IS THE INTEREST ON DEBT TAXABLE?**Under State Law: ☒ No (tax-exempt) ☐ Yes (taxable)Under Federal Law: ☒ No (tax-exempt) ☐ Yes (taxable)If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? ☐ Yes ☒ No**FINAL MATURITY**October 1, 2023

DATE:

FIRST OPTIONAL CALLOctober 1, 2013

DATE:

SENIOR/SUBORDINATE STRUCTURE ☐ Yes ☒ No**INTEREST TYPE:** ☐ NIC ☒ TIC ☐ Variable**INTEREST COST:** 4.5223925 %**OFFICIAL STATEMENT/OFFERING****MEMORANDUM:**☒ Enclosed ☐ None prepared**WAS THE ISSUE INSURED OR GUARANTEED?**☐ No☒ Bond Insurance (I)☐ Letter of Credit (L)☐ State Intercept Program (T)☐ Other (O)**GUARANTOR:****ENHANCEMENT EXPIRATION DATE:** _____**INDICATE CREDIT RATING:**

(For example, "AAA" or "Aaa")

☐ Not Rated☒ RatedStandard & Poor's: AAAFitch: AAA

Moody's: _____

Other: _____

REASONS FOR NEGOTIATED REFUNDINGS

If the issue is a negotiated refunding, indicate the reason(s) why the bonds were issued at a private or negotiated versus a competitive sale.

☐ (1) Timing of the sale provided more flexibility than a public sale☐ (2) More cost savings were expected to be realized than a public sale☐ (3) More flexibility in debt structure was available than a public sale☐ (4) Issuer able to work with participants familiar with issue/r than a public sale☒ (5) All of the above☐ (6) Other (please specify)**CAPITAL APPRECIATION BOND:** ☐ Yes ☒ No**ISSUANCE COSTS AND FEES:**

A) Management Fee \$ _____

B) Total Takedown \$ _____

C) Underwriter Expenses \$ _____

Underwriter Spread or Discount \$ 115,687.50

D) Bond Counsel \$ _____

E) Disclosure Counsel \$ _____

F) Financial Advisor \$ _____

G) Rating Agency \$ _____

H) Credit Enhancement \$ _____

I) Trustee Fee \$ _____

J) Other Expenses \$ _____

Total Issuance Costs \$ 235,100.81K) ORIGINAL ISSUE PREMIUM \$ 161,013.55

L) ORIGINAL ISSUE DISCOUNT \$ _____

M) NET ORIGINAL ISSUE DISCOUNT/PREMIUM \$ 161,013.55**FOR OFFICE USE ONLY**

FEE: \$ _____

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the California Statewide Communities Development Authority (the "Authority") as of October 1, 2003 in connection with the issuance of \$9,855,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of October 1, 2003 (the "Indenture"), by and between the California Statewide Communities Development Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Participants (as defined under the Indenture) have entered into Installment Purchase Agreements, dated as of October 1, 2003 (the "Installment Purchase Agreements") with the Authority. Under the Installment Purchase Agreements the Participants will pay Installment Payments (the "Installment Payments") which will secure in part the Bonds. The Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"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 Union Bank of California, N.A., or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission (the "SEC") are listed in the SEC website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated October 7, 2003.

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

"Repository" shall mean each National Repository and each State Repository.

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

"State" shall mean the State of California.

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

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Bondholders;
4. optional, contingent or unscheduled bond calls;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
8. unscheduled draws on the debt service reserves reflecting financial difficulties;
9. unscheduled draws on the credit enhancements reflecting financial difficulties;
10. substitution of the credit or liquidity providers or their failure to perform; and
11. release, substitution or sale of property securing repayment of the Bonds.

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

(c) If the Authority determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Authority shall promptly file a notice of such occurrence with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) 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 Indenture.

SECTION 4. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Installment Payments. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Authority hereby appoints Union Bank of California, N.A. to serve as the Dissemination Agent hereunder. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate.

SECTION 6. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

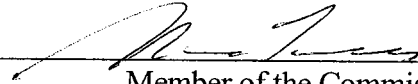
No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Authority satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Authority shall have refused to comply therewith within a reasonable time.

SECTION 7. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived with the consent of the Authority, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the same manner as for a Listed Event under Section 3(c).

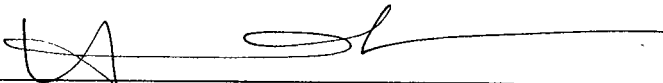
SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By 
Member of the Commission

Acknowledged as to Duties as Dissemination Agent:

UNION BANK OF CALIFORNIA, N.A.

By 
Authorized Officer

Sandra Hanrahan
Trust Officer



October 21, 2003

ORRICK, HERRINGTON & SUTCLIFFE LLP
OLD FEDERAL RESERVE BANK BUILDING
400 SANSOME STREET
SAN FRANCISCO, CA 94111-3143
tel 415-392-1122
fax 415-773-5759
WWW.ORRICK.COM

Henderson Capital Partners, LLC
Oakland, California

Financial Security Assurance Inc.
New York, New York

California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program) Series 2003B

Ladies and Gentlemen:

We have acted as special counsel to the California Statewide Communities Development Authority (the "Authority") in connection with its issuance of \$9,855,000 aggregate principal amount of its Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds"). In such connection, we have reviewed Resolution No. 03R-11, adopted by the Authority on September 23, 2003, (the "Resolution"), certificates of the Authority and others as to certain factual matters, and such documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. With the delivery of this letter, our engagement with respect to the Bonds has concluded, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto. We have assumed, without undertaking to verify independently, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof. Our engagement with respect to the Bonds was limited to the matters expressly covered by the opinions set out below. We express no opinion as to the validity or enforceability of the Bonds or any of the documents or actions authorized by the Resolution or as to the tax status of interest on the Bonds. We also undertake no responsibility of any kind for the Official Statement or other offering material relating to the Bonds.



Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority is a joint powers agency, duly organized and validly existing under the laws of the State of California.
2. The Resolution was duly adopted at a meeting of the governing board of the Authority. The Resolution is in full force and effect and has not been amended, modified or superseded.

This letter is furnished by us as special counsel to the Authority. No attorney-client relationship has existed or exists between our firm and Henderson Capital Partners, LLC or Financial Security Assurance Inc. in connection with the Bonds or by virtue of this letter. This letter is solely for the benefit of the addressees hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any person other than the addressees to this letter. This letter is not intended to, and may not, be relied upon by owners of any Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Orin L. Herrington", is written over the typed name of the firm.

ORRICK HERRINGTON & SUTCLIFFE LLP

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

The undersigned hereby certifies that she is the duly appointed and acting City Clerk of the City of Lodi (the "City"), a public agency duly organized and validly existing under and by virtue of the laws of the State of California and that as such she is authorized to execute this certificate on behalf of the City.

The undersigned hereby further certifies that the attached resolution is a full, true and correct copy of Resolution No. ²⁰⁰³⁻177 adopted at a meeting of the City's governing board held on September 17, 2003, of which meeting all of the members of the City's governing board had due notice and at which a quorum was present and acting throughout. The undersigned hereby further certifies that said resolution has not been amended, modified or rescinded since the date of adoption and is now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 21st day of October, 2003.

CITY OF LODI

By: Susan J. Blawie
City Clerk

RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE EXECUTION
AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT,
A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT,
AND AUTHORIZING CERTAIN RELATED MATTERS

=====

WHEREAS, the City of Lodi (the "Participant") is duly organized and existing under the laws of the State of California (the "Law") and is authorized pursuant to the Law to enter into an installment purchase agreement for the purpose of financing and/or refinancing the acquisition and construction of public capital improvements; and

WHEREAS, the Participant desires to enter into one or more Installment Purchase Agreements (the "Installment Purchase Agreement"), by and between the Participant and the California Statewide Communities Development Authority, a joint exercise of powers agency (the "Authority") in order to provide for the financing and/or refinancing of certain public capital improvements, including the financing of capital improvements to the Participant's water system and/or wastewater system (the "Project"); and

WHEREAS, this Governing Board finds that the financing and/or refinancing of the Project results in significant public health benefits, including but not limited to more efficient delivery of service, and that the Project constitutes facilities for the production, storage, transmission, or treatment of water, recycled water, or wastewater; and

WHEREAS, the Participant desires to participate in the Authority's Water and Wastewater Pooled Financing Program, a part of the Authority's economic development financing programs (the "Program") and that the Authority assign the right to receive the Installment Payments under the Installment Purchase Agreement to a trustee (the "Trustee") to be named in a Master Indenture (the "Indenture"), by and between the Authority and the Trustee and that the Authority issue its Revenue Bonds (the "Bonds") to finance and/or refinance the Project pursuant to the Indenture; and

WHEREAS, the Participant desires to participate in conjunction with the parties to that certain Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated as of June 1, 1998 (the "Agreement"); and

WHEREAS, the Participant proposes to participate in the Program and desires that certain projects to be located within the Participant be financed pursuant to the Program and it is in the public interest and for the public benefit that the Participant do so; and

WHEREAS, in order to authorize the execution of the Installment Purchase Agreement and the preparation of an Official Statement relating to the Bonds (the "Official Statement") and to provide for certain related matters, the Governing Board of the Participant deems it in the best interest of the Participant to adopt this Resolution (the "Resolution");

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE PARTICIPANT, AS FOLLOWS:

Section 1. Execution of the Installment Purchase Agreement and the Bond Purchase Agreement. The City Manager of the Participant or other appropriate officers of the Participant (the "Authorized Officers") are hereby authorized and directed to execute for and on behalf of the Participant the Installment Purchase Agreement, in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are hereby authorized and directed to negotiate and accept on behalf of the Participant the payment terms of the Installment Purchase Agreement and the Bond Purchase Agreement which will reflect the terms of the sale of the Bonds by Henderson Capital Partners, LLC (the "Underwriter"), such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal components of the payments under the Installment Purchase Agreement may not exceed \$5,000,000 for the Project, the Underwriter's discount (without giving effect to any original issue discount) may not exceed 1.25% of the aggregate principal components of the payments under the Installment Purchase Agreement and the average interest rate evidenced thereunder shall not exceed 6.50%. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a Bond Purchase Agreement containing the final payment terms of the Installment Purchase Agreement and the Bonds in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The obligation of the Participant to make the Installment Payments under the Installment Purchase Agreement is a special obligation of the Participant payable solely from the System Net Revenues (as defined under the Installment Purchase Agreement), and does not constitute a debt of the Participant or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. The Participant shall not be obligated to make payments to cover the shortfall in payments of any other participant in the Program.

Section 2. Authorization of Preliminary Official Statement, Execution of Final Official Statement, Execution of Continuing Disclosure Certificate. The Participant hereby approves the form of the preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds. The Authorized Officers are hereby authorized to certify that said Preliminary Official Statement, is as of its date "deemed final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein (and additions thereto to reflect the terms of the sale of the Bonds) as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a Continuing Disclosure Certificate, in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. JPA Matters. The City hereby approves the Project and the Authority as issuer of the Bonds to finance the Project pursuant to Section 9 of the Agreement.

Section 4. Appointment of the Professionals. Henderson Capital Partners is hereby confirmed and appointed as the Participant's underwriter in connection with the financing authorized by this Resolution. Hawkins, Delafield & Wood is hereby confirmed as the bond counsel in connection with the Bonds.

Section 5. Other Actions Authorized. The Authorized Officers and such other proper officers of the Participant are hereby authorized to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the execution and delivery of the Installment Purchase Agreement and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to comply with the terms of municipal bond insurance; to change the dates and the percentages in the rate covenant and additional debt test contained in any documents approved at this meeting from the dates and percentages on the forms submitted to this meeting; and to do any and all things

and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Installment Purchase Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Installment Purchase Agreement, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved. The Authorized Officers are further authorized to take all actions and execute any and all documents necessary or desirable to refund, defease, redeem and otherwise provide for the payment of any of the Participant's outstanding obligations, if any, which are to be refinanced in connection with the execution of the Installment Purchase Agreement. Further, if the Participant is not already a member of the Authority, the Participant shall become so and Participant staff is authorized to take such actions and execute such documents as are necessary or desirable for the Participant to become a member of the Authority. The Authorized Officers are authorized to substitute a non-profit corporation or joint powers authority for the Authority in connection with the transaction authorized in this Resolution on the advice of bond counsel.

Dated: September 17, 2003
=====

I hereby certify that Resolution No. 2003-177 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 2003 by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

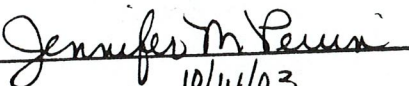
ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

The foregoing document is certified to be a correct
copy of the original on file in the City Clerk's Office.

Jennifer M. Perrin
Deputy City Clerk, City of Lodi

By:
Dated:


10/14/03



SUSAN J. BLACKSTON
City Clerk

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

The undersigned hereby certifies that he or she is the duly appointed and acting City Clerk of the City of Lodi (the "City"), a public agency duly organized and validly existing under and by virtue of the laws of the State of California and that as such he or she is authorized to execute this certificate on behalf of the City.

The undersigned hereby further certifies that the attached resolution is a full, true and correct copy of Resolution No. 2003-178 adopted at a meeting of the City's governing board held on September 17, 2003, of which meeting all of the members of the City's governing board had due notice and at which a quorum was present and acting throughout. The undersigned hereby further certifies that said resolution has not been amended, modified or rescinded since the date of adoption and is now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 21st day of October, 2003.

CITY OF LODI

By: 
City Clerk

RESOLUTION NO. 2003-178

RESOLUTION OF THE LODI CITY COUNCIL REGARDING ITS
INTENTION TO ISSUE TAX-EXEMPT WASTEWATER OBLIGATIONS

=====

WHEREAS, the City of Lodi (the "Borrower") desires to finance the costs of acquiring, construction, reconstructing and/or equipping certain public facilities and improvements relating to its wastewater system, as provided in Exhibit A attached hereto and incorporated herein (the "Project"); and

WHEREAS, the Borrower intends to finance the acquisition, construction, reconstructing and/or equipping of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations the Borrower desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Borrower; and

WHEREAS, this Governing Board of the Borrower has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Borrower for the Expenditures from the proceeds of the Obligations;

NOW, THEREFORE, THIS GOVERNING BOARD OF THE CITY OF LODI DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Borrower hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligation. Exhibit A describes the general character, type, purpose, and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is not to exceed \$5,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Borrower will expend moneys for the portion of the Project costs to be reimbursed from proceeds of the Obligations.

SECTION 4. The Borrower will make a reimbursement allocation, which is a written allocation that evidences the Borrower's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. For Obligations subject to the small governmental issuer exception of Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the "eighteen-month limit" of the previous sentence is changed to "three years" and the "three-year limitation" of the previous sentence is not applicable.

SECTION 5. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finances the Project for which the preliminary expenditures were incurred.

SECTION 6. Each expenditure will be of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure).

SECTION 7. To the best of our knowledge, this Governing Board is not aware of the previous adoption of official intents by the Borrower that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 8. This resolution is adopted as official action of the Borrower in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Borrower expenditures incurred prior to the date of issue of the Obligations.

SECTION 9. All the recitals in this Resolution are true and correct and this Governing Board so finds, determines and represents.

Dated: September 17, 2003
=====

I hereby certify that Resolution No. 2003-178 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 2003 by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

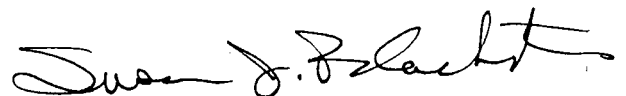
NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

The foregoing document is certified to be a correct
copy of the original on file in the City Clerk's Office.

Jennifer M. Perrin
Deputy City Clerk, City of Lodi



SUSAN J. BLACKSTON
City Clerk

2003-178

By:
Dated:

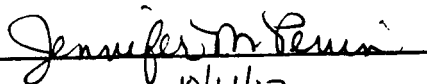

10/14/03

EXHIBIT A

DESCRIPTION OF PROJECT

The project to be financed consists of various capital improvements to the Borrower's wastewater system, including certain infrastructure improvements.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CITY OF LODI
INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting City Clerk of the City of Lodi, a public agency duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and, as such, I am familiar with the facts herein certified and am authorized to certify the same;

(ii) the signature set forth below is a true and correct specimen of the genuine signature of the undersigned:

Dixon Flynn, City Manager

A handwritten signature in black ink, appearing to read 'Dixon Flynn', is written over a horizontal line.

(iii) the following documents and instruments relating to the California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds") all bear the authentic manual signature of the Finance Director of the City named herein:

(a) the Official Statement, dated October 7, 2003, relating to the Bonds;

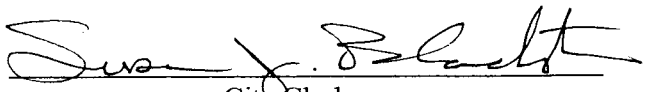
(b) the Bond Purchase Agreement, dated October 7, 2003, by and between California Statewide Communities Development Authority (the "Authority"), Henderson Capital Partners, LLC, as underwriter, the City and the City of Fort Bragg;

(c) the Installment Purchase Agreement, dated as of October 1, 2003, by and between the City and the Authority; and

(d) the Continuing Disclosure Certificate, dated October 21, 2003.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October, 2003.

CITY OF LODI

By: 
City Clerk

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CITY OF LODI
CLOSING AND NO-LITIGATION CERTIFICATE

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting City Manager of the City of Lodi, a public agency duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and, as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that the representations and warranties of the City contained in the Bond Purchase Agreement, dated October 7, 2003, by and among California Statewide Development Authority (the "Authority"), Henderson Capital Partners, LLC, as underwriter, the City and the City of Fort Bragg are true and correct on and as of the date hereof;


(iii) that there has been no material adverse change in the financial condition or results of operations of the City from the date of the Official Statement, dated October 7, 2003 to the date hereof; and

(iv) that the execution of the Installment Purchase Agreement, dated as of October 1, 2003, by and between the City and the Authority, is in compliance with and does not violate the covenants regarding the issuance of additional obligations contained in any other outstanding obligations of the City.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October, 2003.

CITY OF LODI

By: _____


Dixon Flynn
City Manager

INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF LODI

and

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

Dated as of October 1, 2003

relating to

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of October 1, 2003, by and between the CITY OF LODI, public agency duly organized and existing under and by virtue of the laws of the State of California (the "Participant"), and CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

WITNESSETH:

WHEREAS, the Participant proposes to finance and/or refinance certain facilities (the "Project") within its enterprise system described in Exhibit A hereto (the "System");

WHEREAS, the Project is a public capital improvement that results in significant public health benefits, including but not limited to more efficient delivery of service and constitutes facilities for the production, storage, transmission, or treatment of water, recycled water, or wastewater;

WHEREAS, the Authority has agreed to assist the Participant in financing and/or refinancing the Project;

WHEREAS, the Participant is authorized by the laws of the State of California (the "Law") to enter into this Agreement;

WHEREAS, the Participant and the Authority have duly authorized the execution of this Agreement;

WHEREAS, the Authority will assign its right to receive Installment Payments under this Agreement to Union Bank of California, N.A., as Trustee under that certain Indenture, dated as of October 1, 2003, and will issue its California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B to be secured in part by the Installment Payments;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Agreement

The term "Agreement" means this Agreement, by and between the Participant and the Authority, dated as of the date hereof, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Annual Debt Service

The term "Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year, calculated as if such principal amounts were deemed to accrue daily during such Fiscal Year in equal amounts from, in each case, each payment date for principal or the date of delivery of such Parity Debt (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for principal, *provided*, that the following adjustments shall be made to the foregoing amounts in the calculation of Annual Debt Service:

(A) with respect to any such Parity Debt bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be (i) with respect to such Parity Debt then outstanding, one hundred ten per cent (110%) of the greater of (1) the daily average interest rate on such Parity Debt during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Parity Debt has borne interest) or (2) the most recent effective interest rate on such Parity Debt prior to the date of such calculation or (ii) with respect to such Parity Debt then proposed to be issued, the then current 20-Bond GO Index rate as published in The Bond Buyer (or if The Bond Buyer or such index is no longer published, such other published similar index);

(B) with respect to any such Parity Debt having twenty-five per cent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Parity Debt were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty (20) years from the date of such Parity Debt provided, however that the full amount of such Parity Debt shall be included in Annual Debt Service if the date of calculation is within 24 months of the actual maturity of the payment;

(C) with respect to any such Parity Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Debt or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(D) Annual Debt Service shall not include interest on Parity Debt which is to be paid from amounts constituting capitalized interest;

(E) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Parity Debt, plus (ii) the amounts payable by the Participant under such interest rate swap agreement, less (iii) the amounts receivable by the Participant under such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition; and

(F) Repayment Obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such Repayment Obligation as calculated under this definition.

Authority

The term "Authority" means California Statewide Communities Development Authority, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California.

Authority Bonds

The term "Authority Bonds" means the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B issued by the Authority, and at any time Outstanding pursuant to the Indenture.

Bond Insurer

The term "Bond Insurer" means Financial Security Assurance, Inc. and its successors and assigns.

Business Day

The term "Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office is located, are required or authorized to remain closed.

Certificate of the Participant

The term "Certificate of the Participant" means an instrument in writing signed by the chief executive officer or chief financial officer of the Participant, or by any other officer of the Participant duly authorized by the Participant for that purpose, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Continuing Disclosure Certificate

The term "Continuing Disclosure Certificate" means, collectively, any Continuing Disclosure Certificate executed by the Participant with respect to the Authority Bonds.

Event of Default

The term "Event of Default" means an event described in Section 8.1 hereof.

Fiscal Year

The term "Fiscal Year" means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Participant.

Generally Accepted Accounting Principles

The term "Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Indenture

The term "Indenture" means the Indenture, dated as of October 1, 2003, by and between the Authority and the Trustee, as it may from time to time be amended or supplemented in accordance with its terms.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any firm of certified public accountants appointed by the Participant, which is independent of the Participant and the

Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Installment Payment Date

The term "Installment Payment Date" means the fifteenth day of the month prior to each related Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day.

Installment Payments

The term "Installment Payments" means the Installment Payments of interest and principal scheduled to be paid by the Participant under and pursuant hereto as provided in Exhibit B hereto.

Interest Payment Date

The term "Interest Payment Date" means the payment dates of the Authority Bonds identified in the Indenture.

Law

The term "Law" means the laws of the State of California pursuant to which the Participant was formed and operates and Section 5451 of the Government Code of the State of California and in each case all laws amendatory thereof or supplemental thereto.

Maximum Annual Debt Service

The term "Maximum Annual Debt Service" means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

Moody's

The term "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 services of a municipal securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Participant.

Municipal Bond Insurance Policy

The term "Municipal Bond Insurance Policy" means the policy or policies of municipal bond insurance issued by the Bond Insurer.

Net Proceeds

The term "Net Proceeds" means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Operation and Maintenance Costs

The term "Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Participant for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Participant that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), and including all other reasonable and necessary costs of the Participant or charges required to be paid by it to comply with the terms hereof or of any Supplemental Agreement or of any resolution authorizing the execution of any Parity Debt, such as compensation, reimbursement and indemnification of the Trustee and the Authority and fees and expenses of Independent Certified Public Accountants; but excluding in all cases (i) payment of Parity Debt and Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, and (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Parity Debt

The term "Parity Debt" means the Installment Payments and any Parity Obligations.

Parity Obligation Payments

The term "Parity Obligation Payments" means the payments scheduled to be paid by the Participant under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on a parity with the Installment Payments as provided herein.

Parity Obligations

The term "Parity Obligations" means all obligations of the Participant authorized and executed by the Participant other than the Installment Payments, the Parity Obligation Payments under which are secured by a pledge of the System Net Revenues on a parity with the Installment Payments as provided herein, including but not limited to any Repayment Obligations secured by System Net Revenues on a parity with the Installment Payments.

Participant

The term "Participant" means Participant, a public agency duly organized and existing under and by virtue of the laws of the State of California.

Participating Underwriter

The term "Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Prior Liens

The term "Prior Liens" means those liens, if any, on the System Revenues which are senior to the pledge under this Agreement as identified in Exhibit A hereto.

Project

The term "Project" means any additions, betterments, extensions and improvements to the System financed or refinanced described in Exhibit A hereto.

Purchase Price

The term "Purchase Price" means the principal amount plus interest thereon owed by the Participant to the Authority under the terms hereof as provided in Section 4.1.

Rate Stabilization Fund

The term "Rate Stabilization Fund" means the fund by that name established pursuant to Section 5.4 hereof.

Repayment Obligation

"Repayment Obligation" means the reimbursement obligation or any other payment obligation of the Participant under a written agreement between the Participant and a credit provider to reimburse the credit provider for amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

Rebate Fund

The term "Rebate Fund" means the fund by that name established pursuant to Section 4.5 of the Indenture and provided for in Section 6.17 hereof.

Reserve Account

The term "Reserve Account" means that Account within the Reserve Fund held under the Indenture relating to this Agreement.

Reserve Account Requirement

The term "Reserve Account Requirement" has the meaning assigned in the Indenture.

Reserve Policy

The term "Reserve Policy" has the meaning assigned in the Indenture.

Subordinate Obligations

The term "Subordinate Obligations" means the obligations of the Participant that are subordinate in payment to the Installment Payments.

Supplemental Agreement

The term "Supplemental Agreement" means any agreement then in full force and effect which has been entered into by the Participant and the Trustee, amendatory of or supplemental hereto; but only if and to the extent that such Supplemental Agreement is specifically authorized hereunder.

System

The term "System" means the whole and each and every part of the system identified in Exhibit A hereto of the Participant, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such system or any part thereof hereafter acquired or constructed.

System Net Revenues

The term "System Net Revenues" means for any period System Revenues less Operation and Maintenance Costs for such period; *provided* that certain adjustments in the amount of System Net Revenue deemed collected during a Fiscal Year may be made in connection with amounts deposited in the Rate Stabilization Fund as provided in Section 5.4 herein.

System Revenue Fund

The term "System Revenue Fund" means the fund by that name created pursuant to Section 5.2 hereof.

System Revenues

The term "System Revenues" means all gross income and revenue received or receivable by the Participant from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees (including connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Participant in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Participant from the ownership or operation of the System or arising from the System, subject to and after satisfaction of any Prior Liens.

Tax Certificate

"Tax Certificate" means collectively all the certificates, each dated the date of the original issuance and delivery of the Authority Bonds, with respect to the requirements of certain provisions of the Code, as each such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Trustee

The term "Trustee" means Union Bank of California, N.A. acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

Written Request of the Participant

"Written Request of the Participant" means an instrument in writing signed by the chief executive or chief financial officer of the Participant or their designee, or by any other officer of the duly authorized by the Participant for that purpose, such authorization to be evidenced at the request of the Trustee by a certificate verifying the specimen signatures of such officers.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the Participant. The Participant makes the following representations:

(a) The Participant is a public agency duly organized and existing under and pursuant to the laws of the State of California. The Participant has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Agreement, and the Participant has complied with the provisions of the Law in all matters relating to such transactions. By proper action, the Participant has duly authorized the execution, delivery and due performance of this Agreement.

(b) The Participant will not take or permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.

(c) The Participant has determined that it is necessary and proper for Participant uses and purposes within the terms of the Law that the Participant finance and/or refinance the acquisition of the Project in the manner provided for in this Agreement.

(d) The Participant has reviewed the Indenture and accepts its terms.

Section 2.2. Representations and Warranties by the Authority. The Authority represents and warrants that the Authority is a joint exercise of powers agency duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution, delivery and due performance of this Agreement.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Sale and Purchase of Project. In consideration for the Authority's assistance in financing the Project, the Participant agrees to act as the Authority's agent for purposes of construction and acquisition of the Project. The Authority will make the net proceeds of the Authority Bonds allocable to the Participant available to the Participant for this purpose, as provided in the Indenture.

In consideration for the Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Participant, and the Participant agrees to purchase, and hereby purchases, from the Authority, the Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.2. Title. All right, title and interest in the Project shall vest in the Participant immediately upon execution and delivery of this Agreement.

Section 3.3. Changes to the Project. The Participant may at any time substitute other public capital improvements for the then existing components of the Project by submitting a Written Request of the Participant to the Authority and the Trustee specifying the components of the Project to be substituted and the new components.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by the Participant hereunder to the Authority is the sum of the principal amount of the Participant's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the Participant hereunder is set forth in Exhibit B hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.2 and Exhibit B hereto, and shall be paid by the Participant as and constitutes interest paid on the principal amount of the Participant's obligations hereunder.

Section 4.2. Installment Payments and Additional Payments. The Participant shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Installment Payment Dates as set forth in Exhibit B hereto.

Each Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event the Participant fails to make any of the payments required to be

made by it under this Section, such payment shall continue as an obligation of the Participant until such amount shall have been fully paid; and the Participant agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

The obligation of the Participant to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the Participant will not discontinue or suspend any Installment Payments required to be made by it under this Section when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

The Participant shall not be obligated to make payments hereunder or incur any liability as a result of the default of any other public agency under an Installment Purchase Agreement, the obligations under which have been assigned to the Trustee under the Indenture in connection with the Authority Bonds.

In addition to the Installment Payments, the Participant shall also pay such amounts ("Additional Payments") as shall be required for the payment of all fees and administrative costs of the Authority and the Trustee relating to the Authority Bonds and allocable to the Participant, including without limitation all expenses, compensation and indemnification of the Authority and the Trustee payable by the Participant hereunder and under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms hereof (including the fees of the disclosure consultant and arbitrage calculations service provided in Section 4.3), of the Authority Bonds or of the Indenture or to indemnify the Authority and its employees, officers and directors and the Trustee; *provided* that the foregoing obligation shall be limited to those amounts reasonably allocable to the Participant.

Section 4.3. Appointment of Dissemination Agent and Arbitrage Calculation Service. The Participant hereby appoints the firm designated pursuant to Section 4.6 of the Indenture as its dissemination agent to assist in compliance with Section 6.18 hereof. The Participant hereby appoints the firm designated pursuant to Section 4.5 of the Indenture as its arbitrage calculation service to comply with Sections 6.16 and 6.17 hereof (provided that if the Participant is a "small governmental issuer" as set forth in Section 148(f)(4)(D) of the Code no such firm need be appointed on the Participant's behalf or such services paid for by the Participant).

ARTICLE V

SECURITY

Section 5.1. Pledge of System Net Revenues. All System Net Revenues and all amounts on deposit in the System Revenue Fund are hereby irrevocably pledged to the payment of the Installment Payments as provided herein and the System Net Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; *provided* that out of the System Revenues there may be apportioned such sums for such purposes as are expressly

permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the System Revenue Fund and other funds and accounts created hereunder for the payment of the Installment Payments and all other Parity Debt in accordance with the terms hereof and of the Indenture.

Section 5.2. Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Participant agrees and covenants that all System Revenues shall be received by the Participant in trust hereunder and shall be deposited when and as received in a special fund designated as the "System Revenue Fund", which fund is hereby established and which fund the Participant agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. To the extent the Participant has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the "System Revenue Fund" and the Participant shall not be required to create a new fund. The Participant may maintain separate accounts within the System Revenue Fund. The amounts in the System Revenue Fund shall be invested in Authorized Investments. Moneys in the System Revenue Fund shall be used and applied by the Participant as provided in this Agreement.

The Participant shall, from the moneys in the System Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the System Revenue Fund shall be set aside by the Participant at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Installment Payments. Not later than each Installment Payment Date, the Participant shall, from the moneys in the System Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The Participant shall also, from the moneys in the System Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Reserve Account. On or before the first Business Day of each month, the Participant shall, from the remaining moneys in the System Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee as provided in Section 3.2 of the Indenture for deposit in the Revenue Fund for application to the Reserve Account in accordance with the Indenture and to the applicable trustee for such other reserve accounts, if any, as may have been established in connection with Parity Obligations that sum, if any, necessary to restore the Reserve Account to an amount equal to the Reserve Account Requirement and otherwise replenish the Reserve Account for any withdrawals (including draws upon the Reserve Policy or any credit facility) to pay the Installment Payments due hereunder and necessary to restore such other reserve accounts to an amount equal to the amount required to be maintained therein;

provided that payments to restore the Reserve Account after a withdrawal may be made in monthly installments equal to 1/12 of the aggregate amount needed to restore the Reserve Account to the Reserve Account Requirement as of the date of the withdrawal. The Participant's obligation to replenish the Reserve Account shall be limited to draws on the Reserve Account relating to the Participant. To the extent that draws on the Reserve Account are from a credit facility as permitted under the definition of Reserve Account Requirement in the Indenture, transfers hereunder to restore the Reserve Account shall be made to reimburse the provider of such credit facility.

The Participant shall be obligated to make payments to the Insurer for draws on the Reserve Policy only to the extent of draws on the Reserve Account relating to this Agreement. Interest shall accrue and be payable on draws under the Reserve Policy and all related reasonable expenses incurred by the Insurer from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank (N.A.) at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank (N.A.)) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2003B Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank (N.A.) ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw (provided that the Participant may repay the Policy Costs in full at any time during this period).

If the Participant shall fail to pay any Policy Costs in accordance with the requirements set forth above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder and under the Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

For purposes of the additional parity debt test in Section 5.3(c) and the rate covenant in Section 6.8(b), Net Revenues shall provide at least one times coverage of the Policy Costs then due and owing in addition to the other coverage requirements therein.

(c) Surplus. Moneys on deposit in the System Revenue Fund not necessary to make any of the payments required above, may be expended by the Participant at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations and deposits to the Rate Stabilization Fund.

Section 5.3. Additional Parity Debt. The Participant may at any time enter into any Parity Debt; *provided*:

(a) The Participant shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Agreements required to be observed or performed by it, and a Certificate of the Participant to that effect shall have been filed with the Trustee (with the consent of the Bond Insurer this condition shall not apply where the purpose of the proposed Parity Debt is to cure such non-compliance).

(b) The Parity Debt shall have been duly authorized pursuant to the Law and all applicable laws, and the amount on deposit in the Reserve Account relating to the Parity Debt shall be increased to an amount at least equal to the Reserve Account Requirement as calculated with respect to such Parity Debt; *provided* that if such Parity Debt shall not be Installment Payments, then a reserve account held by an independent trustee (who may be other than the Trustee) shall be established in an amount equal to the lesser of the maximum annual debt service of such Parity Debt (calculated on the basis of a year ending on the principal payment date of such Parity Debt) or the maximum amount permitted under the Code; *provided further* that, if such Parity Debt is a loan from a governmental agency, then a reserve account shall be established in the amount required or permitted by such governmental agency.

(c) The System Net Revenues for the last completed Fiscal Year or any 12 consecutive months within the last 18 months preceding the date of execution of such Parity Debt, as shown by a Certificate of the Participant on file with the Trustee, plus an allowance for increased System Net Revenues arising from any increase in the rates, fees and charges of the System which was duly adopted by the governing board of the Participant prior to the date of the execution of such Parity Debt but which, during all or any part of such 12 month period, was not in effect, in an amount equal to the amount by which the System Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such 12 month period, as shown by a Certificate of the Participant on file with the Trustee, shall have produced a sum equal to at least 110 percent of the Maximum Annual Debt Service as calculated after the execution of such Parity Debt; *provided*, that in the event that all or a portion of such Parity Debt is to be issued for the purpose of refunding and retiring any Parity Debt then outstanding, interest and principal payments on the Parity Debt to be so refunded and retired from the proceeds of such Parity Debt being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; *provided further*, that the Participant may at any time issue a Parity Debt without compliance with the foregoing conditions if the Annual Debt Service for each Fiscal Year during which such Parity Debt is outstanding will not be increased by reason of the issuance of such Parity Debt; *provided further*, the Bond Insurer may waive the requirements in paragraph (b) above relating to funding the Reserve Account or other reserve account if the Parity Debt proposed to be issued is irrevocably guaranteed by a credit provider in at least the second highest rating category of Moody's or S&P; and *provided further*, an adjustment shall be made in the amount of System Net Revenues as provided in Section 5.4 hereof.

Nothing contained in this Section shall limit the issuance of any revenue bonds of the Participant payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such revenue bonds, none of the

Installment Payments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Subordinate Obligations.

Section 5.4. Rate Stabilization Fund. There is hereby established a special fund to be known as the "Rate Stabilization Fund" which shall be held by the Participant. The Participant may, during or within 210 days after a Fiscal Year, deposit surplus System Net Revenues transferred from the System Revenue Fund attributable to such Fiscal Year (on the basis of Generally Accepted Accounting Principles) into the Rate Stabilization Fund. The Participant may at any time withdraw moneys from the Rate Stabilization Fund and deposit such amounts into the System Revenue Fund. Notwithstanding anything to the contrary provided herein, System Net Revenues deposited into the Rate Stabilization Fund shall not be taken into account as System Net Revenues for purposes of the calculations in Sections 5.3 and 6.8(b) in the Fiscal Year to which such deposit is attributable, and amounts withdrawn from the Rate Stabilization Fund and deposited into the System Revenue Fund, during or within 210 days after a Fiscal Year, may be taken into account as System Revenues for purposes of the calculations required under Sections 5.3 and 6.8(b) in such Fiscal Year; *provided* that, for purposes of the calculation required under Section 6.8(b), the amount of System Net Revenues before any credits for withdrawals from the Rate Stabilization Fund may not be less than 100% of Maximum Annual Debt Service for outstanding Parity Debt and the proposed additional Parity Debt. The amounts in the Rate Stabilization Fund shall be invested in the Authorized Investments.

ARTICLE VI

COVENANTS OF THE PARTICIPANT

Section 6.1. Punctual Payment. The Participant will punctually pay the Installment Payments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof and of any Supplemental Agreements.

Section 6.2. Legal Existence. The Participant will use all means legally available to maintain its existence.

Section 6.3. Against Encumbrances. The Participant will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Participant may at any time issue any Subordinate Obligations.

Section 6.4. Against Sale or Other Disposition of the System. The Participant will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Installment Payments have been fully paid or provision has been made therefor in accordance with Article 9.1 hereof. The Participant will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Installment Payments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 6.5. Maintenance and Operation of System. The Participant will maintain and preserve the System in good repair and working order at all times and will operate the System in an efficient and economical manner.

Section 6.6. Insurance.

(a) The Participant will procure and maintain at all times insurance on the System against such risks (including accident to or destruction of the System) as are usually insured in connection with operations similar to the System and, to the extent such insurance is available for reasonable premiums from a reputable insurance company, such insurance shall be adequate in amount and, as to the risks insured against, shall be maintained with responsible insurers; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(b) The Participant shall procure and maintain or cause to be procured and maintained public liability insurance covering claims against the Participant (including its directors, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the Participant's operations, including any use of the System, and such insurance shall afford protection in such amounts as are usually covered in connection with operations similar to the System; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(c) If all or any part of the System shall be damaged or destroyed the Net Proceeds realized by the Participant therefrom shall be deposited by the Participant with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Participant to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Participant first secures and files with the Trustee a Certificate of the Participant showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Participant by reason of such damage or destruction, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Participant from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Participant, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such damage or destruction so that the ability of the Participant to pay Installment Payments when due will not be substantially impaired, and such Certificate of the Participant shall be final and conclusive, and any balance of such proceeds not required by the Participant for such purpose shall be deposited in the System Revenue Fund and applied as provided in Section 5.2 hereof, *provided*, that if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such damage or destruction has had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Installment Payments, and a Certificate of the Participant to such effect has been filed with the Trustee, then the Participant shall forthwith

deposit such proceeds in the System Revenue Fund, to be applied as provided in Section 5.2 hereof.

Section 6.7. Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Participant therefrom shall be deposited by the Participant with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Participant to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Participant first secures and files with the Trustee a Certificate of the Participant showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Participant by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Participant from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Participant, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Participant to pay Installment Payments when due will not be substantially impaired, and such Certificate of the Participant shall be final and conclusive, and any balance of such proceeds not required by the Participant for such purpose shall be deposited in the System Revenue Fund and applied as provided in Section 5.2 hereof, *provided*, that if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Installment Payments, and a Certificate of the Participant to such effect has been filed with the Trustee, then the Participant shall forthwith deposit such proceeds in the System Revenue Fund, to be applied as provided in Section 5.2 hereof.

Section 6.8. Amounts of Rates, Fees and Charges.

(a) The Participant will, at all times while any of the Installment Payments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Installment Payments and the payments for the other Parity Debt and the Repayment Obligations and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof, including restoration of the Reserve Account to an amount equal to the Reserve Account Requirement, and the terms of any Supplemental Indenture.

(iv) All payments to meet any other obligations of the Participant which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Participant will, at all times while any Installment Payments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Net Revenues during such Fiscal Year equal to at least 110% per cent of the Annual Debt Service in such Fiscal Year; *provided*, an adjustment shall be made to the amount of System Net Revenues as provided in Section 5.4 hereof.

The Participant may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 6.9. Enforcement of and Performance Under Contracts. The Participant shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Participant will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Participant is a party thereto.

Section 6.10. Collection of Charges, Fees and Rates. The Participant will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Participant will enforce the collection procedures contained in such rules and regulations.

Section 6.11. No Free Service. The Participant will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the State of California and any city, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 6.12. Prompt Acquisition and Construction of the Projects. Prior to completion of any part of the Project, the Participant will acquire and construct the Projects with all practicable dispatch, and such acquisition and construction will be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

Section 6.13. Payment of Claims. The Participant will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Installment Payments; *provided*, that nothing herein contained shall require the Participant to make any such payments so long as the Participant in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Participant's ability to perform its obligations hereunder.

Section 6.14. Books of Record and Accounts; Financial Statements. The Participant will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the System Revenue Fund, and upon request will provide information concerning such books of record and accounts to the Trustee.

The Participant will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Installment Payments remain unpaid, an audited financial statement of the Participant relating to the System Revenue Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Participant has complied with the provisions hereof and of any Supplemental Agreement as it relates to such accounts and funds. The Participant will furnish a copy of such audited financial statement to the Trustee, the Bond Insurer and to the Information Services upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Authority Bonds.

Section 6.15. Payment of Taxes and Other Charges and Compliance with Governmental Regulations. The Participant will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Participant, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Participant to make any such payments so long as the Participant in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Participant's ability to perform its obligations hereunder.

The Participant will duly comply with all applicable state, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Participant shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Participant's ability to perform its obligations hereunder.

Section 6.16. Tax Covenants and Matters.

(a) General. The Participant hereby covenants with the holders of the Authority Bonds that, notwithstanding any other provisions of this Agreement, they shall not take any

action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Authority Bonds under Section 103 of the Code. The Participant shall not, directly or indirectly, use or permit the use of proceeds of the Authority Bonds or any of the property financed or refinanced with proceeds of the Authority Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Authority Bonds.

(b) **Arbitrage.** The Participant shall not, directly or indirectly, use or permit the use of any proceeds of any Authority Bonds, or of any property financed or refinanced thereby, or other funds of the Participant, or take or omit to take any action, that would cause the Authority Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Participant shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Authority Bonds.

(c) **Federal Guarantee.** The Participant shall not make any use of the proceeds of the Authority Bonds or any other funds of the Participant, or take or omit to take any other action, that would cause the Authority Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) **Compliance with Tax Certificate.** In furtherance of the foregoing tax covenants of this Section, the Participant covenants that they will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Authority Bonds.

Section 6.17. Rebate Fund.

(a) **Establishment.** Pursuant to the Indenture, the Trustee will hold a special fund (the "Rebate Fund") for any amounts required to satisfy the requirement to make rebate payments to the United States pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder. Such amounts shall be free and clear of any lien under this Agreement and shall be governed by this Section, Section 6.16 of this Agreement, Section 4.5 of the Indenture and by the Tax Certificate executed by the Participant. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the Tax Certificate, unless and to the extent that the Participant delivers to the Trustee an opinion of nationally recognized bond counsel that the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds will not be adversely affected if such requirements are not satisfied.

(i) **Computation of Rebate Amount.** Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), and each Bond Year in which funds remain on deposit in the Project Account relating to the Participant, the Participant shall calculate or cause to be calculated the amount of "rebate amount," in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the "rebate amount," described, if applicable, in the Tax Certificate (e.g., the temporary

investments exceptions of Section 148(f)(4)(A)(ii) or Section 148(f)(4)(B) of the Code, the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, the exception for certain "small governmental issuers" as set forth in Section 148(f)(4)(D) of the Code, and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations.

(ii) Transfer of Moneys. Within 55 days of the end of each such fifth Bond Year, the Participant shall deposit to the Rebate Fund from any legally available moneys for such purpose, if and to the extent required so that the balance in the Rebate Fund shall equal the "rebate amount" so calculated in accordance with this Section.

(b) Deficiencies in the Rebate Fund. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Participant shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due.

(c) Record Keeping. The Participant shall retain records of all determinations made hereunder until six years after payment in full of the Installment Payments.

(d) Survival of Defeasance. Notwithstanding anything in this Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the payment in full or defeasance of the Installment Payments.

Section 6.18. Continuing Disclosure. The Participant hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Participant to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Authority Bonds may take such actions as described under the Continuing Disclosure Certificate to cause the Participant to comply with its obligations under this Section.

Section 6.19. Further Assurances. The Participant will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof.

Section 6.20. Reimbursement of Bond Insurer and Other Provisions Relating to the Bond Insurer.

(a) The Participant agrees to pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in respect of this Installment Purchase Agreement or the Indenture, (ii) the pursuit of any remedies under the Indenture or this Installment Purchase Agreement or otherwise afforded by law or equity, (iii) the violation by the Participant of any law, rule or regulation, or any judgment, order or decree

applicable to it or (iv) any litigation or other dispute in connection with the Indenture or the Installment Agreement or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under Municipal Bond Insurance Policy; *provided* that the foregoing obligation shall be strictly limited to defaults with respect to the Participant. The Bond Insurer shall have the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or the Installment Purchase Agreement.

(b) The Participant will provide the Bond Insurer with its annual budget within 30 days of its adoption and its annual audited financial statements within 210 days after the end of the Participant's Fiscal Year.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment. The Participant may prepay the Installment Payments in accordance with the provisions of the Indenture applicable to the redemption prior to maturity of the Authority Bonds.

Before making any prepayment pursuant to this Section, the Participant shall give the Authority and the Trustee not less than sixty (60) days prior notice of such prepayment.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.1. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say --

- (1) if default shall be made by the Participant in the due and punctual payment of any Installment Payment or any Parity Debt when and as the same shall become due and payable;
- (2) if default shall be made by the Participant in the performance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after the Participant shall have been given notice in writing of such default by the Authority, the Trustee or the Bond Insurer; *provided* that such default shall not constitute an Event of Default hereunder, if the Participant shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; *provided*, such period shall not extend beyond a total of 90 days except with the prior consent of the Bond Insurer;
- (3) if the Participant shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent

jurisdiction shall approve a petition filed with or without the consent of the Participant seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Participant or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Parity Debt is accelerated in accordance with its terms;

then, and in each and every such case during the continuance of such Event of Default specified in clauses (3) and (4) above, the Authority shall, and for any other such Event of Default the Authority may (and at the direction of the Bond Insurer, shall), by notice in writing to the Participant, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable; *provided* that any such declaration of acceleration shall be subject to the prior written consent of the Bond Insurer. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Participant shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments or the unpaid payment of any other Parity Debt referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such other Parity Debt if paid in accordance with their terms, and the reasonable expenses of the Authority and the Bond Insurer, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority and the Bond Insurer or provision deemed by the Authority and the Bond Insurer to be adequate shall have been made therefor, then and in every such case the Authority and the Bond Insurer, by written notice to the Participant, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all System Revenues thereafter received shall be applied in the following order (subject on a pro rata basis to the acceleration provisions of Parity Debt) -

First, to the payment, without preference or priority, and in the event of any insufficiency of such System Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority and Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel and similar costs with respect to Parity Debt;

Second, to the payment of Operation and Maintenance Costs;

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all other Parity Debt and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such other Parity Debt if paid in accordance with their respective terms; and

Fourth, to the Bond Insurer, any amounts owed pursuant to Sections 5.2(b), 6.20 and 8.1 hereof.

Section 8.3. Other Remedies of the Authority. The Authority shall have the right with the written consent of the Bond Insurer and shall at the direction of the Bond Insurer:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Participant or any director, officer or employee thereof, and to compel the Participant or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the Participant and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the Project, the System or other facilities of the Participant or any other real property of the Participant and no default hereunder shall result in the loss of the Project, the System or other facilities of the Participant or any other real property of the Participant.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Participant, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the System Net Revenues, the System Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the Participant and the Authority shall be restored to

their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.6. Notices. Notwithstanding any other provision hereof, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any Installment Payments as required and immediately upon the occurrence of any event of default hereunder.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations. The obligations hereunder may be discharged as provided in Article VIII of the Indenture.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of Participant Limited to System Revenues. Notwithstanding anything contained herein, the Participant shall not be required to advance any moneys derived from any source of income other than the System Revenues, the System Revenue Fund and the other funds provided herein for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The Participant may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Participant for such purpose.

The obligation of the Participant to make the Installment Payments is a special obligation of the Participant payable solely from the System Net Revenues, and does not constitute a debt of the Participant or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.2. Successor Is Deemed Included in all References to Predecessor. Whenever either the Participant or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Participant or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Participant or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.3. Waiver of Personal Liability. No director, officer or employee of the Participant shall be individually or personally liable for the payment of the Installment Payments

or be subject to any personal liability by reason of the execution of this Agreement or the issuance of the Bonds.

Section 10.4. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby", "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.5. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Participant or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Participant and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.6. Assignment. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the Participant. The Participant acknowledges and agrees that the Installment Payments will be assigned to the Trustee and pledged under the Indenture to the payment of the Authority Bonds.

Section 10.7. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the Participant shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.8. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.9. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the satisfaction of the Authority).

Section 10.10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.11. Indemnification of Authority. To the fullest extent permitted by law, the Participant agrees to indemnify, hold harmless and defend the Authority and the Trustee, and each of their respective officers, governing board members, directors, officials, employees,

attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise arising out of or based upon or in any way relating to:

(i) the Indenture, this Agreement or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, resale or remarketing of the Authority Bonds;

(ii) any act or omission of the Participant or any of its agents, contractors, servants, employees or licensees in connection with this Agreement or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or development of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Participant to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Authority Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact furnished in writing by the Participant contained in any offering statement or document for the Authority Bonds or any of the documents relating to the Authority Bonds to which the Participant is a party, or any omission or alleged omission from any offering statement or document for the Authority Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Participant, in the light of the circumstances under which they were made, not misleading;

(vii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Authority Bonds to which it is a party; except (a) in the case of the foregoing indemnification of the Trustee or any of their respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (b) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party; *provided* that the foregoing indemnification shall be strictly limited to defaults or other actions by the Participant and

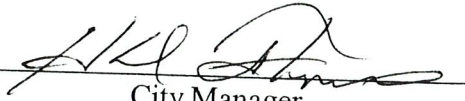
shall not encompass matters relating only to other Participants (as defined in the Indenture). In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Participant, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; *provided* that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Participant shall pay the reasonable fees and expenses of such separate counsel; *provided, however*, that such Indemnified Party may only employ separate counsel at the expense of the Participant if in its judgment a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The rights of any persons to indemnify hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4.2, hereof shall survive the final payment or defeasance of the Authority Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Agreement.

Section 10.12. Amendments. This Agreement may only be amended in accordance with the terms of Indenture. Any Ratings Agency rating the Authority Bonds shall receive notice of each amendment to this Agreement and a copy thereof at least 15 days in advance of its execution. The Bond Insurer shall be provided with a full transcript of all proceedings relating to any amendment or supplement hereto.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF LODI

By: 
City Manager

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF LODI

By: _____
City Manager

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

EXHIBIT A

INFORMATION CONCERNING PARTICIPANT

Type of System: Wastewater

Description of the Project: The City plans to use its share of the proceeds of the CSCDA Series 2003B Revenue Bonds to finance improvements to the White Slough Facility, including, but not limited to, aeration and filtration improvements (such as the replacement of aeration diffusers and the installation of multi-stage centrifugal blowers and granular or cloth-media tertiary filters) and improvements to the wastewater collection system

Prior Liens: None

EXHIBIT B

SCHEDULE OF INSTALLMENT PAYMENTS

1. The principal amount of payments to be made by the Participant hereunder is \$5,000,000.

2. The installment payments of principal and interest are payable in the amounts and on the Installment Payment Dates (dates shown are the first day of the month after the Installment Payment Dates which are due on the 15th day of the prior month) as shown in Attachment A.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE OF CITY OF LODI
AS TO FINALITY OF
PRELIMINARY OFFICIAL STATEMENT

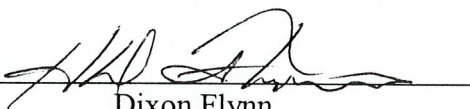
The undersigned hereby certifies that he is the City Manager of the City of Lodi (the "City") and as such I am authorized to execute this Certificate on behalf of the of the City.

The undersigned hereby further certifies that there has been delivered to the purchasers of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds") a preliminary official statement relating to the Bonds, dated October 2, 2003 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the City deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12.

The City hereby approves of the use and distribution of the Preliminary Official Statement.

Dated: October 2, 2003

CITY OF LODI

By: 
Dixon Flynn
City Manager

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered into October 21, 2003 by the City of Lodi (the "Participant") in connection with the issuance of \$9,855,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003A (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of October 1, 2003 (the "Indenture"), by and between the California Statewide Communities Development Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Participant has entered into an Installment Purchase Agreement, dated as of October 1, 2003 (the "Installment Purchase Agreement") with the Authority. Under the Installment Purchase Agreement the Participant will pay Installment Payments (the "Installment Payment") which will secure in part the Bonds. The Participant covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Participant for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Participant 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 Union Bank of California, N. A., or any successor Dissemination Agent designated in writing by the Participant and which has filed with the Participant a written acceptance of such designation.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission (the "SEC") are listed in the SEC website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated October 7, 2003.

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

"Repository" shall mean each National Repository and each State Repository.

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

"State" shall mean the State of California.

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

SECTION 3. Provision of Annual Reports.

(a) The Participant shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of the Participant's fiscal year (presently such fiscal year ends June 30), commencing with the report for the fiscal year ending June 30, 2003, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the Participant 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 Participant'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 Participant shall provide the Annual Report to the Dissemination Agent (if other than the Participant). If the Participant is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Participant shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the Name and address of each National Repository and the State Repository, if any; and

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

SECTION 4. Content of Annual Reports. The Participant's Annual Report shall contain or include by reference the:

1. The audited financial statements of the Participant for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting

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

2. Updates for the last fiscal year of the information in the following tables from the Section relating to the Participant in Appendix B to the Official Statement presented in substantially the same format as such tables (to the extent the Official Statement contains accurate information regarding the fiscal year covered by an Annual Report, no update shall be necessary):

- (a) Number of Connections as shown on page B-19 of the Official Statement;
- (b) Revenues by Class of User as shown on page B-19 of the Official Statement;
- (c) Largest Users as shown on page B-20 of the Official Statement (this information is only required to the extent the revenues generated by one or more users constitutes 2% or more of the Participant's annual System revenue); and
- (d) Results for the most recent fiscal year presented in the same format as the Projected Operating Results as shown on page B-24 of the Official Statement (no updates of projections are required).

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Participant shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Installment Purchase Agreement or its obligations in relation to the Bonds, if material:

- 1. principal and interest payment delinquencies;
- 2. non-payment related defaults; and
- 3. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

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

(c) If the Participant determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Participant shall promptly file a notice of such occurrence with the Repositories.

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

SECTION 7. Dissemination Agent. The Participant hereby appoints Union Bank of California, N.A. to serve as the Dissemination Agent hereunder. The Participant may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Participant pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Participant 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 Participant 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 Participant shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Participant, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

SECTION 9. Default. In the event of a failure of the Participant to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Participant satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Participant shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Participant agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss,

expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Participant under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Participant may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived with the consent of the Authority, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Participant shall describe such amendment in the same manner as for a Listed Event under Section 5(c).

[Remainder of page intentionally left blank]

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participant, 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.

CITY OF LODI

By 
Authorized Officer

Acknowledged as to Duties as Dissemination Agent:

UNION BANK OF CALIFORNIA, N.A.

By 
Authorized Officer

Sandra Hanrahan
Trust Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Lodi

Name of Bond Issue: California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds (Pooled Financing
Program), Series 2003A

Date of Issuance: October 21, 2003

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Bonds was not released by the Participant by the date required in the Continuing Disclosure Certificate. [The Participant anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF LODI

By [form only; no signature required]

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CITY OF LODI
ADDITIONAL OBLIGATIONS CERTIFICATE

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting City Manager of the City of Lodi, a General Law City duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and, as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that all terms not defined shall have the meanings ascribed to them in the Installment Sale Agreement, dated as of December 1, 1991 (the "1991 Installment Sale Agreement"), by and between the City and the Lodi Public Improvement Corporation;

(iii) that the City is not in default under the terms of the 1991 Installment Sale Agreement;

(iv) that the execution of the Installment Purchase Agreement, dated as of October 1, 2003 (the "2003 Installment Purchase Agreement"), by and between the City and the California Statewide Communities Development Authority is in compliance with and does not violate the covenants regarding the issuance of additional obligations contained in the 1991 Installment Sale Agreement in that

(A) Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the City shall have amounted to at least 1.10 times the sum of the maximum Installment Payments coming due and payable in any future Fiscal Year and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations; and

(B) Adjusted Net Revenues, calculated on sound accounting principles, as shown on the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the City shall have amounted to at least 1.00 times the sum of the maximum Installment Payments coming due and payable in any future Fiscal Year and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations; and

(v) that the execution of the 2003 Installment Purchase Agreement is in compliance with and does not violate the covenants regarding the issuance of additional obligations contained in the 1991 Installment Sale Agreement in that a Qualified Reserve Fund Credit Instrument has been funded for such Parity Debt which is at least equal to the amount resulting from the application on the closing date of such Parity Debt of the formula contained in the definition of "Reserve Requirement" contained in the 1991 Installment Sale Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October 2003.

CITY OF LODI

By: _____



Dixon Flynn
City Manager

CITY HALL
221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6701
(209) 333-6807 FAX

CITY OF LODI
CITY ATTORNEY'S OFFICE



RANDALL A. HAYS
City Attorney
D. STEPHEN SCHWABAUER
Deputy City Attorney

October 21, 2003

City of Lodi
212 West Pine Street
P.O. Box 3006
Lodi, CA 95241

Henderson Capital Partners, Inc.
330 Second Street, Third Floor
Oakland, CA 94607

Financial Security Assurance, Inc.
One Market Plaza, Spear Tower, Suite 1550
San Francisco, CA 94015

\$9,855,000
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B

Ladies and Gentlemen:

I have acted as counsel to the City of Lodi (the "Participant"), a public agency duly organized and validly existing under and by virtue of the laws of the State of California. This opinion is rendered in connection with the issuance of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B in the aggregate principal amount of \$9,855,000 (the "Bonds").

In rendering the opinion, I have examined the following documents: (i) the Installment Purchase Agreement, dated as of October 1, 2003, by and between the Participant and the California Statewide Communities Development Authority (the "Authority"); (ii) the Bond Purchase Agreement, dated October 7, 2003 (the "Bond Purchase Agreement"), by and among Henderson Capital Partners LLC (the "Underwriter"), the Authority, the Participant and the City of Fort Bragg; (iii) the Resolution of the Participant approving the financing, adopted on September 17, 2003 (the "Resolution"); (iv) the Continuing Disclosure Certificate, dated October 21, 2003, executed by the Participant; and (v) the Official Statement relating to the Bonds dated October 7, 2003 (the "Official Statement") (collectively, the "Legal Documents"). All capitalized terms used herein and not otherwise defined shall have the same meanings as assigned to them in the Bond Purchase Agreement.

Based upon the foregoing and my review of such other information, documents and matters of law as I consider necessary to render this opinion, it is my opinion that:

(A) the Participant is a public agency duly organized and validly existing under and by virtue of the laws of the State of California;

(B) the Participant has full legal power and lawful authority to enter into the Legal Documents;

(C) the Resolution was duly adopted at a meeting of the governing board of the Participant which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded as of the date of such certificate;

(D) the Official Statement has been duly approved and the Legal Documents have been duly authorized, executed and delivered by the Participant and, assuming due authorization, execution and delivery by the other parties thereto, such documents constitute the legal, valid and binding agreements of the Participant enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;


(E) the execution and delivery by the Participant of the Legal Documents, and compliance by the Participant with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which the Participant is subject to or by which it is bound;

(F) to the best knowledge of such counsel, the information in the Official Statement concerning the Participant (excluding therefrom financial statements and other statistical data included in the Official Statement, as to which no view need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(G) to the best knowledge of such counsel after reasonable investigation, there is no action, suit, proceeding or investigation of a material nature at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Participant, affecting the validity of the Legal Documents or the adequacy of the Official Statement; and

(H) no authorization, approval, consent or other order of the State or any governmental agency within the State of California having jurisdiction over the Participant is required for the valid authorization, execution and delivery by the Participant of the Legal Documents, which has not already been obtained as of the Closing Date.

Very truly yours,


RANDALL A. HAYS
City Attorney

RAH/pn

(E1)

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

The undersigned hereby certifies that she is the duly appointed and acting City Clerk of the City of Fort Bragg (the "City"), a public agency duly organized and validly existing under and by virtue of the laws of the State of California and that as such is authorized to execute this certificate on behalf of the City.

The undersigned hereby further certifies that the attached resolution is a full, true and correct copy of the Resolution No. 2695-2003 adopted at a meeting of the City's governing board held on August 25, 2003, of which meeting all of the members of the City's governing board had due notice and at which a quorum was present and acting throughout. The undersigned hereby further certifies that said resolution has not been amended, modified or rescinded since the date of adoption and is now in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 21st day of October, 2003.

CITY OF FORT BRAGG

By: Cynthia M. VanWeimer
City Clerk

RESOLUTION NO. 2695-2003

**RESOLUTION OF FORT BRAGG CITY COUNCIL
AUTHORIZING THE EXECUTION AND DELIVERY
OF AN INSTALLMENT PURCHASE AGREEMENT,
A BOND PURCHASE AGREEMENT
AND AN OFFICIAL STATEMENT AND
AUTHORIZING CERTAIN RELATED MATTERS**

WHEREAS, the City of Fort Bragg (the "Participant") is duly organized and existing under the laws of the State of California (the "Law") and is authorized pursuant to the Law to enter into an installment purchase agreement for the purpose of financing and refinancing the acquisition and construction of public capital improvements; and

WHEREAS, the Participant desires to enter into one or more Installment Purchase Agreements (the "Installment Purchase Agreement"), by and between the Participant and the California Statewide Communities Development Authority, a joint exercise of powers agency (the "Authority") in order to provide for the financing and/or refinancing of certain public capital improvements, including the financing and/or refinancing of capital improvements to the Participant's water system (the "Project"); and

WHEREAS, this Governing Board finds that the financing and/or refinancing of the Project results in significant public health benefits, including but not limited to more efficient delivery of service, and that the Project constitutes facilities for the production, storage, transmission, or treatment of water, recycled water, or wastewater; and

WHEREAS, the Participant desires to participate in the Authority's Water and Wastewater Pooled Financing Program, a part of the Authority's economic development financing programs (the "Program") and that the Authority assign the right to receive the Installment Payments under the Installment Purchase Agreement to a trustee (the "Trustee") to be named in a Master Indenture (the "Indenture"), by and between the Authority and the Trustee and that the Authority issue its Revenue Bonds (the "Bonds") to finance and/or refinance the Project pursuant to the Indenture; and

WHEREAS, the Participant desires to participate in conjunction with the parties to that certain Amended and Restated Joint Exercise of Powers Agreement Relating to the California Statewide Communities Development Authority, dated as of June 1, 1998 (the "Agreement"); and

WHEREAS, the Participant proposes to participate in the Program and desires that certain projects to be located within the Participant be financed pursuant to the Program and it is in the public interest and for the public benefit that the Participant do so; and

WHEREAS, in order to authorize the execution of the Installment Purchase Agreement and the preparation of an Official Statement relating to the Bonds (the "Official Statement") and

to provide for certain related matters, the Governing Board of the Participant deems it in the best interests of the Participant to adopt this Resolution (the "Resolution");

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE PARTICIPANT, AS FOLLOWS:

Section 1. Execution of the Installment Purchase Agreement and the Bond Purchase Agreement. The City Manager, Assistant to City Manager, Assistant Finance Director, or the Mayor of the Participant or other appropriate officers of the Participant (the "Authorized Officers") are hereby authorized and directed to execute for and on behalf of the Participant the Installment Purchase Agreement, in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are hereby authorized and directed to negotiate and accept on behalf of the Participant the payment terms of the Installment Purchase Agreement and the Bond Purchase Agreement which will reflect the terms of the sale of the Bonds by Henderson Capital Partners, LLC (the "Underwriter"), such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate principal components of the payments under Installment Purchase Agreement may not exceed \$6,000,000 the Underwriter's discount (without giving effect to any original issue discount) may not exceed 1.25% of the aggregate principal components of the payments under the Installment Purchase Agreement and the average interest rate evidenced thereunder shall not exceed 6.0%; provided further that the net present value savings achieved as a result of the financing shall be at least 2.75% or an average savings of at least \$35,000 per year. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a Bond Purchase Agreement containing the final payment terms of the Installment Purchase Agreement and the Bonds in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The obligation of the Participant to make the Installment Payments under the Installment Purchase Agreement is a special obligation of the Participant payable solely from the System Net Revenues (as defined under the Installment Purchase Agreement), and does not constitute a debt of the Participant or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. The Participant shall not be obligated to make payments to cover the shortfall in payments of any other participant in the Program.

Section 2. Authorization of Preliminary Official Statement, Execution of Final Official Statement, Execution of Continuing Disclosure Certificate. The Participant hereby approves the form of the preliminary Official Statement (the "Preliminary Official Statement") relating to the Bonds. The Authorized Officers are hereby authorized to certify that said Preliminary Official Statement, is as of its date "deemed final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein (and

additions thereto to reflect the terms of the sale of the Bonds) as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Authorized Officers are hereby authorized and directed to execute for and on behalf of the Participant a Continuing Disclosure Certificate, in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. JPA Matters. The City hereby approves the Project and the Authority as issuer of the Bonds to finance the Project pursuant to Section 9 of the Agreement.

Section 4. Appointment of Professionals. Henderson Capital Partners is hereby confirmed and appointed as the Participant's underwriter in connection with the financing authorized by this Resolution. Hawkins, Delafield & Wood is hereby confirmed as the bond counsel in connection with the Bonds.

Section 5. Other Actions Authorized. The Authorized Officers and such other proper officers of the Participant are hereby authorized to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the execution and delivery of the Installment Purchase Agreement and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to comply with the terms of municipal bond insurance; to change the dates and the percentages in the rate covenant and additional debt test contained in any documents approved at this meeting from the dates and percentages on the forms submitted to this meeting; and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the execution and delivery of the Installment Purchase Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Installment Purchase Agreement, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved. The Authorized Officers are further authorized to take all actions and execute any and all documents necessary or desirable to refund, defease, redeem and otherwise provide for the payment of any of the Participant's outstanding obligations which are to be refinanced in connection with the execution of the Installment Purchase Agreement. Further, the Participant shall become a member of the Authority and Participant staff are authorized to take such actions and execute such documents as are necessary or desirable for the Participant to become a member of the Authority. The Authorized Officers are authorized to substitute a non-profit corporation or joint powers authority for the Authority in connection with the transaction authorized in this Resolution on the advice of bond counsel.

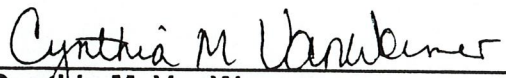
The above and foregoing Resolution was introduced by Councilmember Turner, seconded by Councilmember Baltierra, and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 25th day of August, 2003, by the following vote:

AYES: Councilmembers Gjerde, Baltierra, Peters, Turner, and Mayor Melo.
NOES: None.
ABSENT: None.



JERE MELO,
Mayor

ATTEST:



Cynthia M. VanWormer,
City Clerk

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

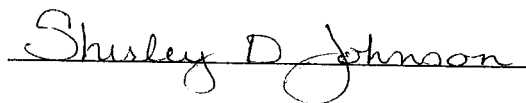
CITY OF FORT BRAGG
INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting City Clerk of the City of Fort Bragg, a public agency duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and, as such, I am familiar with the facts herein certified and am authorized to certify the same;

(ii) the signature set forth below is a true and correct specimen of the genuine signature of the undersigned:

Shirley Johnson,
Assistant Finance Director



(iii) the following documents and instruments relating to the California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds") all bear the authentic manual signature of the Finance Director of the City named herein:

(a) the Official Statement, dated October 7, 2003, relating to the Bonds;

(b) the Bond Purchase Agreement, dated October 7, 2003, by and between California Statewide Communities Development Authority (the "Authority"), Henderson Capital Partners, LLC, as underwriter, the City of Lodi and the City;

(c) the Installment Purchase Agreement, dated as of October 1, 2003, by and between the City, the District and the Authority; and

(d) the Continuing Disclosure Certificate, dated October 21, 2003.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October, 2003.

CITY OF FORT BRAGG

By: Cynthia M. VanWeimer
City Clerk

(E3)

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CITY OF FORT BRAGG
CLOSING AND NO-LITIGATION CERTIFICATE

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Assistant Finance Director of the City of Fort Bragg, a public agency duly organized and validly existing under and by virtue of the laws of the State of California (the "City"), and, as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that the representations and warranties of the City contained in the Bond Purchase Agreement, dated October 7, 2003, by and among California Statewide Development Authority (the "Authority"), Henderson Capital Partners, LLC, as underwriter, the City of Lodi and the City are true and correct on and as of the date hereof;

(iii) that there has been no material adverse change in the financial condition or results of operations of the City from the date of the Official Statement, dated October 7, 2003 to the date hereof; and

(iv) that the execution of the Installment Purchase Agreement, dated as of October 1, 2003, by and between the City and the Authority, is in compliance with and does not violate the covenants regarding the issuance of additional obligations contained in any other outstanding obligations of the City.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of October, 2003.

CITY OF FORT BRAGG

By: Shirley D. Johnson
Shirley Johnson
Assistant Finance Director

INSTALLMENT PURCHASE AGREEMENT

by and between

CITY OF FORT BRAGG

and

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

Dated as of October 1, 2003

relating to

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B**

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, made and entered into as of October 1, 2003, by and between the CITY OF FORT BRAGG, public agency duly organized and existing under and by virtue of the laws of the State of California (the "Participant"), and CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

WITNESSETH:

WHEREAS, the Participant proposes to finance and/or refinance certain facilities (the "Project") within its enterprise system described in Exhibit A hereto (the "System");

WHEREAS, the Project is a public capital improvement that results in significant public health benefits, including but not limited to more efficient delivery of service and constitutes facilities for the production, storage, transmission, or treatment of water, recycled water, or wastewater;

WHEREAS, the Authority has agreed to assist the Participant in financing and/or refinancing the Project;

WHEREAS, the Participant is authorized by the laws of the State of California (the "Law") to enter into this Agreement;

WHEREAS, the Participant and the Authority have duly authorized the execution of this Agreement;

WHEREAS, the Authority will assign its right to receive Installment Payments under this Agreement to Union Bank of California, N.A., as Trustee under that certain Indenture, dated as of October 1, 2003, and will issue its California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B to be secured in part by the Installment Payments;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Unless the context otherwise requires, all capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Agreement

The term "Agreement" means this Agreement, by and between the Participant and the Authority, dated as of the date hereof, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Annual Debt Service

The term "Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year, calculated as if such principal amounts were deemed to accrue daily during such Fiscal Year in equal amounts from, in each case, each payment date for principal or the date of delivery of such Parity Debt (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for principal, *provided*, that the following adjustments shall be made to the foregoing amounts in the calculation of Annual Debt Service:

(A) with respect to any such Parity Debt bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Annual Debt Service shall be (i) with respect to such Parity Debt then outstanding, one hundred ten per cent (110%) of the greater of (1) the daily average interest rate on such Parity Debt during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Fiscal Year that such Parity Debt has borne interest) or (2) the most recent effective interest rate on such Parity Debt prior to the date of such calculation or (ii) with respect to such Parity Debt then proposed to be issued, the then current 20-Bond GO Index rate as published in The Bond Buyer (or if The Bond Buyer or such index is no longer published, such other published similar index);

(B) with respect to any such Parity Debt having twenty-five per cent (25%) or more of the aggregate principal amount thereof due in any one Fiscal Year, Annual Debt Service shall be calculated for the Fiscal Year of determination as if the interest on and principal of such Parity Debt were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty (20) years from the date of such Parity Debt provided, however that the full amount of such Parity Debt shall be included in Annual Debt Service if the date of calculation is within 24 months of the actual maturity of the payment;

(C) with respect to any such Parity Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Debt or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(D) Annual Debt Service shall not include interest on Parity Debt which is to be paid from amounts constituting capitalized interest;

(E) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Parity Debt to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Debt agreement shall be included in the calculation of Annual Debt Service unless the sum of (i) the interest payable on such Parity Debt, plus (ii) the amounts payable by the Participant under such interest rate swap agreement, less (iii) the amounts receivable by the Participant under such interest rate swap agreement, are greater than the interest payable on such Parity Debt, in which case the amount of such payments to be made that exceed the interest to be paid on such Parity Debt shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in subparagraph (A) of this definition; and

(F) Repayment Obligations proposed to be entered into as Parity Debt shall be deemed to be payable at the scheduled amount due under such Repayment Obligation as calculated under this definition.

Authority

The term "Authority" means California Statewide Communities Development Authority, a joint exercise of powers agency duly organized and existing under and by virtue of the laws of the State of California.

Authority Bonds

The term "Authority Bonds" means the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003B issued by the Authority, and at any time Outstanding pursuant to the Indenture.

Bond Insurer

The term "Bond Insurer" means Financial Security Assurance, Inc. and its successors and assigns.

Business Day

The term "Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in the city where the Corporate Trust Office is located, are required or authorized to remain closed.

Certificate of the Participant

The term "Certificate of the Participant" means an instrument in writing signed by the chief executive officer or chief financial officer of the Participant, or by any other officer of the Participant duly authorized by the Participant for that purpose, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Continuing Disclosure Certificate

The term "Continuing Disclosure Certificate" means, collectively, any Continuing Disclosure Certificate executed by the Participant with respect to the Authority Bonds.

Event of Default

The term "Event of Default" means an event described in Section 8.1 hereof.

Fiscal Year

The term "Fiscal Year" means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the Participant.

Generally Accepted Accounting Principles

The term "Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Indenture

The term "Indenture" means the Indenture, dated as of October 1, 2003, by and between the Authority and the Trustee, as it may from time to time be amended or supplemented in accordance with its terms.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any firm of certified public accountants appointed by the Participant, which is independent of the Participant and the

Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Installment Payment Date

The term "Installment Payment Date" means the fifteenth day of the month prior to each related Interest Payment Date, or if said date is not a Business Day, then the preceding Business Day.

Installment Payments

The term "Installment Payments" means the Installment Payments of interest and principal scheduled to be paid by the Participant under and pursuant hereto as provided in Exhibit B hereto.

Interest Payment Date

The term "Interest Payment Date" means the payment dates of the Authority Bonds identified in the Indenture.

Law

The term "Law" means the laws of the State of California pursuant to which the Participant was formed and operates and Section 5451 of the Government Code of the State of California and in each case all laws amendatory thereof or supplemental thereto.

Maximum Annual Debt Service

The term "Maximum Annual Debt Service" means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

Moody's

The term "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 services of a municipal securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized municipal securities rating agency selected by the Participant.

Municipal Bond Insurance Policy

The term "Municipal Bond Insurance Policy" means the policy or policies of municipal bond insurance issued by the Bond Insurer.

Net Proceeds

The term "Net Proceeds" means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Operation and Maintenance Costs

The term "Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Participant for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Participant that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), and including all other reasonable and necessary costs of the Participant or charges required to be paid by it to comply with the terms hereof or of any Supplemental Agreement or of any resolution authorizing the execution of any Parity Debt, such as compensation, reimbursement and indemnification of the Trustee and the Authority and fees and expenses of Independent Certified Public Accountants; but excluding in all cases (i) payment of Parity Debt and Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principles are chargeable to a capital account, and (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles.

Parity Debt

The term "Parity Debt" means the Installment Payments and any Parity Obligations.

Parity Obligation Payments

The term "Parity Obligation Payments" means the payments scheduled to be paid by the Participant under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on a parity with the Installment Payments as provided herein.

Parity Obligations

The term "Parity Obligations" means all obligations of the Participant authorized and executed by the Participant other than the Installment Payments, the Parity Obligation Payments under which are secured by a pledge of the System Net Revenues on a parity with the Installment Payments as provided herein, including but not limited to any Repayment Obligations secured by System Net Revenues on a parity with the Installment Payments.

Participant

The term "Participant" means Participant, a public agency duly organized and existing under and by virtue of the laws of the State of California.

Participating Underwriter

The term "Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Prior Liens

The term "Prior Liens" means those liens, if any, on the System Revenues which are senior to the pledge under this Agreement as identified in Exhibit A hereto.

Project

The term "Project" means any additions, betterments, extensions and improvements to the System financed or refinanced described in Exhibit A hereto.

Purchase Price

The term "Purchase Price" means the principal amount plus interest thereon owed by the Participant to the Authority under the terms hereof as provided in Section 4.1.

Rate Stabilization Fund

The term "Rate Stabilization Fund" means the fund by that name established pursuant to Section 5.4 hereof.

Repayment Obligation

"Repayment Obligation" means the reimbursement obligation or any other payment obligation of the Participant under a written agreement between the Participant and a credit provider to reimburse the credit provider for amounts paid pursuant to a credit facility for the payment of the principal amount or purchase price of and/or interest on any Parity Debt.

Rebate Fund

The term "Rebate Fund" means the fund by that name established pursuant to Section 4.5 of the Indenture and provided for in Section 6.17 hereof.

Reserve Account

The term "Reserve Account" means that Account within the Reserve Fund held under the Indenture relating to this Agreement.

Reserve Account Requirement

The term "Reserve Account Requirement" has the meaning assigned in the Indenture.

Reserve Policy

The term "Reserve Policy" has the meaning assigned in the Indenture.

Subordinate Obligations

The term "Subordinate Obligations" means the obligations of the Participant that are subordinate in payment to the Installment Payments.

Supplemental Agreement

The term "Supplemental Agreement" means any agreement then in full force and effect which has been entered into by the Participant and the Trustee, amendatory of or supplemental hereto; but only if and to the extent that such Supplemental Agreement is specifically authorized hereunder.

System

The term "System" means the whole and each and every part of the system identified in Exhibit A hereto of the Participant, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such system or any part thereof hereafter acquired or constructed.

System Net Revenues

The term "System Net Revenues" means for any period System Revenues less Operation and Maintenance Costs for such period; *provided* that certain adjustments in the amount of System Net Revenue deemed collected during a Fiscal Year may be made in connection with amounts deposited in the Rate Stabilization Fund as provided in Section 5.4 herein.

System Revenue Fund

The term "System Revenue Fund" means the fund by that name created pursuant to Section 5.2 hereof.

System Revenues

The term "System Revenues" means all gross income and revenue received or receivable by the Participant from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees (including connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Participant in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Participant from the ownership or operation of the System or arising from the System, subject to and after satisfaction of any Prior Liens.

Tax Certificate

"Tax Certificate" means collectively all the certificates, each dated the date of the original issuance and delivery of the Authority Bonds, with respect to the requirements of certain provisions of the Code, as each such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

Trustee

The term "Trustee" means Union Bank of California, N.A. acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

Written Request of the Participant

"Written Request of the Participant" means an instrument in writing signed by the chief executive or chief financial officer of the Participant or their designee, or by any other officer of the duly authorized by the Participant for that purpose, such authorization to be evidenced at the request of the Trustee by a certificate verifying the specimen signatures of such officers.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the Participant. The Participant makes the following representations:

(a) The Participant is a public agency duly organized and existing under and pursuant to the laws of the State of California. The Participant has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all transactions contemplated by this Agreement, and the Participant has complied with the provisions of the Law in all matters relating to such transactions. By proper action, the Participant has duly authorized the execution, delivery and due performance of this Agreement.

(b) The Participant will not take or permit any action to be taken which results in the interest paid for the installment purchase of the Project under the terms of this Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.

(c) The Participant has determined that it is necessary and proper for Participant uses and purposes within the terms of the Law that the Participant finance and/or refinance the acquisition of the Project in the manner provided for in this Agreement.

(d) The Participant has reviewed the Indenture and accepts its terms.

Section 2.2. Representations and Warranties by the Authority. The Authority represents and warrants that the Authority is a joint exercise of powers agency duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement and by proper action has duly authorized the execution, delivery and due performance of this Agreement.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1. Sale and Purchase of Project. In consideration for the Authority's assistance in financing the Project, the Participant agrees to act as the Authority's agent for purposes of construction and acquisition of the Project. The Authority will make the net proceeds of the Authority Bonds allocable to the Participant available to the Participant for this purpose, as provided in the Indenture.

In consideration for the Installment Payments as set forth in Section 4.2, the Authority agrees to sell, and hereby sells, to the Participant, and the Participant agrees to purchase, and hereby purchases, from the Authority, the Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.2. Title. All right, title and interest in the Project shall vest in the Participant immediately upon execution and delivery of this Agreement.

Section 3.3. Changes to the Project. The Participant may at any time substitute other public capital improvements for the then existing components of the Project by submitting a Written Request of the Participant to the Authority and the Trustee specifying the components of the Project to be substituted and the new components.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by the Participant hereunder to the Authority is the sum of the principal amount of the Participant's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the Participant hereunder is set forth in Exhibit B hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.2 and Exhibit B hereto, and shall be paid by the Participant as and constitutes interest paid on the principal amount of the Participant's obligations hereunder.

Section 4.2. Installment Payments and Additional Payments. The Participant shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Installment Payment Dates as set forth in Exhibit B hereto.

Each Installment Payment shall be paid to the Authority in lawful money of the United States of America. In the event the Participant fails to make any of the payments required to be

made by it under this Section, such payment shall continue as an obligation of the Participant until such amount shall have been fully paid; and the Participant agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

The obligation of the Participant to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the Participant will not discontinue or suspend any Installment Payments required to be made by it under this Section when due, whether or not the System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

The Participant shall not be obligated to make payments hereunder or incur any liability as a result of the default of any other public agency under an Installment Purchase Agreement, the obligations under which have been assigned to the Trustee under the Indenture in connection with the Authority Bonds.

In addition to the Installment Payments, the Participant shall also pay such amounts ("Additional Payments") as shall be required for the payment of all fees and administrative costs of the Authority and the Trustee relating to the Authority Bonds and allocable to the Participant, including without limitation all expenses, compensation and indemnification of the Authority and the Trustee payable by the Participant hereunder and under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms hereof (including the fees of the disclosure consultant and arbitrage calculations service provided in Section 4.3), of the Authority Bonds or of the Indenture or to indemnify the Authority and its employees, officers and directors and the Trustee; *provided* that the foregoing obligation shall be limited to those amounts reasonably allocable to the Participant.

Section 4.3. Appointment of Dissemination Agent and Arbitrage Calculation Service. The Participant hereby appoints the firm designated pursuant to Section 4.6 of the Indenture as its dissemination agent to assist in compliance with Section 6.18 hereof. The Participant hereby appoints the firm designated pursuant to Section 4.5 of the Indenture as its arbitrage calculation service to comply with Sections 6.16 and 6.17 hereof (provided that if the Participant is a "small governmental issuer" as set forth in Section 148(f)(4)(D) of the Code no such firm need be appointed on the Participant's behalf or such services paid for by the Participant).

ARTICLE V

SECURITY

Section 5.1. Pledge of System Net Revenues. All System Net Revenues and all amounts on deposit in the System Revenue Fund are hereby irrevocably pledged to the payment of the Installment Payments as provided herein and the System Net Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; *provided* that out of the System Revenues there may be apportioned such sums for such purposes as are expressly

permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the System Revenue Fund and other funds and accounts created hereunder for the payment of the Installment Payments and all other Parity Debt in accordance with the terms hereof and of the Indenture.

Section 5.2. Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Participant agrees and covenants that all System Revenues shall be received by the Participant in trust hereunder and shall be deposited when and as received in a special fund designated as the "System Revenue Fund", which fund is hereby established and which fund the Participant agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. To the extent the Participant has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the "System Revenue Fund" and the Participant shall not be required to create a new fund. The Participant may maintain separate accounts within the System Revenue Fund. The amounts in the System Revenue Fund shall be invested in Authorized Investments. Moneys in the System Revenue Fund shall be used and applied by the Participant as provided in this Agreement.

The Participant shall, from the moneys in the System Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the System Revenue Fund shall be set aside by the Participant at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Installment Payments. Not later than each Installment Payment Date, the Participant shall, from the moneys in the System Revenue Fund, transfer to the Trustee the Installment Payment due and payable on that Installment Payment Date. The Participant shall also, from the moneys in the System Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Reserve Account. On or before the first Business Day of each month, the Participant shall, from the remaining moneys in the System Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the Trustee as provided in Section 3.2 of the Indenture for deposit in the Revenue Fund for application to the Reserve Account in accordance with the Indenture and to the applicable trustee for such other reserve accounts, if any, as may have been established in connection with Parity Obligations that sum, if any, necessary to restore the Reserve Account to an amount equal to the Reserve Account Requirement and otherwise replenish the Reserve Account for any withdrawals (including draws upon the Reserve Policy or any credit facility) to pay the Installment Payments due hereunder and necessary to restore such other reserve accounts to an amount equal to the amount required to be maintained therein;

provided that payments to restore the Reserve Account after a withdrawal may be made in monthly installments equal to 1/12 of the aggregate amount needed to restore the Reserve Account to the Reserve Account Requirement as of the date of the withdrawal. The Participant's obligation to replenish the Reserve Account shall be limited to draws on the Reserve Account relating to the Participant. To the extent that draws on the Reserve Account are from a credit facility as permitted under the definition of Reserve Account Requirement in the Indenture, transfers hereunder to restore the Reserve Account shall be made to reimburse the provider of such credit facility.

The Participant shall be obligated to make payments to the Insurer for draws on the Reserve Policy only to the extent of draws on the Reserve Account relating to this Agreement. Interest shall accrue and be payable on draws under the Reserve Policy and all related reasonable expenses incurred by the Insurer from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank (N.A.) at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank (N.A.)) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2003B Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank (N.A.) ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw (provided that the Participant may repay the Policy Costs in full at any time during this period).

If the Participant shall fail to pay any Policy Costs in accordance with the requirements set forth above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided hereunder and under the Indenture other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

For purposes of the additional parity debt test in Section 5.3(c) and the rate covenant in Section 6.8(b), Net Revenues shall provide at least one times coverage of the Policy Costs then due and owing in addition to the other coverage requirements therein.

(c) Surplus. Moneys on deposit in the System Revenue Fund not necessary to make any of the payments required above, may be expended by the Participant at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations and deposits to the Rate Stabilization Fund.

Section 5.3. Additional Parity Debt. The Participant may at any time enter into any Parity Debt; *provided*:

(a) The Participant shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Agreements required to be observed or performed by it, and a Certificate of the Participant to that effect shall have been filed with the Trustee (with the consent of the Bond Insurer this condition shall not apply where the purpose of the proposed Parity Debt is to cure such non-compliance).

(b) The Parity Debt shall have been duly authorized pursuant to the Law and all applicable laws, and the amount on deposit in the Reserve Account relating to the Parity Debt shall be increased to an amount at least equal to the Reserve Account Requirement as calculated with respect to such Parity Debt; *provided* that if such Parity Debt shall not be Installment Payments, then a reserve account held by an independent trustee (who may be other than the Trustee) shall be established in an amount equal to the lesser of the maximum annual debt service of such Parity Debt (calculated on the basis of a year ending on the principal payment date of such Parity Debt) or the maximum amount permitted under the Code; *provided further* that, if such Parity Debt is a loan from a governmental agency, then a reserve account shall be established in the amount required or permitted by such governmental agency.

(c) The System Net Revenues for the last completed Fiscal Year or any 12 consecutive months within the last 18 months preceding the date of execution of such Parity Debt, as shown by a Certificate of the Participant on file with the Trustee, plus an allowance for increased System Net Revenues arising from any increase in the rates, fees and charges of the System which was duly adopted by the governing board of the Participant prior to the date of the execution of such Parity Debt but which, during all or any part of such 12 month period, was not in effect, in an amount equal to the amount by which the System Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such 12 month period, as shown by a Certificate of the Participant on file with the Trustee, shall have produced a sum equal to at least 120 percent of the Maximum Annual Debt Service as calculated after the execution of such Parity Debt; *provided*, that in the event that all or a portion of such Parity Debt is to be issued for the purpose of refunding and retiring any Parity Debt then outstanding, interest and principal payments on the Parity Debt to be so refunded and retired from the proceeds of such Parity Debt being issued shall be excluded from the foregoing computation of Maximum Annual Debt Service; *provided further*, that the Participant may at any time issue a Parity Debt without compliance with the foregoing conditions if the Annual Debt Service for each Fiscal Year during which such Parity Debt is outstanding will not be increased by reason of the issuance of such Parity Debt; *provided further*, the Bond Insurer may waive the requirements in paragraph (b) above relating to funding the Reserve Account or other reserve account if the Parity Debt proposed to be issued is irrevocably guaranteed by a credit provider in at least the second highest rating category of Moody's or S&P; and *provided further*, an adjustment shall be made in the amount of System Net Revenues as provided in Section 5.4 hereof.

Nothing contained in this Section shall limit the issuance of any revenue bonds of the Participant payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such revenue bonds, none of the

Installment Payments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Subordinate Obligations.

Section 5.4. Rate Stabilization Fund. There is hereby established a special fund to be known as the "Rate Stabilization Fund" which shall be held by the Participant. The Participant may, during or within 210 days after a Fiscal Year, deposit surplus System Net Revenues transferred from the System Revenue Fund attributable to such Fiscal Year (on the basis of Generally Accepted Accounting Principles) into the Rate Stabilization Fund. The Participant may at any time withdraw moneys from the Rate Stabilization Fund and deposit such amounts into the System Revenue Fund. Notwithstanding anything to the contrary provided herein, System Net Revenues deposited into the Rate Stabilization Fund shall not be taken into account as System Net Revenues for purposes of the calculations in Sections 5.3 and 6.8(b) in the Fiscal Year to which such deposit is attributable, and amounts withdrawn from the Rate Stabilization Fund and deposited into the System Revenue Fund, during or within 210 days after a Fiscal Year, may be taken into account as System Revenues for purposes of the calculations required under Sections 5.3 and 6.8(b) in such Fiscal Year; *provided* that, for purposes of the calculation required under Section 6.8(b), the amount of System Net Revenues before any credits for withdrawals from the Rate Stabilization Fund may not be less than 100% of Maximum Annual Debt Service for outstanding Parity Debt and the proposed additional Parity Debt. The amounts in the Rate Stabilization Fund shall be invested in the Authorized Investments.

ARTICLE VI

COVENANTS OF THE PARTICIPANT

Section 6.1. Punctual Payment. The Participant will punctually pay the Installment Payments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof and of any Supplemental Agreements.

Section 6.2. Legal Existence. The Participant will use all means legally available to maintain its existence.

Section 6.3. Against Encumbrances. The Participant will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Participant may at any time issue any Subordinate Obligations.

Section 6.4. Against Sale or Other Disposition of the System. The Participant will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Installment Payments have been fully paid or provision has been made therefor in accordance with Article 9.1 hereof. The Participant will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Installment Payments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 6.5. Maintenance and Operation of System. The Participant will maintain and preserve the System in good repair and working order at all times and will operate the System in an efficient and economical manner.

Section 6.6. Insurance.

(a) The Participant will procure and maintain at all times insurance on the System against such risks (including accident to or destruction of the System) as are usually insured in connection with operations similar to the System and, to the extent such insurance is available for reasonable premiums from a reputable insurance company, such insurance shall be adequate in amount and, as to the risks insured against, shall be maintained with responsible insurers; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(b) The Participant shall procure and maintain or cause to be procured and maintained public liability insurance covering claims against the Participant (including its directors, officers and employees) for bodily injury or death, or damage to property occasioned by reason of the Participant's operations, including any use of the System, and such insurance shall afford protection in such amounts as are usually covered in connection with operations similar to the System; *provided*, that such insurance coverage may be satisfied under a self-insurance program which is actuarially sound.

(c) If all or any part of the System shall be damaged or destroyed the Net Proceeds realized by the Participant therefrom shall be deposited by the Participant with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Participant to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Participant first secures and files with the Trustee a Certificate of the Participant showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Participant by reason of such damage or destruction, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Participant from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Participant, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such damage or destruction so that the ability of the Participant to pay Installment Payments when due will not be substantially impaired, and such Certificate of the Participant shall be final and conclusive, and any balance of such proceeds not required by the Participant for such purpose shall be deposited in the System Revenue Fund and applied as provided in Section 5.2 hereof, *provided*, that if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such damage or destruction has had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Installment Payments, and a Certificate of the Participant to such effect has been filed with the Trustee, then the Participant shall forthwith

deposit such proceeds in the System Revenue Fund, to be applied as provided in Section 5.2 hereof.

Section 6.7. Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Participant therefrom shall be deposited by the Participant with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Participant to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Participant first secures and files with the Trustee a Certificate of the Participant showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Participant by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Participant from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Participant, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Participant to pay Installment Payments when due will not be substantially impaired, and such Certificate of the Participant shall be final and conclusive, and any balance of such proceeds not required by the Participant for such purpose shall be deposited in the System Revenue Fund and applied as provided in Section 5.2 hereof, *provided*, that if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Installment Payments, and a Certificate of the Participant to such effect has been filed with the Trustee, then the Participant shall forthwith deposit such proceeds in the System Revenue Fund, to be applied as provided in Section 5.2 hereof.

Section 6.8. Amounts of Rates, Fees and Charges.

(a) The Participant will, at all times while any of the Installment Payments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Installment Payments and the payments for the other Parity Debt and the Repayment Obligations and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof, including restoration of the Reserve Account to an amount equal to the Reserve Account Requirement, and the terms of any Supplemental Indenture.

(iv) All payments to meet any other obligations of the Participant which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Participant will, at all times while any Installment Payments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Net Revenues during such Fiscal Year equal to at least 120% per cent of the Annual Debt Service in such Fiscal Year; *provided*, an adjustment shall be made to the amount of System Net Revenues as provided in Section 5.4 hereof.

The Participant may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 6.9. Enforcement of and Performance Under Contracts. The Participant shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Participant will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Participant is a party thereto.

Section 6.10. Collection of Charges, Fees and Rates. The Participant will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Participant will enforce the collection procedures contained in such rules and regulations.

Section 6.11. No Free Service. The Participant will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the State of California and any city, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 6.12. Prompt Acquisition and Construction of the Projects. Prior to completion of any part of the Project, the Participant will acquire and construct the Projects with all practicable dispatch, and such acquisition and construction will be made in an expeditious manner and in conformity with the law so as to complete the same as soon as possible.

Section 6.13. Payment of Claims. The Participant will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Installment Payments; *provided*, that nothing herein contained shall require the Participant to make any such payments so long as the Participant in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Participant's ability to perform its obligations hereunder.

Section 6.14. Books of Record and Accounts; Financial Statements. The Participant will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the System Revenue Fund, and upon request will provide information concerning such books of record and accounts to the Trustee.

The Participant will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Installment Payments remain unpaid, an audited financial statement of the Participant relating to the System Revenue Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Participant has complied with the provisions hereof and of any Supplemental Agreement as it relates to such accounts and funds. The Participant will furnish a copy of such audited financial statement to the Trustee, the Bond Insurer and to the Information Services upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Authority Bonds.

Section 6.15. Payment of Taxes and Other Charges and Compliance with Governmental Regulations. The Participant will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Participant, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Participant to make any such payments so long as the Participant in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Participant's ability to perform its obligations hereunder.

The Participant will duly comply with all applicable state, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Participant shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Participant's ability to perform its obligations hereunder.

Section 6.16. Tax Covenants and Matters.

(a) General. The Participant hereby covenants with the holders of the Authority Bonds that, notwithstanding any other provisions of this Agreement, they shall not take any

action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Authority Bonds under Section 103 of the Code. The Participant shall not, directly or indirectly, use or permit the use of proceeds of the Authority Bonds or any of the property financed or refinanced with proceeds of the Authority Bonds, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code) in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest on the Authority Bonds.

(b) **Arbitrage.** The Participant shall not, directly or indirectly, use or permit the use of any proceeds of any Authority Bonds, or of any property financed or refinanced thereby, or other funds of the Participant, or take or omit to take any action, that would cause the Authority Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Participant shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Authority Bonds.

(c) **Federal Guarantee.** The Participant shall not make any use of the proceeds of the Authority Bonds or any other funds of the Participant, or take or omit to take any other action, that would cause the Authority Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) **Compliance with Tax Certificate.** In furtherance of the foregoing tax covenants of this Section, the Participant covenants that they will comply with the provisions of the Tax Certificate, which is incorporated herein as if fully set forth herein. These covenants shall survive payment in full or defeasance of the Authority Bonds.

Section 6.17. Rebate Fund.

(a) **Establishment.** Pursuant to the Indenture, the Trustee will hold a special fund (the "Rebate Fund") for any amounts required to satisfy the requirement to make rebate payments to the United States pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder. Such amounts shall be free and clear of any lien under this Agreement and shall be governed by this Section, Section 6.16 of this Agreement, Section 4.5 of the Indenture and by the Tax Certificate executed by the Participant. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the Tax Certificate, unless and to the extent that the Participant delivers to the Trustee an opinion of nationally recognized bond counsel that the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds will not be adversely affected if such requirements are not satisfied.

(i) **Computation of Rebate Amount.** Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), and each Bond Year in which funds remain on deposit in the Project Account relating to the Participant, the Participant shall calculate or cause to be calculated the amount of "rebate amount," in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the "rebate amount," described, if applicable, in the Tax Certificate (*e.g.*, the temporary

investments exceptions of Section 148(f)(4)(A)(ii) or Section 148(f)(4)(B) of the Code, the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, the exception for certain "small governmental issuers" as set forth in Section 148(f)(4)(D) of the Code, and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations.

(ii) Transfer of Moneys. Within 55 days of the end of each such fifth Bond Year, the Participant shall deposit to the Rebate Fund from any legally available moneys for such purpose, if and to the extent required so that the balance in the Rebate Fund shall equal the "rebate amount" so calculated in accordance with this Section.

(b) Deficiencies in the Rebate Fund. In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Participant shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due.

(c) Record Keeping. The Participant shall retain records of all determinations made hereunder until six years after payment in full of the Installment Payments.

(d) Survival of Defeasance. Notwithstanding anything in this Agreement to the contrary, the obligation to comply with the requirements of this Section shall survive the payment in full or defeasance of the Installment Payments.

Section 6.18. Continuing Disclosure. The Participant hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Participant to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any holder or beneficial owner of the Authority Bonds may take such actions as described under the Continuing Disclosure Certificate to cause the Participant to comply with its obligations under this Section.

Section 6.19. Further Assurances. The Participant will adopt, make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof.

Section 6.20. Reimbursement of Bond Insurer and Other Provisions Relating to the Bond Insurer.

(a) The Participant agrees to pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in respect of this Installment Purchase Agreement or the Indenture, (ii) the pursuit of any remedies under the Indenture or this Installment Purchase Agreement or otherwise afforded by law or equity, (iii) the violation by the Participant of any law, rule or regulation, or any judgment, order or decree

applicable to it or (iv) any litigation or other dispute in connection with the Indenture or the Installment Agreement or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under Municipal Bond Insurance Policy; *provided* that the foregoing obligation shall be strictly limited to defaults with respect to the Participant. The Bond Insurer shall have the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or the Installment Purchase Agreement.

(b) The Participant will provide the Bond Insurer with its annual budget within 30 days of its adoption and its annual audited financial statements within 210 days after the end of the Participant's Fiscal Year.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment. The Participant may prepay the Installment Payments in accordance with the provisions of the Indenture applicable to the redemption prior to maturity of the Authority Bonds.

Before making any prepayment pursuant to this Section, the Participant shall give the Authority and the Trustee not less than sixty (60) days prior notice of such prepayment.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.1. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say --

- (1) if default shall be made by the Participant in the due and punctual payment of any Installment Payment or any Parity Debt when and as the same shall become due and payable;
- (2) if default shall be made by the Participant in the performance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after the Participant shall have been given notice in writing of such default by the Authority, the Trustee or the Bond Insurer; *provided* that such default shall not constitute an Event of Default hereunder, if the Participant shall commence to cure such default within such thirty (30) day period and thereafter diligently and in good faith shall proceed to cure such default within a reasonable period of time; provided, such period shall not extend beyond a total of 90 days except with the prior consent of the Bond Insurer;
- (3) if the Participant shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent

jurisdiction shall approve a petition filed with or without the consent of the Participant seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Participant or of the whole or any substantial part of its property; or

(4) if payment of the principal of any Parity Debt is accelerated in accordance with its terms;

then, and in each and every such case during the continuance of such Event of Default specified in clauses (3) and (4) above, the Authority shall, and for any other such Event of Default the Authority may (and at the direction of the Bond Insurer, shall), by notice in writing to the Participant, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable; *provided* that any such declaration of acceleration shall be subject to the prior written consent of the Bond Insurer. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the Participant shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments or the unpaid payment of any other Parity Debt referred to in clause (1) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such other Parity Debt if paid in accordance with their terms, and the reasonable expenses of the Authority and the Bond Insurer, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority and the Bond Insurer or provision deemed by the Authority and the Bond Insurer to be adequate shall have been made therefor, then and in every such case the Authority and the Bond Insurer, by written notice to the Participant, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all System Revenues thereafter received shall be applied in the following order (subject on a pro rata basis to the acceleration provisions of Parity Debt) -

First, to the payment, without preference or priority, and in the event of any insufficiency of such System Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Authority and Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel and similar costs with respect to Parity Debt;

Second, to the payment of Operation and Maintenance Costs;

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all other Parity Debt and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such other Parity Debt if paid in accordance with their respective terms; and

Fourth, to the Bond Insurer, any amounts owed pursuant to Sections 5.2(b), 6.20 and 8.1 hereof.

Section 8.3. Other Remedies of the Authority. The Authority shall have the right with the written consent of the Bond Insurer and shall at the direction of the Bond Insurer:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Participant or any director, officer or employee thereof, and to compel the Participant or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the Participant and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the Project, the System or other facilities of the Participant or any other real property of the Participant and no default hereunder shall result in the loss of the Project, the System or other facilities of the Participant or any other real property of the Participant.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Participant, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates or upon prepayment from the System Net Revenues, the System Revenue Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the Participant and the Authority shall be restored to

their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.6. Notices. Notwithstanding any other provision hereof, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any Installment Payments as required and immediately upon the occurrence of any event of default hereunder.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations. The obligations hereunder may be discharged as provided in Article VIII of the Indenture.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of Participant Limited to System Revenues. Notwithstanding anything contained herein, the Participant shall not be required to advance any moneys derived from any source of income other than the System Revenues, the System Revenue Fund and the other funds provided herein for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The Participant may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Participant for such purpose.

The obligation of the Participant to make the Installment Payments is a special obligation of the Participant payable solely from the System Net Revenues, and does not constitute a debt of the Participant or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.2. Successor Is Deemed Included in all References to Predecessor. Whenever either the Participant or the Authority is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Participant or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the Participant or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.3. Waiver of Personal Liability. No director, officer or employee of the Participant shall be individually or personally liable for the payment of the Installment Payments

or be subject to any personal liability by reason of the execution of this Agreement or the issuance of the Bonds.

Section 10.4. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby", "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.5. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Participant or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Participant and the Authority hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.6. Assignment. This Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the Participant. The Participant acknowledges and agrees that the Installment Payments will be assigned to the Trustee and pledged under the Indenture to the payment of the Authority Bonds.

Section 10.7. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the Participant shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.8. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.9. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the satisfaction of the Authority).

Section 10.10. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.11. Indemnification of Authority. To the fullest extent permitted by law, the Participant agrees to indemnify, hold harmless and defend the Authority and the Trustee, and each of their respective officers, governing board members, directors, officials, employees,

attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise arising out of or based upon or in any way relating to:

(i) the Indenture, this Agreement or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, resale or remarketing of the Authority Bonds;

(ii) any act or omission of the Participant or any of its agents, contractors, servants, employees or licensees in connection with this Agreement or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or development of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Participant to the Authority and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Authority Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact furnished in writing by the Participant contained in any offering statement or document for the Authority Bonds or any of the documents relating to the Authority Bonds to which the Participant is a party, or any omission or alleged omission from any offering statement or document for the Authority Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Participant, in the light of the circumstances under which they were made, not misleading;

(vii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Authority Bonds to which it is a party; except (a) in the case of the foregoing indemnification of the Trustee or any of their respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (b) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party; *provided* that the foregoing indemnification shall be strictly limited to defaults or other actions by the Participant and

shall not encompass matters relating only to other Participants (as defined in the Indenture). In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Participant, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; *provided* that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Participant shall pay the reasonable fees and expenses of such separate counsel; *provided, however*, that such Indemnified Party may only employ separate counsel at the expense of the Participant if in its judgment a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

The rights of any persons to indemnify hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4.2, hereof shall survive the final payment or defeasance of the Authority Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Agreement.

Section 10.12. Amendments. This Agreement may only be amended in accordance with the terms of Indenture. Any Ratings Agency rating the Authority Bonds shall receive notice of each amendment to this Agreement and a copy thereof at least 15 days in advance of its execution. The Bond Insurer shall be provided with a full transcript of all proceedings relating to any amendment or supplement hereto.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF FORT BRAGG

By: Shirley D Johnson
Assistant Finance Director

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: _____
Member of the Commission

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF FORT BRAGG

By: _____
Assistant Finance Director

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY


By:  _____
Member of the Commission

EXHIBIT A

INFORMATION CONCERNING PARTICIPANT

Type of System: Water

Description of the Project: A portion of the proceeds of the City's share of the CSCDA Series 2003B Revenue Bonds (the "Bonds") is being used to refund the City's Certificates of Participation (1993 Water System Refunding Program) (the "1993 Certificates of Participation") that refinanced the costs of various capital improvements to the System.

Prior Liens: None

EXHIBIT B

SCHEDULE OF INSTALLMENT PAYMENTS

- 1. The principal amount of payments to be made by the Participant hereunder is \$4,855,000.
- 2. The installment payments of principal and interest are payable in the amounts and on the Installment Payment Dates (dates shown are the first day of the month after the Installment Payment Dates which are due on the 15th day of the prior month) as shown in Attachment A.

(E5)

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE OF CITY OF FORT BRAGG
AS TO FINALITY OF
PRELIMINARY OFFICIAL STATEMENT

I, Shirley Johnson, hereby certify that I am the Assistant Finance Director of the City of Fort Bragg (the "City") and as such I am authorized to execute this Certificate on behalf of the of the City.

I hereby further certify that there has been delivered to the purchasers of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds") a preliminary official statement relating to the Bonds, dated October 2, 2003 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the City deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12.

The City hereby approves of the use and distribution of the Preliminary Official Statement.

Dated: October 2, 2003

CITY OF FORT BRAGG

By: Shirley D. Johnson
Shirley Johnson
Assistant Finance Director

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered into October 21, 2003 by the City of Fort Bragg (the "Participant") in connection with the issuance of \$9,855,000 California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program), Series 2003A (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of October 1, 2003 (the "Indenture"), by and between the California Statewide Communities Development Authority and Union Bank of California, N.A., as trustee (the "Trustee"). The Participant has entered into an Installment Purchase Agreement, dated as of October 1, 2003 (the "Installment Purchase Agreement") with the Authority. Under the Installment Purchase Agreement the Participant will pay Installment Payments (the "Installment Payment") which will secure in part the Bonds. The Participant covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Participant for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Participant 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 Union Bank of California, N. A., or any successor Dissemination Agent designated in writing by the Participant and which has filed with the Participant a written acceptance of such designation.

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission (the "SEC") are listed in the SEC website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated October 7, 2003.

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

"Repository" shall mean each National Repository and each State Repository.

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

"State" shall mean the State of California.

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

SECTION 3. Provision of Annual Reports.

(a) The Participant shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of the Participant's fiscal year (presently such fiscal year ends June 30), commencing with the report for the fiscal year ending June 30, 2003, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the Participant 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 Participant'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 Participant shall provide the Annual Report to the Dissemination Agent (if other than the Participant). If the Participant is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Participant shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the Name and address of each National Repository and the State Repository, if any; and

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

SECTION 4. Content of Annual Reports. The Participant's Annual Report shall contain or include by reference the:

1. The audited financial statements of the Participant for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting

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

2. Updates for the last fiscal year of the information in the following tables from the Section relating to the Participant in Appendix B to the Official Statement presented in substantially the same format as such tables (to the extent the Official Statement contains accurate information regarding the fiscal year covered by an Annual Report, no update shall be necessary):

- (a) Number of Connections as shown on page B-3 of the Official Statement;
- (b) Revenues by Class of User as shown on page B-3 of the Official Statement;
- (c) Largest Users as shown on page B-4 of the Official Statement (this information is only required to the extent the revenues generated by one or more users constitutes 2% or more of the Participant's annual System revenue); and
- (d) Results for the most recent fiscal year presented in the same format as the Projected Operating Results as shown on page B-9 of the Official Statement (no updates of projections are required).

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

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Participant shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Installment Purchase Agreement or its obligations in relation to the Bonds, if material:

- 1. principal and interest payment delinquencies;
- 2. non-payment related defaults; and
- 3. adverse tax opinions or events affecting the tax-exempt status of the Bonds.

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

(c) If the Participant determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Participant shall promptly file a notice of such occurrence with the Repositories.

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

SECTION 7. Dissemination Agent. The Participant hereby appoints Union Bank of California, N.A. to serve as the Dissemination Agent hereunder. The Participant may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Participant pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Participant 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 Participant 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 Participant shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Participant, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

SECTION 9. Default. In the event of a failure of the Participant to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Participant satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Participant shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Participant agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss,

expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Participant under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Participant may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived with the consent of the Authority, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Participant shall describe such amendment in the same manner as for a Listed Event under Section 5(c).

[Remainder of page intentionally left blank]

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participant, 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.

CITY OF FORT BRAGG

By Shirley D. Johnson
Authorized Officer

Acknowledged as to Duties as Dissemination Agent:

UNION BANK OF CALIFORNIA, N.A.

By [Signature]
Authorized Officer
Sandra Hanrahan
Trust Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: City of Fort Bragg

Name of Bond Issue: California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds (Pooled Financing
Program), Series 2003A

Date of Issuance: October 21, 2003

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Bonds was not released by the Participant by the date required in the Continuing Disclosure Certificate. [The Participant anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF FORT BRAGG

By [form only; no signature required]

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of October 1, 2003, by and between the City of Fort Bragg (the "Participant") and U.S. Bank National Association, as Escrow Agent (the "Escrow Agent") hereunder and as trustee with respect to the Refunded Obligations referred to below (the "Refunded Obligation Trustee");

WITNESSETH:

WHEREAS, the Participant caused the \$6,265,000 City of Fort Bragg, Certificates of Participation (1993 Water System Refunding Program) (the "Refunded Obligations"), to be executed and delivered pursuant to that certain Trust Agreement, dated as of August 1, 1993 (the "Prior Obligation Instrument");

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (as permitted by, in the manner prescribed by, and all in accordance with the Prior Obligation Instrument) which moneys will be used to purchase non-callable Treasury Securities (the "Government Obligations") and other moneys satisfying the criteria set forth in the Prior Obligation Instrument, the principal of and interest on which when due will provide moneys which, together with such moneys deposited with the Escrow Agent at the same time pursuant to this Escrow Agreement, will be fully sufficient to defease the Refunded Obligations and to prepay the Refunded Obligations in full on December 1, 2003;

WHEREAS, in order to obtain a portion of the moneys needed for such purposes, the Participant will obtain proceeds from the sale of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds") and has authorized the deposit of moneys in the Escrow Fund created hereunder, all as provided herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Participant, the Escrow Agent and the Refunded Obligation Trustee agree as follows:

SECTION 1. Deposit of Moneys. The Participant shall deposit with the Escrow Agent in immediately available funds the sum of \$5,472,329 to be held in irrevocable escrow, by the Escrow Agent separate and apart from other funds of the Participant and the Escrow Agent in a fund hereby created and established to be known as the "Escrow Fund" and to be applied solely as provided in this Escrow Agreement. Such moneys are composed of proceeds of the Bonds in the amount of \$4,766,458.02, \$279,182.72 to be wired to the Escrow Agent by the Participant and other moneys held under the Prior Obligation Instrument in the amount of \$426,688.26. The Participant has determined that the moneys set forth above are at least equal to an amount sufficient to purchase the Government Obligations as provided in Section 2 hereof (the "Escrow Securities").

The Escrow Agent hereby acknowledges receipt of the written opinion of Grant Thornton, certified public accountants (the "Verification Agent"), dated as of October 21, 2003, relating to the Escrow Securities.

The Participant hereby directs the Refunded Obligation Trustee to transfer the amount of \$426,688.26 from the Reserve Fund held under the Prior Obligations Instrument to the Escrow Fund. Any remaining moneys in the Reserve Fund or any other funds held under the Prior Obligation Instrument shall be transferred to the Participant.

SECTION 2. Use and Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees:

(a) immediately to invest the moneys described in Section 1 hereof in the Escrow Securities set forth in Schedule A hereto and to deposit such Escrow Securities in the Escrow Fund; and

(b) to make the payments required under Section 5 hereof at the times set forth in Section 5 hereof.

SECTION 3. Investment of Any Remaining Moneys. In the event that the Escrow Agent shall receive any payment of principal or interest from the Escrow Securities prior to the date on which such payment is required for the purposes set forth herein, at the written direction of the Participant, the Escrow Agent may reinvest the amount of such payment, or any portion thereof, in non-callable Federal Obligations (defined below) maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, as verified in a report prepared by a firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions and provided the Participant has obtained and delivered to the Escrow Agent an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest on the Bonds or the Refunded Obligations for purposes of federal income taxation. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 3 which are not required for the purposes set forth in this Section 3 or Section 5, as verified in the letter of Verification Agent, (the "Letter"), originally obtained by the Participant with respect to the refunding of the Refunded Obligations or in any other report prepared by a firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the Participant promptly upon the receipt of such interest income by the Escrow Agent.

The Escrow Agent is authorized to hold any uninvested moneys in cash.

SECTION 4. Substitution of Securities. Upon the written request of the Participant and subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Escrow Securities provided that there are substituted therefor from the proceeds of the Escrow Securities: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America (collectively; "Federal Obligations") but only after the Participant has obtained and delivered to the Escrow Agent (a) an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest

payable on the Refunded Obligations or the Bonds for purposes of federal income taxation, and (b) a report by a nationally recognized firm of certified public accountants to the effect that such reinvestment will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay when due principal or redemption price of and interest on the Refunded Obligations on the dates specified in the Prior Obligation Instrument and herein. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment or liquidation of reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of Refunded Obligations.

(a) Payment. From the maturing principal of the Escrow Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay interest and principal with respect to the Refunded Obligations as the same become due on December 1, 2003 and to prepay on December 1, 2003 the principal amount of the Refunded Obligations maturing on and after December 1, 2004, and to pay a prepayment premium of 2.0% of the outstanding principal amount of Refunded Obligations being prepaid, in accordance with the terms of the Prior Obligation Instrument.

(b) Irrevocable Instructions to Provide Notice. The Participant hereby irrevocably instructs the Refunded Obligation Trustee to mail a notice of redemption to the owners of the Refunded Obligations in accordance with the Prior Obligation Instrument.

The Refunded Obligation Trustee is hereby further instructed to mail a copy of the notice to (i) the Securities Depositories (as hereinafter defined), and (ii) the Information Services (as hereinafter defined).

“Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated by the Refunded Obligation Trustee.

“Information Services” shall mean Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny S&P Information Services, “Called Bond Record,” 65 Broadway, 16th Floor, New York, New York 10006; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bonds Department; and Standard and Poor’s Corporation, “Called Bond Record,” 25 Broadway, 19th Floor, New York, New York 10004; and, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other address and/or such other services providing information with respect to called Bonds as may be specified by the Participant to the Refunded Obligation Trustee in writing.

(c) Unclaimed and Excess Moneys. Any moneys which remain unclaimed for two years after the date such moneys have become due and payable hereunder shall be repaid by the Escrow Agent to the Participant. Any moneys remaining in the Escrow Fund established

hereunder after the final maturity date of the Refunded Obligations which are in excess of the amount needed to pay owners of the Refunded Obligations payments of principal and interest and redemption premium, if any, on the Refunded Obligations and any amounts then owed to the Escrow Agent shall be immediately transferred by the Escrow Agent to the Participant.

(d) Priority of Payments. The Participant hereby grants to the owners of the Refunded Obligations a lien on moneys and securities in the Escrow Fund which are allocable and sufficient to pay the Refunded Obligations including any redemption premium thereon, in accordance with this Escrow Agreement verified by the Letter, until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Prior Obligation Instrument, upon deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 hereof, the purchase of the various Escrow Securities as provided in Section 2 hereof, notice of, or provision for notice of, redemption having been given as set forth in Section 5(b) hereof, all obligations of the Refunded Obligation Trustee and the Participant under the Prior Obligation Instrument with respect to the Refunded Obligations shall cease and terminate, except the obligations specified under the Prior Obligation Instrument.

SECTION 6. Application of Certain Terms of Prior Obligation Instrument. All of the terms of the Prior Obligation Instrument relating to the making of payments of principal and interest, and premium, if any, on the Refunded Obligations are incorporated in this Escrow Agreement as if set forth in full herein. The procedures set forth in the Prior Obligation Instrument relating to the resignation and removal of the Refunded Obligation Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2, 3 and 4 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys or Escrow Securities held hereunder.

SECTION 9. Indemnity. The Participant hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to the extent permitted by law to indemnify, protect, save and keep harmless the Escrow Agent and the Refunded Obligation Trustee and its respective successors, assigns, agents, officers, directors, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent and the Refunded Obligation Trustee at any time (whether or not also indemnified against the same by the Participant or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder

of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Escrow Securities or the retention of the Escrow Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent and the Refunded Obligation Trustee in accordance with the provisions of this Escrow Agreement; provided, however, that the Participant shall not be required to indemnify the Escrow Agent or Refunded Obligation Trustee against the Escrow Agent's or Refunded Obligation Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's or Refunded Obligation Trustee's respective agents and employees or the willful breach by the Escrow Agent or Refunded Obligation Trustee of the terms of this Escrow Agreement. In no event shall the Participant or the Escrow Agent or Refunded Obligation Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement or resignation or removal of the Escrow Agent or Refunded Obligation Trustee.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its directors, employees, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Escrow Securities or the retention of the Escrow Securities or the proceeds thereof, the sufficiency of the Escrow Securities to pay the Refunded Obligations or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Participant, and the Escrow Agent assumes no responsibility for the correctness thereof or the correctness of any recitals or statements contained in the Bonds. The Escrow Agent makes no representation as to the sufficiency of the Escrow Securities to accomplish the refunding of the Refunded Obligations or to the validity of this Escrow Agreement as to the Participant and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Participant of its obligations. The Escrow Agent may consult with counsel, who may or may not be counsel to the Participant, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Participant. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers (other than as expressly provided for herein).

SECTION 11. Amendments. This Escrow Agreement is made for the benefit of the Participant and the owners from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent, and the Participant; provided, however, that the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Prior Obligation Instrument, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Obligations or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Obligations have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Escrow Agreement.

SECTION 13. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the Participant; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

SECTION 14. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Participant or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 15. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 16. Governing Law. THIS ESCROW AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 17. Insufficient Funds. If at any time the moneys and investments in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Participant in writing, immediately upon becoming aware of such deficiency, of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF FORT BRAGG

By: Shirley D. Johnson
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and
Refunded Obligation Trustee

By: _____
Authorized Officer

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF FORT BRAGG

By: _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and
Refunded Obligation Trustee

By: *[Signature]*
Authorized Officer

SCHEDULE A

Escrow Securities

<u>TYPE</u>	<u>MATURITY</u> <u>DATE</u>	<u>PAR</u> <u>AMOUNT</u>	<u>COUPON</u>
SLGS	December 1, 2003	\$5,472,329	0.82%

October 21, 2003

City Manager, City of Fort Bragg
416 N. Franklin St.
Fort Bragg, CA 95437

Henderson Capital Partners, LLC
330 Second Street, Third Floor
Oakland, CA 94607

Financial Security Assurance, Inc.
One Market Plaza, Spear Tower, Suite 1550
San Francisco, CA 94015

\$9,855,000.00

**California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B**

Ladies and Gentlemen:

We have acted as counsel to the City of Fort Bragg (the "Participant"), a municipal corporation and a general law city, duly organized and validly existing under the laws of the State of California. This opinion is rendered in connection with the issuance of the California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B in the aggregate principal amount of \$ 9,855,000.00 (the "Bonds").

In rendering the opinion, we have examined the following documents: (i) the Installment Purchase Agreement, dated October 1, 2003, by and between the Participant and the California Statewide Communities Development Authority (the "Authority"); (ii) the Bond Purchase Agreement, dated as of October 7, 2003 (the "Bond Purchase Agreement"), by and among Henderson Capital Partners LLC (the "Underwriter"), the Authority, the Participant and the City of Lodi; (iii) the Resolution of the Participant approving the financing, adopted on August 25, 2003 (the "Resolution"); (iv) the Continuing Disclosure Certificate, dated October 21, 2003, executed by the Participant; and (v) the Official Statement relating to the Bonds dated as of October 7, 2003 (the "Official Statement") (collectively, the "Legal Documents"). All capitalized terms used herein and not otherwise defined shall have the same meanings as assigned to them in the Bond Purchase Agreement.

Based upon the foregoing and our review of such other information, documents and matters of law as we consider necessary to render this opinion, it is our opinion that:

(A) the Participant is a municipal corporation and a general law city duly organized and validly existing under and by virtue of the laws of the State of California;

(B) the Participant has full legal power and lawful authority to enter into the Legal Documents;

(C) the Resolution was duly adopted at a meeting of the governing board of the Participant which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded as of the date of such certificate;

(D) the Official Statement has been duly approved and the Legal Documents have been duly authorized, executed and delivered by the Participant and, assuming due authorization, execution and delivery by the other parties thereto, such documents constitute the legal, valid and binding agreements of the Participant enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought;

(E) the execution and delivery by the Participant of the Legal Documents, and compliance by the Participant with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution or agreement to which the Participant is subject to or by which it is bound;

(F) to the best of our knowledge, the information in the Official Statement concerning the Participant (excluding therefrom financial statements and other statistical data included in the Official Statement, as to which no view need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(G) to the best of our knowledge, after reasonable investigation (which did not include a complete search of all federal or state court records), there is no action, suit, proceeding or investigation of a material nature at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Participant, affecting the validity of the Legal Documents or the adequacy of the Official Statement; and

(H) no authorization, approval, consent or other order of the State or any governmental agency within the State of California having jurisdiction over the Participant is required for the valid authorization, execution and delivery by the Participant of the Legal Documents, which has not already been obtained as of the Closing Date.

Very truly yours,

Adam Lindgren by

Adam Lindgren, City Attorney

By: Michael Gogna, Esq.

Michael Gogna

(F1)

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

CERTIFICATE OF THE UNION BANK OF CALIFORNIA, N.A.

The undersigned, an authorized officer of Union Bank of California, N.A., a national banking association organized and existing under the laws of the United States of America (the "Union Bank"), does hereby certify on behalf of the Union Bank that:

1. Union Bank is the Trustee under that certain Indenture, dated as of October 1, 2003, by and between the California Statewide Communities Development Authority (the "Authority") and the Trustee (the "Indenture") pursuant to which the \$9,855,000 aggregate principal amount of California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds") were issued.

2. (i) Union Bank is a national banking association, duly organized and validly existing and in good standing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Indenture, (ii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter that would constitute a condition precedent to the performance by Union Bank of its duties and obligations under the Indenture have been obtained and are in full force and effect, and (iii) the acceptance of the duties and obligations of Union Bank under the Indenture, and the consummation of the transactions on the part of Union Bank contemplated therein, and the compliance by Union Bank with the terms, conditions and provisions of such document do not contravene any provisions of applicable law of regulation or any order or decree, writ or injunction of the Articles of Incorporation or Bylaws of the Trustee, and, to the best of my knowledge, will not require the consent under, or result in a beach of or default under, any resolution, agreement or other instrument to which Union Bank is a party or by which it may be bound.

Dated: October 21, 2003

UNION BANK OF CALIFORNIA, N.A.

By: 

Authorized Officer

Sandra Hanrahan
Trust Officer

I certify that the attached resolution was adopted by the Board of Directors of Union Bank of California, N.A., at a regular meeting of said Board held on April 26, 2000.

I further certify that the attached resolution now stands on the records of the books of the Corporation and has not been modified, repealed or set aside in any manner whatsoever and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand of said Bank this 21st of October, 2003.




Douglas J. Schlafer
Assistant Secretary


CERTIFICATE OF INCUMBENCY

I, Douglas Schlafer, do hereby certify that I am the duly qualified and appointed Assistant Secretary of Union Bank of California, National Association.

I further certify that the following is true and correct specimen signature of said named employees and her signing authorities as designated by the Trust Executive Officer of Union Bank of California, N. A., and defined in the accompanying resolution.

<u>NAME</u>	<u>TITLE</u>	<u>CLASS</u>	<u>SIGNATURE</u>
Sandra Hanrahan	Trust Officer	ADEHI	

IN WITNESS WHEREOF, I have set my hand of this Association this 21st of October, 2003.



Douglas J. Schlafer
Assistant Secretary

TRUST SERVICES RESOLUTION OF AUTHORITY

WHEREAS, the Bank is duly authorized and empowered to act as trustee, executor, personal representative, administrator, guardian or conservator of estates, assignee, receiver, custodian, escrow agent, agent or in any other fiduciary capacity permitted by law (hereinafter referred to collectively as "Trust Services");

WHEREAS, it is the Board's intention to authorize and empower the officers/employees designated in this Resolution, in the Bank's name and on its behalf, at such times and under such circumstances and on such terms and conditions as such officers/employees may deem proper, under the Bank's seal, as necessary, to execute and deliver such documents and perform such acts as shall be necessary for the Bank to provide Trust Services; and

WHEREAS, it is the Board's further intention to authorize and empower the ISAM Executive Officer and the Wealth Management Executive as designated by the President and Chief Executive Officer or his/her designee to designate in writing the identity of and the manner in which such officers/employees may execute and deliver such documents and perform such actions.

A. General Trust Services

RESOLVED that any employee designated in writing as a Class A signer by the ISAM Executive Officer or The Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Any instruments or other documents by which the Bank agrees or declines to or resigns from performing Trust Services and to execute such further instruments and documents and to perform any other act necessary to implement such acceptance, declination or resignation;
2. Any instruments or other documents and to perform any other act necessary to discharge its duties and obligations in performing Trust Services, including, but not limited to:
 - a. Proxies to vote corporation stock or shares standing in the name of the Bank, as Fiduciary, or to attend and vote at any meeting such stock or shares;
 - b. Any instruments, documents or agreements relating to insurance affecting any property, business or security held by the Bank, in its performance of Trust Services;
 - c. Petitions, accountings, reports and returns of sale, and all other pleadings, declarations and documents filed in probate or other court proceedings by the Bank, in its performance of Trust Services;

- d. Checks against Trust funds, drafts and official checks issued by this Bank, the amount of which does not exceed the signing authority limit of the signer(s);
- e. Guaranties of signatures to various documents (other than assignments of stock certificates, bonds and other securities which are covered by separate authorization through the Securities Transfer Agents Medallion Program). No signer is authorized to guarantee the signer's own signature;
- f. Documents necessary to purchase, endorse, transfer, sell, assign, pledge, encumber, hypothecate, lease, release, convey, deliver or request payment or reissue of any and all certificates for shares of stock of corporations, bonds, stock warrants and rights, deposit receipts for stocks and bonds, promissory notes, warrants for irrigation and reclamation districts, debentures, voting trust certificates, money market instruments, commercial paper, repurchase agreements and banker's acceptances, investment agreements, and any and all other documents or instruments representing or evidencing any equity or debt interest in corporations, governmental entities or in personal property, standing in the name of or owned or to be purchased by the Bank in its performance of Trust Services; and
- g. Any other instruments, documents or agreements necessary to and connected with the provision of general Trust Services.

B. Trust Real Estate Activities

RESOLVED that, with regard to any interest in real property to which the Bank holds title in its performance of Trust Services, or which it manages in its performance of Trust Services, any employee designated in writing as a Class B signer by the Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

- 1. Grant deeds, mineral deeds, quit claim deeds, fiduciary's warranty deeds, statutory warranty deeds, fulfillment deeds, secured or unsecured notes upon the real property, leases or extensions, modifications or amendments thereof, construction contracts, property management agreements, or purchase or sale agreements;
- 2. Requests to any trustee or trustees named in any deed of trust for a full or partial reconveyance of the property covered by such deed of trust;
- 3. Trust checks, escrow instructions, closing settlement statements, property management agreements, construction contracts, indemnification letters, petitions and depositions in legal actions, multiple listing agreements, excise tax affidavits, tax appeals, forfeiture documents, notices to vacate; and
- 4. Any other legal document or instrument not heretofore enumerated which is required in the management, as specified by each trust or agency agreement, of such real property.

C. Global Custody Activities

RESOLVED that any officer designated in writing as a Class C signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth:

1. To accept and transact foreign exchange contracts related to clients' account activities;
2. To sign any documents or instruments as may be required to conduct business with a sub-custodian bank or foreign tax authority;
3. To authorize electronic transmission of data and information; and
4. To sign, execute and deliver any other legal document or instrument not heretofore enumerated which is required in the conduct of global custody activities.

D. Trust Operations Activities

RESOLVED that any employee designated in writing as a Class D signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Trust checks, certifications of balances or asset holding; and
2. Any other documents, instruments, or contracts as may be required to participate in any securities depository for securities held by the Bank, in its performance of Trust Services, and to provide cash management and accounting services to trust clients.

E. Trust Security Services Activities

RESOLVED that any officer designated in writing as a Class E signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Documents necessary to purchase, endorse, transfer, sell, assign, pledge, encumber, hypothecate, lease, release, convey, deliver or request payment or reissue of any and all certificates for shares of stock of corporations, bonds, stock warrants and rights, deposit receipts for stocks and bonds, promissory notes, warrants for irrigation and reclamation districts, debentures, voting trust certificates, money market instruments, commercial paper, repurchase agreements and banker's acceptances, investment agreements, and any and all other documents or instruments representing or evidencing any equity or debt interest in corporations, governmental entities or in personal property, standing in the name of or owned or to be purchased by the Bank, in its performance of Trust Services;
2. To sign certificates for securities deposited, interim certificates and other certificates for or on behalf of this Bank as depository or agent; and
3. To sign, countersign, certify, register, authenticate and identify all bonds, notes, interim certificates, share certificates, certificates of stock, voting trust certificates, depository receipts, warrants, participation certification or similar instruments for or in respect of which the Bank may be acting as trustee, agent or custodian.

F. Mutual Fund Support Services and Activities

RESOLVED that any officer designated in writing as a Class F signer by the ISAM Executive Officer is authorized and empowered as hereinabove set forth to sign, execute and deliver:

1. Any instrument, trust, contract or other document by which the Bank agrees or declines to act or resigns as custodian, transfer agent, fund accountant or other service provider to registered or unregistered investment companies or other collective investment entities ("mutual fund support services");
2. Any instrument, or other document and to perform any other act necessary or desirable to comply with applicable law and regulation in the provision of mutual fund support services, including but no limited to:
 - a. Any registration, application, filing, update, amendment or other document necessary to commence or continue operation of mutual fund support services permissible under applicable law and regulation; and
 - b. Any regulatory filings, accountings, reports, mailings, exemptive applications, requests for advice or rulings required by or desirable under applicable law to be prepared in connection with the provision of mutual fund support services.

G. Tax Activities

RESOLVED that any officer designated in writing as a Class G signer by the Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to sign, execute, and submit local, state and federal tax returns or other filings, applications, extensions, requests for rulings or reports by the Bank as may be necessary or desirable in its performance of Trust Services or as a sponsor of a common trust fund or collective investment fund.

H. Securities Transfer Agents Medallion Program ("STAMP")

RESOLVED that any officer designated in writing as a Class H signer by the ISAM Executive Officer or Wealth Management Executive Officer is authorized and empowered as hereinabove set forth to guarantee signatures on securities and stock or bond powers as a participant in the Securities Transfer Agents Medallion Program ("STAMP"), except that no signer is authorized to utilize this authority for signature or endorsement guarantees on other documents or to guarantee the signer's own signature.

I. Trade Order Entry Activities

RESOLVED that any officer designated in writing as a Class I signer by the ISAM Executive Officer or Wealth Management Executive Officer is authorized and empowered as herein above set forth to electronically enter security trades, to purchase or sell securities held in all types of accounts, using the SEI Trade Order Entry (TOE) system in its performance of Trust Services.

FURTHER RESOLVED that the ISAM Executive Officer and the Wealth Management Executive Officer empowered in this Resolution to designate employees and officers to carry out various activities on behalf of the Bank may delegate, in writing, his/her authority to so

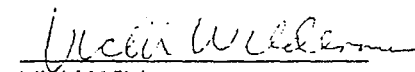
designate to a senior officer(s) with the ISAM or Wealth Management Divisions, as appropriate. Such delegations of authority are to be filed with the Corporate Secretary and are to be reviewed as appropriate.

FURTHER RESOLVED that this Resolution of Authority shall be effective as of April 26, 2000 and that, effective as of that date, the Trust Signing Authority Resolution adopted by this Board on May 26, 1999 is hereby superseded.

I certify that the foregoing resolution was adopted by the Board of Directors of Union Bank of California, N.A. at the Regular Meeting of said Board held on April 26, 2000.

I further certify that the foregoing resolution now stands on the records of the books of the Bank and has not been modified, repealed or set aside in any manner whatsoever and is now in full force and effect.


Dated: April 26, 2000


Vicki Wilderman
Assistant Corporate Secretary

DESIGNATION BY PRESIDENT

Pursuant to the Trust Services Resolution of Authority adopted by the Board of Directors of Union Bank of California, N.A. on April 26, 2000, I hereby designate Pieter Westerbeek III as the "ISAM Executive Officer" and Honoria F. Vivell as the Wealth Management Executive Officer as identified in said resolution, with all powers and authorities described in said resolution.

Dated: April 26, 2000



Takahiro Moriguchi
President and Chief Executive Officer

Union Bank of California, N.A.
April 23, 2003

RESOLVED that the following officers of the Bank shall have the additional title of Assistant Secretary and shall perform such duties as the Corporate Secretary of the Bank shall designate:

General:	Gino A. Chilleri Theodore E. Davis Morris W. Hirsch William C. Hogan Hugh Lawrence William A. Moore, Jr. William A. Polkinghorn Diane B. Stevens
Bank Operations:	Camille G. Hudson Ann Lawrence
Corporate Trust:	Andrew R. Ball Vicki J. Elnick Vivian R. Savedra Douglas J. Schlafer Gillian M. Wallace
Institutional Services and Asset Management:	Edward Brands Lynn Iwaki William H. Wilson
International Banking Group:	Brian J. Murtagh Thorunn Gudmundsson
Trade Services:	Bethany McClellan Christine Nguyen
UBOC Investment Services:	James D. Jenkins
Wealth Management:	Catherine Rose Engman Javier Ramos Lois Todd

I certify that the foregoing resolution was adopted by the Board of Directors of Union Bank of California, National Association at the Regular Meeting of said Board held on April 23, 2003.

I further certify that the foregoing resolution now stands on the records of the books of the Bank and has not been modified, repealed or set aside in any manner whatsoever and is now in full force and effect.

Dated: April 23, 2003

/s/ John H. McGuckin, Jr., Secretary

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B

TRUSTEE’S RECEIPT OF PROCEEDS

The undersigned as an authorized representative of Union Bank of California, N.A., as trustee (the "Trustee") under that certain Indenture, dated as of October 1, 2003, by and between the California Statewide Communities Development Authority (the "Authority") and the Trustee hereby certifies that the Trustee received from Henderson Capital Partners, LLC, as the underwriter (the "Underwriter"), for the purchase of the \$9,855,000 aggregate principal amount of California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds"), dated October 21, 2003, an amount equal to \$5,054,413.31, and that said amount is computed in accordance with the Written Request of the Authority (as defined under the Indenture) delivered this day as shown below. All capitalized terms not otherwise defined in this certificate shall have the meanings assigned in the Indenture.

Principal Amount	\$9,855,000.00
Plus Net Original Issue Premium	161,013.55
Less Underwriter’s Discount	(115,687.50)
Less Premiums for Bond Insurance and Surety Bonds	(79,454.72)
Less Amounts Wired Directly to Escrow Agent	<u>(4,766,458.02)</u>
TOTAL AMOUNT RECEIVED BY TRUSTEE	<u>\$5,054,413.31</u>

The undersigned hereby further certifies that the Trustee (a) authenticated and delivered \$9,855,000 in aggregate principal amount of the Bonds, and (b) deposited or transferred the Total Amount Received by the Trustee calculated above, as follows:

- (i) The Trustee shall deposit in the Series 2003B Costs of Issuance Fund an amount equal to \$119,413.31.
- (ii) The Trustee shall deposit in the Series 2003B City of Lodi Project Fund an amount equal to \$4,935,000.00.

The Trustee will hold the Reserve Policy for the account of the Reserve Fund as follows:

<u>Participant</u>	<u>Initial Reserve Account Requirement</u>	<u>Bond Proceeds or Reserve Policy</u>
City of Lodi	\$386,137.50	Reserve Policy
City of Fort Bragg	\$377,342.50	Reserve Policy

Dated: October 21, 2003

UNION BANK OF CALIFORNIA, N.A.,
as Trustee

By: 
Authorized Officer
Sandra Hanrahan
Trust Officer

Hawkins, Delafield & Wood
One Embarcadero Center, Suite 3820
San Francisco, California 94111

October 21, 2003

California Statewide Communities Development Authority
1100 "K" Street, Suite 101
Sacramento, California 95814

\$9,855,000
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B

Members of the Governing Board:

We have acted as Bond Counsel in connection with the issuance by the California Statewide Communities Development Authority (the "Authority") of \$9,855,000 aggregate principal amount of California Statewide Communities Development Authority Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B (the "Bonds") under and pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Law"), and under and pursuant to the Indenture, dated as of October 1, 2003 (the "Indenture"), by and between the Authority and Union Bank of California, as trustee (the "Trustee").

We have reviewed originals or copies identified to our satisfaction as being true copies of the Indenture and certain other records of the Authority. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of Authority officers furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after the examination described above and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth above, we are of the opinion that:

1. The Authority has lawful authority under the Law to enter into the Indenture, and the Authority has duly authorized, executed and delivered the Indenture and, assuming due authorization, execution and delivery by the respective other parties thereto, the Indenture is a legal, valid and binding obligation of the Authority enforceable in accordance with its terms. The Indenture creates a valid pledge of the Revenues (as defined in the Indenture), subject to the provisions thereof permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2. The Authority has lawful authority to issue the Bonds and the Bonds have been duly and validly authorized and issued by the Authority in accordance with the Constitution and statutes of the

State of California, including the Law and the Indenture. The Bonds constitute legal, valid and binding special obligations of the Authority payable solely from Revenues and amounts on deposit in certain funds and accounts held under the Indenture. The Bonds are not an obligation of the State of California, any public agency thereof (other than the Authority payable solely from the Revenues), the Participants (as defined under the Indenture) or any member of the Authority; and neither the faith and credit nor the taxing powers of the State of California or any public agency thereof or any member of the Authority is pledged for the payment of the Bonds. The Authority has no taxing power.

3. Under existing statutes and court decisions, interest on the Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Under the Code, interest on the Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax applicable to individuals and corporations; such interest, however, is includable in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations by the Code. In rendering the opinions in this paragraph 3, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof by the Authority and the Participants with respect to the use of proceeds of the Bonds and the investment of certain funds, and other matters affecting the non-inclusion of interest on the Bonds in gross income for Federal income tax purposes under Section 103 of the Code, and (ii) compliance by the Authority and the Participants with procedures and covenants set forth in the Tax Certificate and with the tax covenants set forth in the Indenture as to such matters. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

4. In addition, we are further of the opinion that, under existing states, interest on the Bonds is exempt from State of California personal income taxes.

Except as stated in paragraphs 3 and 4 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under State and local tax law.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

The opinions expressed herein are based upon our analysis and interpretation of laws, regulations, rulings and judicial decisions as they exist on the date hereof and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Hawkins, Delafield & Wood

Hawkins, Delafield & Wood

One Embarcadero Center, Suite 3820

San Francisco, California 94111

October 21, 2003

Henderson Capital Partners, LLC
One Kaiser Plaza, Suite 650
Oakland, California 94612

California Statewide Communities Development Authority
1100 "K" Street, Suite 101
Sacramento, California 95814

\$9,855,000
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B

Ladies and Gentlemen:

This letter is addressed to you pursuant to Section 8(g)(ii) of the Bond Purchase Agreement, dated October 7, 2003 (the "Bond Purchase Agreement"), by and between Henderson Capital Partners, LLC, as underwriter (the "Underwriter"), the California Statewide Communities Development Authority (the "Authority"), the City of Lodi and the City of Fort Bragg (the "Participants"), providing for the purchase of \$9,855,000 aggregate principal amount of California Statewide Communities Development Authority (Pooled Financing Program) Series 2003B (the "Bonds"). The Bonds are being issued pursuant to the Indenture, dated as of October 1, 2003, (the "Indenture"), by and between the Authority and Union Bank of California, N.A., as trustee (the "Trustee"). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture or, if not defined in the Indenture, in the Bond Purchase Agreement.

In connection with this opinion we have reviewed the Official Statement relating to the Bonds dated October 7, 2003 (the "Official Statement"), executed copies of the Indenture, and such other documents, certifications, and opinions as we have considered necessary to give this opinion.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made in the documents that we have reviewed are true and accurate.

Based on the foregoing, it is our opinion that:

(i) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(ii) the statements and information in the Official Statement on the cover page relating to tax exemption, description of the Bonds and security for the Bonds and statements under the captions "INTRODUCTION," "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "Appendix C - Definitions and Summary of Legal Documents" and "Appendix D - Form of Bond Counsel's Opinion," to the extent they purport to summarize certain provisions of the Indenture, the Installment Purchase Agreements and the Bonds and our final approving opinion dated the date hereof, present a fair and accurate summary of such provisions and such opinion in all material respects;

(iii) the Indenture, the Installment Purchase Agreements and the Bond Purchase Agreement have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, such documents constitute the legal, valid and binding agreements of the Authority enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California; and

(iv) although we have not undertaken to check the accuracy, completeness or fairness of, or verified the information contained in, the Official Statement, and are therefore unable to make any representation to you in that regard, we have participated in conferences prior to the date of the Official Statement with your representatives and representatives of the Authority, the Participants, counsel to the Authority and Participants and others, during which conferences the contents of the Official Statement and related matters were discussed. Based upon the information made available to us in the course of our participation in such conferences, our review of the documents referred to above, our reliance on the certificates and the opinions of counsel described above and our understanding of applicable law, we do not believe that the Official Statement (other than financial statements and projections and statistical data therein, information concerning the Policy, the Reserve Policy, the Bond Insurer, The Depository Trust Company and the book-entry system and Appendices A, E and F thereto, as to which no view is expressed) as of its date contained, or as of the date hereof, contains, any untrue statement or a material fact, or as of its date omitted, or as of the date hereof omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Finally, we advise you that, other than reviewing the various certificates and opinions required by Section 8(g) of the Bond Purchase Agreement regarding the Official Statement, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof.

This opinion is being rendered to you solely for your benefit in connection with your purchase of the Bonds from the Authority and is not to be used, circulated, quoted or otherwise referred to for any other purpose without our prior written consent. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. This opinion is limited to matters governed by the laws of the State of California and federal

securities laws, and we assume no responsibility with respect to the applicability or the effect the Bonds or the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the other or sale of the Bonds.

We have undertaken any duty, and expressly disclaim any responsibility, to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Official Statement.

Respectfully submitted,

Hawkins, Delafield & Wood

Hawkins, Delafield & Wood
One Embarcadero Center, Suite 3820
San Francisco, California 94111

October 21, 2003

Henderson Capital Partners, LLC
One Kaiser Plaza, Suite 650
Oakland, California 94612

Union Bank of California, N.A.
475 Sansome Street, 12th Floor
San Francisco, California 94111

Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022

\$9,855,000
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B

Ladies and Gentlemen:

We have delivered our final opinion, dated the date hereof, relating to the above-referenced transaction. You are entitled to rely on such final opinion as though the same were addressed to you.

Further, we have delivered our supplemental opinion, dated the date hereof, relating to the above-referenced transaction. You are entitled to rely on paragraph (iii) of such supplemental opinion as though the same were addressed to you.

Respectfully submitted,

Hawkins, Delafield & Wood

Hawkins, Delafield & Wood
One Embarcadero Center, Suite 3820
San Francisco, California 94111

October 21, 2003

U.S. Bank, N.A.
One California Street, Suite 2550
San Francisco, CA 94111

Financial Security Assurance, Inc.
350 Park Avenue
New York, New York 10022

Ladies and Gentlemen:

The City of Fort Bragg, Certificates of Participation (1993 Water System Refunding Program) (the "Prior Obligations") were issued pursuant to a Trust Agreement, dated as of August 1, 1993 (the "Prior Obligations Issuing Document"), by and among the City of Fort Bragg (the "City"), the City of Fort Bragg Joint Powers Financing Authority and Bank of America National Trust and Savings Association. Certain federal securities (the "Federal Securities") are being held by US Bank N.A. (the "Escrow Agent") under an Escrow Agreement, dated as of October 1, 2003 (the "Escrow Agreement"), by and between the Escrow Agent and the City. A report (the "Report") has been delivered by Grant Thornton LLP, dated October 21, 2003, verifying that the maturing principal and earnings of the Federal Securities are sufficient to pay in full all debt service payments due on the Prior Obligations.

Based upon the foregoing, we are of the opinion that the Prior Obligations have been legally defeased in accordance with the Prior Obligations Issuing Document, except only the obligation to pay, or cause to be paid, all amounts due with respect to the Prior Obligations to the owners of said Prior Obligations from the funds deposited with the Escrow Agent and certain other covenants relating to tax matters, indemnification and certain other matters.

In rendering the opinion above, we have relied on the data and computations in the Report and certifications of the City contained in the Escrow Agreement. We note that we have not independently verified the data and computations in the Report. We have also assumed, with your permission, that all other sums payable by the City under the Prior Obligations Issuing Document have been paid and that notice has or will be properly delivered to holders of the Prior Obligations in accordance with the Prior Obligations Issuing Document.

This opinion is furnished by us solely for the benefit of the addressees and may not be relied on by any other person.

Respectfully submitted,

Hawkins, Delafield & Wood

October 21, 2003

California Statewide Communities
Development Authority
Sacramento, California

Henderson Capital Partners, LLC
Oakland, California

Financial Security Assurance, Inc.
San Francisco, California

Re: California Statewide Communities Development Authority Water and Wastewater
Revenue Bonds (Pooled Financing Program) Series 2003B

Ladies and Gentlemen:

I am a Vice President and Senior Counsel of Union Bank of California, N.A. (the "Trustee") and have acted as counsel on the Trustee's behalf in connection with the execution and delivery of that certain Indenture dated as of October 1, 2003 (the "Indenture") by and between the California Statewide Communities Authority (the "Authority") and the Trustee, relating to the above-captioned bonds (the "Bonds").

In that connection I have examined the following: (i) the Indenture; (ii) the Articles of Association and Bylaws of the Trustee and resolutions of the Trustee with respect to signing authority; and (iii) such other records, documents, instruments and certificates of public officials and the Trustee, as I have deemed necessary for the purpose of rendering the opinions set forth herein.

In rendering this opinion, I have relied upon the facts and information obtained from the records of the Trustee, officers of the Trustee, and other sources believed by me to be reliable, and I have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. I have reviewed only copies of the documents, and I have assumed that such copies conform to the originals, which assumption I have not independently verified.

I have further assumed that each party to the Indenture, other than the Trustee, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered the Indenture, and that the Indenture constitutes the legal, valid and binding obligation of each party thereto other than the Trustee.

Terms used herein which are defined in the Indenture shall have the respective meanings set forth therein unless otherwise defined herein.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, and has full power and authority and is qualified to execute and deliver the Indenture and to perform its obligations thereunder; and
2. The Trustee has duly authorized, executed and delivered the Indenture and the Indenture constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limited the rights of creditors generally.

I express no opinion as to any matter other than as expressly set forth above, and, in connection therewith, I specifically express no opinion as to the status of the Bonds, the issuance thereof or the interest thereon and further express no opinion regarding any federal securities laws, including but not limited to the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, and any state securities or "Blue Sky" law, or any federal, state or local tax law.

This opinion is as of the date hereof, and I have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Bonds.

I do not express my opinion as to the effect of any law other than the law of California and the federal laws of the United States of America on the matters referred to herein.

This opinion is furnished by me solely for your benefit and may not, without my express written consent, be relied upon by any other person.

Very truly yours,



JANIS S. PENTON
Vice President and Senior Counsel

JSP:ppm/11863

October 21, 2003

Municipal Bond Insurance Policy No. 201838-N
and
Municipal Bond Debt Service Reserve Insurance Policy No. 201838-R
With Respect to
\$9,855,000 In Aggregate Principal Amount of
California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds (Pooled Financing Program) Series 2003B

Ladies and Gentlemen:

I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its municipal bond insurance policy no. 201838-N (the "Insurance Policy") and its municipal bond debt service reserve insurance policy no. 201838-R (the "Reserve Policy" and, collectively with the Insurance Policy, the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by Financial Security.
3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Insurance Policy under the caption "BOND INSURANCE – The Municipal Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated October 7, 2003 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Insurance Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the caption "BOND INSURANCE – The Bond Insurer."

I am a member of the Bar of the State of Texas, and do not express any opinion as to the law of any other state except for the matters expressly set forth in the foregoing opinion.

Very truly yours,



Robert J. David
Associate General Counsel

California Statewide Communities Development Authority,
2175 North California Boulevard, Suite 550,
Walnut Creek, California 94596.

Henderson Capital Partners, Inc.,
One Kaiser Plaza, Suite 650,
Oakland, California 94612.

Financial Security Assurance
One Market • 1550 Spear Tower • San Francisco, California 94105 • Tel: 415-995-8000 • Fax: 415-995-8008
New York • Dallas • San Francisco • London • Madrid • Paris • Singapore • Sydney • Tokyo



MUNICIPAL BOND INSURANCE POLICY

ISSUER: California Statewide Communities Development
Authority

Policy No.: 201838-N
Effective Date: October 21, 2003

BONDS: \$9,855,000 in aggregate principal amount of
Water and Wastewater Revenue Bonds (Pooled
Financing Program) Series 2003B

Premium: \$60,367.72

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By Robert O. W. J.
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)



**ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
INSURANCE POLICY
(California Insurance
Guaranty Association)**

ISSUER: California Statewide Communities Development
Authority

Policy No.: 201838-N

BONDS: \$9,855,000 in aggregate principal amount of
Water and Wastewater Revenue Bonds (Pooled
Financing Program) Series 2003B

Effective Date: October 21, 2003

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the Insurance provided by this Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By Robert D. Wu
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 560NY (CA 1/91)



**FINANCIAL
SECURITY
ASSURANCE®**

**MUNICIPAL BOND DEBT SERVICE
RESERVE INSURANCE POLICY**

ISSUER: California Statewide Communities Development
Authority

Policy No.: 201838-R

Effective Date: October 21, 2003

BONDS: \$9,855,000 in aggregate principal amount of Water and
Wastewater Revenue Bonds (Pooled Financing
Program) Series 2003B

Premium: \$19,087.00

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any ~~appurtenant coupon~~ coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due



**FINANCIAL
SECURITY
ASSURANCE®**

**ENDORSEMENT NO. 1 TO
MUNICIPAL BOND
DEBT SERVICE RESERVE
INSURANCE POLICY
(California Insurance
Guaranty Association)**

ISSUER: California Statewide Communities Development
Authority

Policy No.: 201838-R

BONDS: \$9,855,000 in aggregate principal amount of Water and
Wastewater Revenue Bonds (Pooled Financing
Program) Series 2003B

Effective Date: October 21, 2003

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the Insurance provided by this Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By *Doreen O'Dewil*
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 560-B-NY (10/96)



**FINANCIAL
SECURITY
ASSURANCE®**

**ENDORSEMENT NO. 2 TO
MUNICIPAL BOND
DEBT SERVICE RESERVE
INSURANCE POLICY**

ISSUER: California Statewide Communities Development
Authority

Policy No.: 201838-R

BONDS: \$9,855,000,000 in aggregate principal amount of Water
and Wastewater Revenue Bonds (Pooled Financing
Program) Series 2003B

Effective Date: October 21, 2003

Notwithstanding the terms and provisions contained in this Policy, amounts available under this Policy up to the Policy Limit may be drawn upon only as follows:

- (i) in an aggregate amount up to \$377,342.50 in the event of one or more draws upon the City of Fort Bragg Reserve Account, as defined in the Bond Document; and only in accordance with the terms of the Bond Document and this Policy; and
- (ii) in an aggregate amount up to \$386,137.50 in the event of one or more draws upon the City of Lodi Reserve Account, as defined in the Bond Document, and only in accordance with the terms of the Bond Document and this Policy;

provided, however, that draws upon such available amounts may be reinstated in accordance with the terms of this Policy.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By Raven O'Dell
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 602NY (CA5/98)



Blanket Issuer Letter of Representations
(To be Completed by Issuer)

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
(Name of Issuer)

May 18, 1995
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: 

(Authorized Officer's Signature)

Norma Lammers, Secretary of the
Commission
1100 K Street
Sacramento, CA 95814
(916) 327-7654

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: 

Cash Flow and Yield Verification Report

California Statewide Communities Development Authority
(Pooled Financing Program)

October 21, 2003

INDEX

Letter

Exhibit A	Schedule of Sources and Uses of Funds
Exhibit A-1	Revenue Fund Cash Flow
Exhibit A-2	Debt Service Payments on the City of Fort Bragg (Mendocino County) Program Participant
Exhibit A-3	Net Original Issue Discount on the City of Fort Bragg (Mendocino County) Program Participant
Exhibit A-4	Debt Service Payments on the City of Lodi (San Joaquin County) Program Participant
Exhibit A-5	Net Original Issue Discount on the City of Lodi (San Joaquin County) Program Participant
Exhibit B	Escrow Account Cash Flow
Exhibit B-1	Cash Receipt From the SLGS
Exhibit B-2	Debt Service Payment on the Refunded Certificates
Exhibit C	Debt Service Payments and Yield on the Bonds
Exhibit C-1	Net Original Issue Discount on the Bonds
Appendix I	Applicable schedules provided by Henderson Capital Partners, LLC

Report of Independent Certified Public Accountants
On Applying Agreed-Upon Procedures

California Statewide Communities Development Authority
2175 North California Boulevard, Suite 550
Walnut Creek, California

Hawkins, Delafield & Wood
One Embarcadero Center, Suite 3820
San Francisco, California

U.S. Bank Trust National Association
One California Street, Suite 2550
San Francisco, California

Henderson Capital Partners, LLC
One Kaiser Place, Suite 650
Oakland, California

Financial Security Assurance Inc.
One Market Street, Suite 1550
San Francisco, California

\$9,855,000

California Statewide Communities Development Authority
Water and Wastewater Revenue Bonds
(Pooled Financing Program)
Series 2003B
Dated October 21, 2003

We have performed the procedures described in this report, which were agreed to by the California Statewide Communities Development Authority (the "Authority") and Henderson Capital Partners, LLC (the "Underwriter") to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Underwriter. The Underwriter is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issue (the "Bonds") for the purpose of (i) financing certain public capital improvements of the City of Fort Bragg (Mendocino County) and the City of Lodi (San Joaquin County), the "Program Participants" and (ii) the current refunding of the Authority's outstanding Certificates of Participation (1993 Water System Refunding Program) (the "Refunded Certificates") as summarized on the next page. This engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees of this report who are the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in this report either for the purpose for which this report has been requested or for any other purpose.

<u>Series</u>	<u>Principal Issued</u>	<u>Dated</u>	<u>Principal Refunded</u>	<u>Maturities Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
1993	\$6,265,000	August 15, 1993	\$5,235,000	12-1-05 and 12-1-23	12-1-03	102%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Underwriter provided us with schedules (Appendix I) summarizing the future escrow account cash receipt and disbursement. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal, interest and redemption premium on the Refunded Certificates assuming the Refunded Certificates maturing on and after December 1, 2004 will be redeemed on December 1, 2003 at 102 percent of par plus accrued interest.

The attached Exhibit A (Schedule of Sources and Uses of Funds) was compiled based upon information provided by the Underwriter.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-2 independently calculating the future escrow account cash receipt and disbursement and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated October 7, 2003, and Schedule of U.S. Treasury Securities provided by Hawkins, Delafield & Wood used to acquire certain United States Treasury Securities - State and Local Government Series (the "SLGS") insofar as the SLGS are described as to the principal amount, interest rate, maturity date and issuance date; and
- Official Statement for the Refunded Certificates provided by the Underwriter insofar as the Refunded Certificates are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption date and price.

In addition, we compared the interest rate for the maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rate shown on the Department of Treasury, Bureau of Public Debt, SLGS Table (Form PD 4262) for use on October 7, 2003 and found that the interest rate was equal to the maximum allowable interest rate for that maturity.

Our procedures, as summarized in Exhibits B through B-2, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the future escrow account cash receipt and disbursement. The schedules provided by the Underwriter and those prepared by us reflect that the anticipated receipt from the SLGS, to be deposited into the escrow account on October 21, 2003, will be sufficient to pay, when due, the principal, interest and redemption premium related to the Refunded Certificates assuming the Refunded Certificates maturing on and after December 1, 2004 will be redeemed on December 1, 2003 at 102 percent of par plus accrued interest.

VERIFICATION OF REVENUE FUND CASH FLOW SUFFICIENCY

The Underwriter provided us with schedules (Appendix I) summarizing the future Revenue Fund receipts and disbursements. These schedules indicate that there will be sufficient funds available in the Revenue Fund to pay the debt service payments on the Bonds. In connection with our engagement, the Underwriter provided us with certain information and assumptions, including assumptions as to payment of the Program Participants and the usage of Program Participants' receipts.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared a schedule attached hereto as Exhibit A-1 independently calculating the future Revenue Fund receipts and disbursements using assumptions as to the principal amounts, dated date, maturity and interest payment dates, interest rates and issue price to the Authority on the Program Participants as shown on Exhibits A-2 through A-5 and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- The debt service payments of the Bonds were computed using the Official Statement provided by the Underwriter insofar as the Bonds are described as to the principal amounts, dated date, maturity and interest payment dates and interest rates; and
- Debt service schedules provided by the Underwriter insofar as the Program Participants are described as to the principal amounts, dated date, maturity and interest payment dates and interest rates.

Our procedures, as summarized in Exhibit A-1, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the future Revenue Fund cash receipts and disbursements. The schedules provided by the Underwriter and those prepared by us reflect that the receipts from the Program Participants, as shown in the attached Exhibits A-2 through A-5, will be sufficient to pay, when due, the debt service payments on the Bonds.

VERIFICATION OF YIELD

The Underwriter provided us with schedules (Appendix I) which indicate the yield on the Bonds. These schedules were prepared based on the assumed settlement date of October 21, 2003 using a 360-day year with interest compounded semi-annually. The term "yield", as used herein, means that yield which, when used in computing the present value of all payments of principal and interest to be paid on an obligation produces an amount equal to, in the case of the Bonds, the issue price adjusted for the \$60,367.72 bond insurance premium and the \$19,087.00 surety bond premium. In addition, we found that the schedules provided by the Underwriter, which assume the redemption of the October 1, 2015 maturity and the October 1, 2018 to October 1, 2023 maturities identified on Exhibits C and C-1 at par on October 1, 2013 plus accrued interest correctly treat those Bonds as yield-to-call Bonds as retired on the respective dates that for each Bond produces the lowest yield for the issue that includes the Bonds. Those Bonds identified as yield-to-call Bonds on the attached

Exhibits C through C-1 are those Bonds that are subject to optional redemption and that are issued at an issue price that exceeds the stated redemption price at maturity of such Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for the Bonds. We found that there are no other yield-to-call Bonds other than those identified on the attached Exhibits C through C-1.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared a schedule attached hereto as Exhibit C independently calculating the yield on the Bonds using the Official Statement provided by the Underwriter insofar as the Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates, optional redemption date and price and issue price. The result of our calculations, based on the aforementioned assumptions, is summarized below:

	<u>Yield</u>	<u>Exhibit</u>
• Yield on the Bonds	4.203315%	C

Our procedures, as summarized in Exhibit C, prove the mathematical accuracy of the schedules provided by the Underwriter summarizing the yield. The schedules provided by the Underwriter and the schedule prepared by us reflect that the yield on the Bonds is as shown in this report.

* * * * *

The actual payments on the Program Participants are dependent upon the occurrence of future events which cannot be assured. Therefore the payments on the Program Participants may vary from those set forth in the above mentioned schedules. Such variations could be material.

We were not engaged to, and did not, perform an examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion on the items referred to above. Accordingly we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of those to whom this letter is addressed and is not intended to be and should not be used by anyone other than these specified parties.



Minneapolis, Minnesota
October 21, 2003

California Statewide Communities Development Authority

REVENUE FUND CASH FLOW

Date	City of Fort Bragg (Mendocino County) Program Participant (Exhibit A-2)	City of Lodi (San Joaquin County) Program Participant (Exhibit A-4)	Total Program Participants	Total debt service payments on the Bonds (Exhibit C)	Difference	Cumulative Difference
04-01-04	\$86,018.89	\$88,887.78	\$174,906.67	\$174,906.67	\$0.00	\$0.00
10-01-04	286,771.25	284,998.75	571,770.00	571,770.00	0.00	0.00
04-01-05	94,871.25	98,148.75	193,020.00	193,020.00	0.00	0.00
10-01-05	279,871.25	283,148.75	563,020.00	563,020.00	0.00	0.00
04-01-06	93,021.25	96,298.75	189,320.00	189,320.00	0.00	0.00
10-01-06	278,021.25	286,298.75	564,320.00	564,320.00	0.00	0.00
04-01-07	91,171.25	94,398.75	185,570.00	185,570.00	0.00	0.00
10-01-07	286,171.25	289,398.75	575,570.00	575,570.00	0.00	0.00
04-01-08	89,221.25	92,448.75	181,670.00	181,670.00	0.00	0.00
10-01-08	284,221.25	292,448.75	576,670.00	576,670.00	0.00	0.00
04-01-09	87,027.50	90,198.75	177,226.25	177,226.25	0.00	0.00
10-01-09	282,027.50	295,198.75	577,226.25	577,226.25	0.00	0.00
04-01-10	84,492.50	87,533.75	172,026.25	172,026.25	0.00	0.00
10-01-10	284,492.50	297,533.75	582,026.25	582,026.25	0.00	0.00
04-01-11	80,992.50	83,858.75	164,851.25	164,851.25	0.00	0.00
10-01-11	290,992.50	298,858.75	589,851.25	589,851.25	0.00	0.00
04-01-12	77,527.50	80,311.25	157,838.75	157,838.75	0.00	0.00
10-01-12	297,527.50	305,311.25	602,838.75	602,838.75	0.00	0.00
04-01-13	73,127.50	75,811.25	148,938.75	148,938.75	0.00	0.00
10-01-13	298,127.50	305,811.25	603,938.75	603,938.75	0.00	0.00
04-01-14	68,908.75	71,498.75	140,407.50	140,407.50	0.00	0.00
10-01-14	298,908.75	311,498.75	610,407.50	610,407.50	0.00	0.00
04-01-15	64,423.75	66,818.75	131,242.50	131,242.50	0.00	0.00
10-01-15	309,423.75	316,818.75	626,242.50	626,242.50	0.00	0.00
04-01-16	58,911.25	61,193.75	120,105.00	120,105.00	0.00	0.00
10-01-16	313,911.25	321,193.75	635,105.00	635,105.00	0.00	0.00
04-01-17	53,683.75	55,863.75	109,547.50	109,547.50	0.00	0.00
10-01-17	318,683.75	325,863.75	644,547.50	644,547.50	0.00	0.00
04-01-18	48,118.75	50,193.75	98,312.50	98,312.50	0.00	0.00
10-01-18	323,118.75	335,193.75	658,312.50	658,312.50	0.00	0.00
04-01-19	41,243.75	43,068.75	84,312.50	84,312.50	0.00	0.00
10-01-19	331,243.75	343,068.75	674,312.50	674,312.50	0.00	0.00
04-01-20	33,993.75	35,568.75	69,562.50	69,562.50	0.00	0.00
10-01-20	333,993.75	350,568.75	684,562.50	684,562.50	0.00	0.00

California Statewide Communities Development Authority

REVENUE FUND CASH FLOW

Date	City of Fort Bragg (Mendocino County) Program Participant (Exhibit A-2)	City of Lodi (San Joaquin County) Program Participant (Exhibit A-4)	Total Program Participants	Total debt service payments on the Bonds (Exhibit C)	Difference	Cumulative Difference
04-01-21	26,118.75	27,300.00	53,418.75	53,418.75	0.00	0.00
10-01-21	341,118.75	357,300.00	698,418.75	698,418.75	0.00	0.00
04-01-22	17,850.00	18,637.50	36,487.50	36,487.50	0.00	0.00
10-01-22	347,850.00	363,637.50	711,487.50	711,487.50	0.00	0.00
04-01-23	9,187.50	9,581.25	18,768.75	18,768.75	0.00	0.00
10-01-23	359,187.50	374,581.25	733,768.75	733,768.75	0.00	0.00
	<u>\$7,425,575.14</u>	<u>\$7,666,354.03</u>	<u>\$15,091,929.17</u>	<u>\$15,091,929.17</u>	<u>\$0.00</u>	

California Statewide Communities Development Authority

SCHEDULE OF SOURCES AND USES OF FUNDS

October 21, 2003

	City of Fort Bragg (Mendocino County) Program Participant	City of Lodi (San Joaquin County) Program Participant	Total Program Participants	Bonds
SOURCES:				
Principal amount	\$4,855,000.00	\$5,000,000.00	\$9,855,000.00	\$9,855,000.00
Net original issue premium	78,972.45	82,041.10	161,013.55	161,013.55
Existing Debt Service Reserve Fund	426,532.00		426,532.00	426,532.00
Funds available to pay Debt Service	280,455.00		280,455.00	280,455.00
	<u>\$5,640,959.45</u>	<u>\$5,082,041.10</u>	<u>\$10,723,000.55</u>	<u>\$10,723,000.55</u>
USES:				
Purchase price of the SLGS	\$5,472,329.00		\$5,472,329.00	\$5,472,329.00
Project Fund deposit		\$4,935,000.00	4,935,000.00	4,935,000.00
Costs of issuance	65,000.00	50,000.00	115,000.00	115,000.00
Bond insurance premium	29,702.30	30,665.42	60,367.72	60,367.72
Underwriter's discount	60,687.50	55,000.00	115,687.50	115,687.50
Surety bond premium	9,433.56	9,653.44	19,087.00	19,087.00
Contingency	3,807.09	1,722.24	5,529.33	5,529.33
	<u>\$5,640,959.45</u>	<u>\$5,082,041.10</u>	<u>\$10,723,000.55</u>	<u>\$10,723,000.55</u>

California Statewide Communities Development Authority

**DEBT SERVICE PAYMENTS ON THE CITY OF FORT BRAGG
(MENDOCINO COUNTY) PROGRAM PARTICIPANT**

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Total debt service payments on the Program Participant</u>	<u>Annual debt service</u>
04-01-04			\$86,018.89	\$86,018.89	
10-01-04	\$190,000	2.000%	96,771.25	286,771.25	\$372,790.14
04-01-05			94,871.25	94,871.25	
10-01-05	185,000	2.000%	94,871.25	279,871.25	374,742.50
04-01-06			93,021.25	93,021.25	
10-01-06	185,000	2.000%	93,021.25	278,021.25	371,042.50
04-01-07			91,171.25	91,171.25	
10-01-07	195,000	2.000%	91,171.25	286,171.25	377,342.50
04-01-08			89,221.25	89,221.25	
10-01-08	195,000	2.250%	89,221.25	284,221.25	373,442.50
04-01-09			87,027.50	87,027.50	
10-01-09	195,000	2.600%	87,027.50	282,027.50	369,055.00
04-01-10			84,492.50	84,492.50	
10-01-10	200,000	3.500%	84,492.50	284,492.50	368,985.00
04-01-11			80,992.50	80,992.50	
10-01-11	210,000	3.300%	80,992.50	290,992.50	371,985.00
04-01-12			77,527.50	77,527.50	
10-01-12	220,000	4.000%	77,527.50	297,527.50	375,055.00
04-01-13			73,127.50	73,127.50	
10-01-13	225,000	3.750%	73,127.50	298,127.50	371,255.00
04-01-14			68,908.75	68,908.75	
10-01-14	230,000	3.900%	68,908.75	298,908.75	367,817.50
04-01-15			64,423.75	64,423.75	
10-01-15	245,000	4.500%	64,423.75	309,423.75	373,847.50
04-01-16			58,911.25	58,911.25	
10-01-16	255,000	4.100%	58,911.25	313,911.25	372,822.50
04-01-17			53,683.75	53,683.75	

California Statewide Communities Development Authority

**DEBT SERVICE PAYMENTS ON THE CITY OF FORT BRAGG
(MENDOCINO COUNTY) PROGRAM PARTICIPANT**

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Total debt service payments on the Program Participant</u>	<u>Annual debt service</u>
10-01-17	265,000	4.200%	53,683.75	318,683.75	372,367.50
04-01-18			48,118.75	48,118.75	
10-01-18	275,000	5.000%	48,118.75	323,118.75	371,237.50
04-01-19			41,243.75	41,243.75	
10-01-19	290,000	5.000%	41,243.75	331,243.75	372,487.50
04-01-20			33,993.75	33,993.75	
10-01-20	300,000	5.250%	33,993.75	333,993.75	367,987.50
04-01-21			26,118.75	26,118.75	
10-01-21	315,000	5.250%	26,118.75	341,118.75	367,237.50
04-01-22			17,850.00	17,850.00	
10-01-22	330,000	5.250%	17,850.00	347,850.00	365,700.00
04-01-23			9,187.50	9,187.50	
10-01-23	350,000	5.250%	9,187.50	359,187.50	368,375.00
	<u>\$4,855,000</u>		<u>\$2,570,575.14</u>	<u>\$7,425,575.14</u>	<u>\$7,425,575.14</u>

California Statewide Communities Development Authority

**NET ORIGINAL ISSUE DISCOUNT ON THE CITY OF FORT BRAGG
(MENDOCINO COUNTY) PROGRAM PARTICIPANT**

<u>Maturity date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Yield</u>	<u>Initial public offering price</u>	<u>Net original issue premium (discount)</u>
10-01-04	\$190,000	2.000%	1.100%	100.843%	\$1,601.70
10-01-05	185,000	2.000%	1.300%	101.339%	2,477.15
10-01-06	185,000	2.000%	1.550%	101.289%	2,384.65
10-01-07	195,000	2.000%	1.950%	100.188%	366.60
10-01-08	195,000	2.250%	2.350%	99.535%	(906.75)
10-01-09	195,000	2.600%	2.700%	99.453%	(1,066.65)
10-01-10	200,000	3.500%	3.150%	102.166%	4,332.00
10-01-11	210,000	3.300%	3.450%	98.964%	(2,175.60)
10-01-12	220,000	4.000%	3.700%	102.265%	4,983.00
10-01-13	225,000	3.750%	3.850%	99.178%	(1,849.50)
10-01-14	230,000	3.900%	4.000%	99.118%	(2,028.60)
10-01-15	245,000	4.500%	4.100%	103.237% (1)	7,930.65
10-01-16	255,000	4.100%	4.200%	99.007%	(2,532.15)
10-01-17	265,000	4.200%	4.300%	98.957%	(2,763.95)
10-01-18	275,000	5.000%	4.450%	104.378% (1)	12,039.50
10-01-19	290,000	5.000%	4.540%	103.645% (1)	10,570.50
10-01-23	1,295,000	5.250%	4.800%	103.522% (1)	45,609.90
	<u>\$4,855,000</u>				<u>\$78,972.45</u>

(1) Maturities were priced to call on October 1, 2013 at 100 percent of par.

California Statewide Communities Development Authority

DEBT SERVICE PAYMENTS ON THE CITY OF LODI
(SAN JOAQUIN COUNTY) PROGRAM PARTICIPANT

Date	Principal	Interest rate	Interest	Total debt service payments on the Program Participant	Annual debt service
04-01-04			\$88,887.78	\$88,887.78	
10-01-04	\$185,000	2.000%	99,998.75	284,998.75	\$373,886.53
04-01-05			98,148.75	98,148.75	
10-01-05	185,000	2.000%	98,148.75	283,148.75	381,297.50
04-01-06			96,298.75	96,298.75	
10-01-06	190,000	2.000%	96,298.75	286,298.75	382,597.50
04-01-07			94,398.75	94,398.75	
10-01-07	195,000	2.000%	94,398.75	289,398.75	383,797.50
04-01-08			92,448.75	92,448.75	
10-01-08	200,000	2.250%	92,448.75	292,448.75	384,897.50
04-01-09			90,198.75	90,198.75	
10-01-09	205,000	2.600%	90,198.75	295,198.75	385,397.50
04-01-10			87,533.75	87,533.75	
10-01-10	210,000	3.500%	87,533.75	297,533.75	385,067.50
04-01-11			83,858.75	83,858.75	
10-01-11	215,000	3.300%	83,858.75	298,858.75	382,717.50
04-01-12			80,311.25	80,311.25	
10-01-12	225,000	4.000%	80,311.25	305,311.25	385,622.50
04-01-13			75,811.25	75,811.25	
10-01-13	230,000	3.750%	75,811.25	305,811.25	381,622.50
04-01-14			71,498.75	71,498.75	
10-01-14	240,000	3.900%	71,498.75	311,498.75	382,997.50
04-01-15			66,818.75	66,818.75	
10-01-15	250,000	4.500%	66,818.75	316,818.75	383,637.50
04-01-16			61,193.75	61,193.75	
10-01-16	260,000	4.100%	61,193.75	321,193.75	382,387.50

California Statewide Communities Development Authority

DEBT SERVICE PAYMENTS ON THE CITY OF LODI
(SAN JOAQUIN COUNTY) PROGRAM PARTICIPANT

Date	Principal	Interest rate	Interest	Total debt service payments on the Program Participant	Annual debt service
04-01-17			55,863.75	55,863.75	
10-01-17	270,000	4.200%	55,863.75	325,863.75	381,727.50
04-01-18			50,193.75	50,193.75	
10-01-18	285,000	5.000%	50,193.75	335,193.75	385,387.50
04-01-19			43,068.75	43,068.75	
10-01-19	300,000	5.000%	43,068.75	343,068.75	386,137.50
04-01-20			35,568.75	35,568.75	
10-01-20	315,000	5.250%	35,568.75	350,568.75	386,137.50
04-01-21			27,300.00	27,300.00	
10-01-21	330,000	5.250%	27,300.00	357,300.00	384,600.00
04-01-22			18,637.50	18,637.50	
10-01-22	345,000	5.250%	18,637.50	363,637.50	382,275.00
04-01-23			9,581.25	9,581.25	
10-01-23	365,000	5.250%	9,581.25	374,581.25	384,162.50
	<u>\$5,000,000</u>		<u>\$2,666,354.03</u>	<u>\$7,666,354.03</u>	<u>\$7,666,354.03</u>

California Statewide Communities Development Authority

NET ORIGINAL ISSUE DISCOUNT ON THE CITY OF LODI
(SAN JOAQUIN COUNTY) PROGRAM PARTICIPANT

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Net original issue premium (discount)
10-01-04	\$185,000	2.000%	1.100%	100.843%	\$1,559.55
10-01-05	185,000	2.000%	1.300%	101.339%	2,477.15
10-01-06	190,000	2.000%	1.550%	101.289%	2,449.10
10-01-07	195,000	2.000%	1.950%	100.188%	366.60
10-01-08	200,000	2.250%	2.350%	99.535%	(930.00)
10-01-09	205,000	2.600%	2.700%	99.453%	(1,121.35)
10-01-10	210,000	3.500%	3.150%	102.166%	4,548.60
10-01-11	215,000	3.300%	3.450%	98.964%	(2,227.40)
10-01-12	225,000	4.000%	3.700%	102.265%	5,096.25
10-01-13	230,000	3.750%	3.850%	99.178%	(1,890.60)
10-01-14	240,000	3.900%	4.000%	99.118%	(2,116.80)
10-01-15	250,000	4.500%	4.100%	103.237% (1)	8,092.50
10-01-16	260,000	4.100%	4.200%	99.007%	(2,581.80)
10-01-17	270,000	4.200%	4.300%	98.957%	(2,816.10)
10-01-18	285,000	5.000%	4.450%	104.378% (1)	12,477.30
10-01-19	300,000	5.000%	4.540%	103.645% (1)	10,935.00
10-01-23	1,355,000	5.250%	4.800%	103.522% (1)	47,723.10
	<u>\$5,000,000</u>				<u>\$82,041.10</u>

(1) Maturities were priced to call on October 1, 2013 at 100 percent of par.

California Statewide Communities Development Authority**ESCROW ACCOUNT CASH FLOW**

<u>Dates</u>	<u>Cash receipt from SLGS (Exhibit B-1)</u>	<u>Debt service payment on the Refunded Certificates (Exhibit B-2)</u>	<u>Cash balance</u>
12-01-03	<u>\$5,477,355.77</u>	<u>\$5,477,355.00</u>	\$0.77
	<u><u>\$5,477,355.77</u></u>	<u><u>\$5,477,355.00</u></u>	

California Statewide Communities Development Authority

CASH RECEIPT FROM THE SLGS

<u>Receipt date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Cash receipt from SLGS</u>
12-01-03	<u>\$5,472,329</u>	0.820%	<u>\$5,026.77</u>	<u>\$5,477,355.77</u>

California Statewide Communities Development Authority

DEBT SERVICE PAYMENT ON THE REFUNDED CERTIFICATES

<u>Date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Interest</u>	<u>Premium</u>	<u>Debt service payment</u>
12-01-03	<u>\$5,235,000</u>	(1)	<u>\$140,455.00</u>	<u>\$101,900.00</u>	<u>\$5,477,355.00</u>

(1) Actual maturity date, principal amount and interest rate are as follows:

<u>Maturity date</u>	<u>Principal amount</u>	<u>Interest rate</u>
12-01-05	\$445,000	5.000%
12-01-23	4,790,000	5.400%
	<u>\$5,235,000</u>	

California Statewide Communities Development Authority

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

Date	\$9,855,000 issue dated October 21, 2003		Debt service payments on the Bonds	(1) Adjusted debt service payments on the Bonds	Present value on October 21, 2003 using a yield of 4.203315%
	Principal	Interest rate	Interest		
04-01-04			\$174,906.67	\$174,906.67	\$171,702.74
10-01-04	\$375,000	2.000%	196,770.00	571,770.00	549,742.64
04-01-05			193,020.00	193,020.00	181,763.88
10-01-05	370,000	2.000%	193,020.00	563,020.00	519,273.66
04-01-06			189,320.00	189,320.00	171,015.78
10-01-06	375,000	2.000%	189,320.00	564,320.00	499,266.39
04-01-07			185,570.00	185,570.00	160,798.45
10-01-07	390,000	2.000%	185,570.00	575,570.00	488,471.75
04-01-08			181,670.00	181,670.00	151,005.14
10-01-08	395,000	2.250%	181,670.00	576,670.00	469,464.85
04-01-09			177,226.25	177,226.25	141,309.38
10-01-09	400,000	2.600%	177,226.25	577,226.25	450,771.25
04-01-10			172,026.25	172,026.25	131,574.60
10-01-10	410,000	3.500%	172,026.25	582,026.25	436,000.64
04-01-11			164,851.25	164,851.25	120,949.48
10-01-11	425,000	3.300%	164,851.25	589,851.25	423,859.06
04-01-12			157,838.75	157,838.75	111,086.12
10-01-12	445,000	4.000%	157,838.75	602,838.75	415,541.63
04-01-13			148,938.75	148,938.75	100,551.44
10-01-13	455,000	3.750%	148,938.75	603,938.75	3,239,289.82
04-01-14			140,407.50	140,407.50	20,048.45
10-01-14	470,000	3.900%	140,407.50	610,407.50	317,748.20
04-01-15			131,242.50	131,242.50	13,538.06
10-01-15	495,000	4.500%	131,242.50	626,242.50	13,259.39
04-01-16			120,105.00	120,105.00	12,986.46
10-01-16	515,000	4.100%	120,105.00	635,105.00	313,297.90
04-01-17			109,547.50	109,547.50	6,422.31
10-01-17	535,000	4.200%	109,547.50	644,547.50	305,819.36
04-01-18			98,312.50	98,312.50	
10-01-18	560,000	5.000%	98,312.50	658,312.50	
04-01-19			84,312.50	84,312.50	
10-01-19	590,000	5.000%	84,312.50	674,312.50	
04-01-20			69,562.50	69,562.50	
10-01-20	615,000	5.250%	69,562.50	684,562.50	
04-01-21			53,418.75	53,418.75	

California Statewide Communities Development Authority

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

Date	<u>\$9,855,000 issue dated October 21, 2003</u>			Debt service payments on the Bonds	(1) Adjusted debt service payments on the Bonds	Present value on October 21, 2003 using a yield of 4.203315%
	Principal	Interest rate	Interest			
10-01-21	645,000	5.250%	53,418.75	698,418.75		
04-01-22			36,487.50	36,487.50		
10-01-22	675,000	5.250%	36,487.50	711,487.50		
04-01-23			18,768.75	18,768.75		
10-01-23	715,000	5.250%	18,768.75	733,768.75		
	<u>\$9,855,000</u>		<u>\$5,236,929.17</u>	<u>\$15,091,929.17</u>	<u>\$13,539,154.17</u>	<u>\$9,936,558.83</u>

The present value of the future payments is equal to:

Principal amount of the Bonds	\$9,855,000.00
Net original issue premium	161,013.55
Bond insurance premium	(60,367.72)
Surety bond premium	(19,087.00)
	<u>\$9,936,558.83</u>

The sum of the present values of the adjusted debt service payments of the Bonds on October 21, 2003, using a yield of 4.203315%, is equal to the issue price of the Bonds adjusted for the bond insurance premium and the surety bond premium.

- (1) Assumes that the October 1, 2015 maturity and the October 1, 2018 through October 1, 2023 maturities are called on October 1, 2013 at 100 percent of par plus accrued interest.

California Statewide Communities Development Authority

NET ORIGINAL ISSUE DISCOUNT ON THE BONDS

<u>Maturity date</u>	<u>Principal</u>	<u>Interest rate</u>	<u>Yield</u>	<u>Initial public offering price</u>	<u>Net original issue premium (discount)</u>
10-01-04	\$375,000	2.000%	1.100%	100.843%	\$3,161.25
10-01-05	370,000	2.000%	1.300%	101.339%	4,954.30
10-01-06	375,000	2.000%	1.550%	101.289%	4,833.75
10-01-07	390,000	2.000%	1.950%	100.188%	733.20
10-01-08	395,000	2.250%	2.350%	99.535%	(1,836.75)
10-01-09	400,000	2.600%	2.700%	99.453%	(2,188.00)
10-01-10	410,000	3.500%	3.150%	102.166%	8,880.60
10-01-11	425,000	3.300%	3.450%	98.964%	(4,403.00)
10-01-12	445,000	4.000%	3.700%	102.265%	10,079.25
10-01-13	455,000	3.750%	3.850%	99.178%	(3,740.10)
10-01-14	470,000	3.900%	4.000%	99.118%	(4,145.40)
10-01-15	495,000	4.500%	4.100%	103.237% (1) (2)	16,023.15
10-01-16	515,000	4.100%	4.200%	99.007%	(5,113.95)
10-01-17	535,000	4.200%	4.300%	98.957%	(5,580.05)
10-01-18	560,000	5.000%	4.450%	104.378% (1) (2)	24,516.80
10-01-19	590,000	5.000%	4.540%	103.645% (1) (2)	21,505.50
10-01-23	<u>2,650,000</u>	5.250%	4.800%	103.522% (1) (2)	<u>93,333.00</u>
	<u>\$9,855,000</u>				<u>\$161,013.55</u>

(1) Maturities were priced to call on October 1, 2013 at 100 percent of par.

(2) Represents the yield-to-call Bonds included for purposes of computing yield on the Bonds.

APPENDIX I

**Applicable schedules provided by
Henderson Capital Partners, LLC**

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-1

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Sources and Uses of Funds

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Delivery Date: 10/21/ 3

Sources of Funds

=====

Par Amount of Bonds.....	\$9,855,000.00	
+Premium /-Discount.....	\$161,013.55	
Bond Proceeds.....		10,016,013.55
Existing Fort Bragg D/S Reserve Fund.....		426,532.00
Funds To Pay Fort Bragg D/S due 12/1/03.....		280,455.00

		\$10,723,000.55

Uses of Funds

=====

Cost of Esc. To Ref. Fort Bragg 1993 COP.....	5,472,329.00	(1)
Deposit To Lodi Project Fund.....	4,935,000.00	(2)
Cost of Issuance.....	115,000.00	
Bond Insurance.....(0.400000%)...	60,367.72	
Underwriters Discount.....(1.173896%)...	115,687.50	
Surety Bond.....	19,087.00	
Contingency.....	5,529.33	

	\$10,723,000.55	

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:32:25 Filename: CSCDA3B Key: LODI&FORT-BRAGG

1) See Table B-6.

(2) See Table C-1.

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

=====

Sources and Uses of Funds

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Delivery Date: 10/21/ 3

Sources of Funds

=====

Par Amount of Bonds.....	\$5,000,000.00	
+Premium /-Discount.....	\$82,041.10	
Bond Proceeds.....		5,082,041.10

		\$5,082,041.10

Uses of Funds

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Deposit To Project Fund.....	4,935,000.00	
Cost of Issuance.....	50,000.00	
Bond Insurance.....(0.400000%)...	30,665.42	
Underwriters Discount.....(1.100000%)...	55,000.00	
Surety Bond.....	9,653.44	(1)
Contingency.....	1,722.24	

		\$5,082,041.10

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:25:05 Filename: CSCDA3B Key: L001

(1) Equals 2.5% of the maximum annual debt service (see Table C-3).

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

C-3-a

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			88,887.78	88,887.78	88,887.78
10/ 1/ 4	185,000.00	2.000000	99,998.75	284,998.75	
4/ 1/ 5			98,148.75	98,148.75	383,147.50
10/ 1/ 5	185,000.00	2.000000	98,148.75	283,148.75	
4/ 1/ 6			96,298.75	96,298.75	379,447.50
10/ 1/ 6	190,000.00	2.000000	96,298.75	286,298.75	
4/ 1/ 7			94,398.75	94,398.75	380,697.50
10/ 1/ 7	195,000.00	2.000000	94,398.75	289,398.75	
4/ 1/ 8			92,448.75	92,448.75	381,847.50
10/ 1/ 8	200,000.00	2.250000	92,448.75	292,448.75	
4/ 1/ 9			90,198.75	90,198.75	382,647.50
10/ 1/ 9	205,000.00	2.600000	90,198.75	295,198.75	
4/ 1/10			87,533.75	87,533.75	382,732.50
10/ 1/10	210,000.00	3.500000	87,533.75	297,533.75	
4/ 1/11			83,858.75	83,858.75	381,392.50
10/ 1/11	215,000.00	3.300000	83,858.75	298,858.75	
4/ 1/12			80,311.25	80,311.25	379,170.00
10/ 1/12	225,000.00	4.000000	80,311.25	305,311.25	
4/ 1/13			75,811.25	75,811.25	381,122.50
10/ 1/13	230,000.00	3.750000	75,811.25	305,811.25	
4/ 1/14			71,498.75	71,498.75	377,310.00
10/ 1/14	240,000.00	3.900000	71,498.75	311,498.75	
4/ 1/15			66,818.75	66,818.75	378,317.50
10/ 1/15	250,000.00	4.500000	66,818.75	316,818.75	
4/ 1/16			61,193.75	61,193.75	378,012.50
10/ 1/16	260,000.00	4.100000	61,193.75	321,193.75	
4/ 1/17			55,863.75	55,863.75	377,057.50
10/ 1/17	270,000.00	4.200000	55,863.75	325,863.75	
4/ 1/18			50,193.75	50,193.75	376,057.50
10/ 1/18	285,000.00	5.000000	50,193.75	335,193.75	
4/ 1/19			43,068.75	43,068.75	378,262.50
10/ 1/19	300,000.00	5.000000	43,068.75	343,068.75	
4/ 1/20			35,568.75	35,568.75	378,637.50
10/ 1/20	315,000.00	5.250000	35,568.75	350,568.75	
4/ 1/21			27,300.00	27,300.00	377,868.75
10/ 1/21	330,000.00	5.250000	27,300.00	357,300.00	
4/ 1/22			18,637.50	18,637.50	375,937.50
10/ 1/22	345,000.00	5.250000	18,637.50	363,637.50	
4/ 1/23			9,581.25	9,581.25	373,218.75
10/ 1/23	365,000.00	5.250000	9,581.25	374,581.25	
4/ 1/24					374,581.25
<hr/>					
	5,000,000.00		2,666,354.03	7,666,354.03	
ACCRUED					
	5,000,000.00		2,666,354.03	7,666,354.03	
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Dated 10/21/ 3 with Delivery of 10/21/ 3
Bond Years 58,397.222
Average Coupon 4.565892
Average Life 11.679444
N I C % 4.572098 % Using 99.9275136
T I C % 4.516353 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 30,665.42

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:46:26 Filename: CSCDA3B Key: L001

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

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Bond Production Report

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Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	185,000.00	Standard	175	2.0000	1.1000	100.843		186,559.55
10/ 1/ 5	185,000.00	Standard	534	2.0000	1.3000	101.339		187,477.15
10/ 1/ 6	190,000.00	Standard	1094	2.0000	1.5500	101.289		192,449.10
10/ 1/ 7	195,000.00	Standard	1863	2.0000	1.9500	100.188		195,366.60
10/ 1/ 8	200,000.00	Standard	2852	2.2500	2.3500	99.535		199,070.00
10/ 1/ 9	205,000.00	Standard	4071	2.6000	2.7000	99.453		203,878.65
10/ 1/10	210,000.00	Standard	5529	3.5000	3.1500	102.166		214,548.60
10/ 1/11	215,000.00	Standard	7237	3.3000	3.4500	98.964		212,772.60
10/ 1/12	225,000.00	Standard	9249	4.0000	3.7000	102.265		230,096.25
10/ 1/13	230,000.00	Standard	11537	3.7500	3.8500	99.178		228,109.40
10/ 1/14	240,000.00	Standard	14163	3.9000	4.0000	99.118		237,883.20
10/ 1/15	250,000.00	Standard	17149	4.5000	4.1000	103.237 c	10/ 1/13 @ 100.000	258,092.50
10/ 1/16	260,000.00	Standard	20515	4.1000	4.2000	99.007		257,418.20
10/ 1/17	270,000.00	Standard	24280	4.2000	4.3000	98.957		267,183.90
10/ 1/18	285,000.00	Standard	28539	5.0000	4.4500	104.378 c	10/ 1/13 @ 100.000	297,477.30
10/ 1/19	300,000.00	Standard	33323	5.0000	4.5400	103.645 c	10/ 1/13 @ 100.000	310,935.00
10/ 1/20	315,000.00	Term Bond	38660	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	326,094.30
10/ 1/21	330,000.00	Term Bond	44582	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	341,622.60
10/ 1/22	345,000.00	Term Bond	51118	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	357,150.90
10/ 1/23	365,000.00	Term Bond	58397	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	377,855.30

								5,000,000.00

								5,082,041.10

Par Amount	5,000,000.00	
Production	82,041.10	
Gross Production	5,082,041.10	101.6408220
Bond Insurance	30,665.42	0.6133084
Underwriters Discount	55,000.00	1.1000000
Bid	4,996,375.68	99.9275136

Accrued	0.00
Net to Issuer	4,996,375.68

Gross Interest Cost	2,666,354.03
+Net Discount	3,624.32
Net Interest Cost	2,669,978.35

N I C %	4.5720982	Using 99.9275136
T I C %	4.5163531	From Delivery Date

Bond Years	58,397.222
Average Coupon	4.565892
Average Life	11.679444

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	1,355,000.00	5.2500	4.8000	103.522	1,402,723.10	25,074.722	18.505330
SERIAL BONDS:					3,679,318.00		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:25:18 Filename: CSCDA3B Key: LODI

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-1

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Sources and Uses of Funds

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Delivery Date: 10/21/ 3

Sources of Funds

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Par Amount of Bonds.....	\$4,855,000.00	
+Premium /-Discount.....	\$78,972.45	
Bond Proceeds.....		4,933,972.45
Existing Debt Service Reserve Fund.....		426,532.00
Funds Available to Pay D/S due 12/1/03.....		280,455.00

		\$5,640,959.45

Uses of Funds

=====

Cost of Escrow to Refund 1993 COPs.....	5,472,329.00	(1)
Cost of Issuance.....	65,000.00	
Bond Insurance.....(0.400000%)...	29,702.30	
Underwriters Discount.....(1.250000%)...	60,687.50	
Surety Bond.....	9,433.56	(2)
Contingency.....	3,807.09	

	\$5,640,959.45	

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:19:22 Filename: FORTBRAG Key: REF-WATER-2

(1) See Table B-6.

(2) Equals 2.5% of the maximum annual debt service (see Table B-3).

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-3-a

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			86,018.89	86,018.89	86,018.89
10/ 1/ 4	190,000.00	2.000000	96,771.25	286,771.25	
4/ 1/ 5			94,871.25	94,871.25	381,642.50
10/ 1/ 5	185,000.00	2.000000	94,871.25	279,871.25	
4/ 1/ 6			93,021.25	93,021.25	372,892.50
10/ 1/ 6	185,000.00	2.000000	93,021.25	278,021.25	
4/ 1/ 7			91,171.25	91,171.25	369,192.50
10/ 1/ 7	195,000.00	2.000000	91,171.25	286,171.25	
4/ 1/ 8			89,221.25	89,221.25	375,392.50
10/ 1/ 8	195,000.00	2.250000	89,221.25	284,221.25	
4/ 1/ 9			87,027.50	87,027.50	371,248.75
10/ 1/ 9	195,000.00	2.600000	87,027.50	282,027.50	
4/ 1/10			84,492.50	84,492.50	366,520.00
10/ 1/10	200,000.00	3.500000	84,492.50	284,492.50	
4/ 1/11			80,992.50	80,992.50	365,485.00
10/ 1/11	210,000.00	3.300000	80,992.50	290,992.50	
4/ 1/12			77,527.50	77,527.50	368,520.00
10/ 1/12	220,000.00	4.000000	77,527.50	297,527.50	
4/ 1/13			73,127.50	73,127.50	370,655.00
10/ 1/13	225,000.00	3.750000	73,127.50	298,127.50	
4/ 1/14			68,908.75	68,908.75	367,036.25
10/ 1/14	230,000.00	3.900000	68,908.75	298,908.75	
4/ 1/15			64,423.75	64,423.75	363,332.50
10/ 1/15	245,000.00	4.500000	64,423.75	309,423.75	
4/ 1/16			58,911.25	58,911.25	368,335.00
10/ 1/16	255,000.00	4.100000	58,911.25	313,911.25	
4/ 1/17			53,683.75	53,683.75	367,595.00
10/ 1/17	265,000.00	4.200000	53,683.75	318,683.75	
4/ 1/18			48,118.75	48,118.75	366,802.50
10/ 1/18	275,000.00	5.000000	48,118.75	323,118.75	
4/ 1/19			41,243.75	41,243.75	364,362.50
10/ 1/19	290,000.00	5.000000	41,243.75	331,243.75	
4/ 1/20			33,993.75	33,993.75	365,237.50
10/ 1/20	300,000.00	5.250000	33,993.75	333,993.75	
4/ 1/21			26,118.75	26,118.75	360,112.50
10/ 1/21	315,000.00	5.250000	26,118.75	341,118.75	
4/ 1/22			17,850.00	17,850.00	358,968.75
10/ 1/22	330,000.00	5.250000	17,850.00	347,850.00	
4/ 1/23			9,187.50	9,187.50	357,037.50
10/ 1/23	350,000.00	5.250000	9,187.50	359,187.50	
4/ 1/24					359,187.50
	-----		-----	-----	
ACCRUED	4,855,000.00		2,570,575.14	7,425,575.14	
	-----		-----	-----	
	4,855,000.00		2,570,575.14	7,425,575.14	
	=====		=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3

Bond Years 56,380.278

Average Coupon 4.559352

Average Life 11.612828

N I C % 4.579602 % Using 99.7648332

T I C % 4.528651 % From Delivery Date

Bond Insurance:

0.400000 % of (Total Debt Service Only) 29,702.30

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:45:18 Filename: FORTBRAG Kev: REF-WATER-2

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-2

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Bond Production Report

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Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	190,000.00	Standard	179	2.0000	1.1000	100.843		191,601.70
10/ 1/ 5	185,000.00	Standard	539	2.0000	1.3000	101.339		187,477.15
10/ 1/ 6	185,000.00	Standard	1084	2.0000	1.5500	101.289		187,384.65
10/ 1/ 7	195,000.00	Standard	1853	2.0000	1.9500	100.188		195,366.60
10/ 1/ 8	195,000.00	Standard	2817	2.2500	2.3500	99.535		194,093.25
10/ 1/ 9	195,000.00	Standard	3976	2.6000	2.7000	99.453		193,933.35
10/ 1/10	200,000.00	Standard	5365	3.5000	3.1500	102.166		204,332.00
10/ 1/11	210,000.00	Standard	7034	3.3000	3.4500	98.964		207,824.40
10/ 1/12	220,000.00	Standard	9001	4.0000	3.7000	102.265		224,983.00
10/ 1/13	225,000.00	Standard	11239	3.7500	3.8500	99.178		223,150.50
10/ 1/14	230,000.00	Standard	13756	3.9000	4.0000	99.118		227,971.40
10/ 1/15	245,000.00	Standard	16683	4.5000	4.1000	103.237	C 10/ 1/13 @ 100.000	252,930.65
10/ 1/16	255,000.00	Standard	19983	4.1000	4.2000	99.007		252,467.85
10/ 1/17	265,000.00	Standard	23679	4.2000	4.3000	98.957		262,236.05
10/ 1/18	275,000.00	Standard	27788	5.0000	4.4500	104.378	C 10/ 1/13 @ 100.000	287,039.50
10/ 1/19	290,000.00	Standard	32412	5.0000	4.5400	103.645	C 10/ 1/13 @ 100.000	300,570.50
10/ 1/20	300,000.00	Term Bond	37496	5.2500	4.8000	103.522	C 10/ 1/13 @ 100.000	310,566.00
10/ 1/21	315,000.00	Term Bond	43148	5.2500	4.8000	103.522	C 10/ 1/13 @ 100.000	326,094.30
10/ 1/22	330,000.00	Term Bond	49400	5.2500	4.8000	103.522	C 10/ 1/13 @ 100.000	341,622.60
10/ 1/23	350,000.00	Term Bond	56380	5.2500	4.8000	103.522	C 10/ 1/13 @ 100.000	362,327.00
								4,933,972.45
								4,855,000.00

Par Amount	4,855,000.00	
Production	78,972.45	
Gross Production	4,933,972.45	101.6266210
Bond Insurance	29,702.30	0.6117878
Underwriters Discount	60,687.50	1.2500000
Bid	4,843,582.65	99.7648332

Accrued	0.00
Net to Issuer	4,843,582.65

Gross Interest Cost	2,570,575.14
+Net Discount	11,417.35
Net Interest Cost	2,581,992.49

N I C %	4.5796023	Using	99.7648332
T I C %	4.5286506	From Delivery Date	

Bond Years	56,380.278
Average Coupon	4.559352
Average Life	11.612828

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	1,295,000.00	5.2500	4.8000	103.522	1,340,609.90	23,968.056	18.508151
SERIAL BONDS:	3,560,000.00				3,593,362.55		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:20:04 Filename: FORTBRAG Key: REF-WATER-2

Certificates of Participation
(1993 Water System Refunding Program)

Escrow Cash Balancing Report

Delivery Date: 10/21/ 3

Date	Escrow Requirement	Candidate (1) Receipts (2)	Purchase Receipts	Total Receipts	Cash Balance
10/21/ 3					
12/ 1/ 3	5,477,355.00	5,477,355.77		5,477,355.77	0.77
	5,477,355.00	5,477,355.77		5,477,355.77	

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:08:12 Filename: FORTBRAG Key: CBD-1993-WATER-0

1) From Table B-5, "Debt Service To Escrow" column.

(2) From Table B-7, "Total Revenue" column.

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)

B-7

Certificates of Participation
(1993 Water System Refunding Program)

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Candidates Debt Service Report

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Delivery Date: 10/21/ 3

Date	Principal	Coupon	Interest	Total Revenue	Price of Securities	Cost of Securities	Accrued Interest	Total Cost of Securities
12/ 1/ 3	5,472,329.00	0.820000	5,026.77	5,477,355.77	100.000000	5,472,329.00		5,472,329.00
	5,472,329.00		5,026.77	5,477,355.77		5,472,329.00		5,472,329.00
	=====		=====	=====		=====	=====	=====

SUMMARY INFORMATION

Escrow Candidates

Weighted Bond Years	614.700
Weighted Average Life	0.112329
Debt Service (Principal + Interest):	
Bond Years	608.595
Average Life	0.111111
Yield	0.8280516601 %

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:08:07 Filename: FORTBRAG Key: CBD-1993-WATER-0

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)

B-5

Certificates of Participation
(1993 Water System Refunding Program)

Debt Service and Call Report

1993 COPS Being Refunded

Date	Original Principal	Coupon	Original Interest	Original Debt Service	Principal To Escrow	Call Premium	Interest To Escrow	Debt Service To Escrow
12/ 1/ 3	140,000.00	5.000000	140,455.00	280,455.00	5,235,000.00	101,900.00	140,455.00	5,477,355.00
12/ 1/ 4	150,000.00	5.000000	273,910.00	423,910.00				
12/ 1/ 5	155,000.00	5.000000	266,410.00	421,410.00				
12/ 1/ 6	165,000.00	5.400000	258,660.00	423,660.00				
12/ 1/ 7	175,000.00	5.400000	249,750.00	424,750.00				
12/ 1/ 8	180,000.00	5.400000	240,300.00	420,300.00				
12/ 1/ 9	190,000.00	5.400000	230,580.00	420,580.00				
12/ 1/10	200,000.00	5.400000	220,320.00	420,320.00				
12/ 1/11	215,000.00	5.400000	209,520.00	424,520.00				
12/ 1/12	225,000.00	5.400000	197,910.00	422,910.00				
12/ 1/13	235,000.00	5.400000	185,760.00	420,760.00				
12/ 1/14	250,000.00	5.400000	173,070.00	423,070.00				
12/ 1/15	265,000.00	5.400000	159,570.00	424,570.00				
12/ 1/16	280,000.00	5.400000	145,260.00	425,260.00				
12/ 1/17	295,000.00	5.400000	130,140.00	425,140.00				
12/ 1/18	310,000.00	5.400000	114,210.00	424,210.00				
12/ 1/19	325,000.00	5.400000	97,470.00	422,470.00				
12/ 1/20	340,000.00	5.400000	79,920.00	419,920.00				
12/ 1/21	360,000.00	5.400000	61,560.00	421,560.00				
12/ 1/22	380,000.00	5.400000	42,120.00	422,120.00				
12/ 1/23	400,000.00	5.400000	21,600.00	421,600.00				
	5,235,000.00		3,498,495.00	8,733,495.00	5,235,000.00	101,900.00	140,455.00	5,477,355.00

Dated 6/ 1/ 3 with Delivery of 10/21/ 3

Bond Years 64,837.500

Average Coupon 5.395789

Average Life 12.385387

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Calls Performed

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Call No.	Call Date	First Maturity Called	Last Maturity Called	Principal Called	Call Price	Call Premium
1)	12/ 1/ 3	12/ 1/ 4	12/ 1/23	5,095,000.00	102.000	101,900.00
				5,095,000.00		101,900.00

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 13:05:28 Filename: FORTBRAG Key: 1993-WATER-OLD

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-4

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Maximum Allowable Arbitrage Yield

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DELIVERY DATE: 10/21/ 3

Par	9,855,000.00
Original Issue (+Premium/-Discount)	161,013.55
Bond Insurance	-60,367.72
% of Total D/S	
Surety Bond	-19,087.00
Arbitrage Yield Target Value	9,936,558.83
Arbitrage Yield	4.20331498 %

Date	Debt Service (1)	Present Value Factor	Present Value @ 4.20331498%
4/ 1/2004	174,906.67	0.98168205	171,702.74
10/ 1/2004	571,770.00	0.96147514	549,742.64
4/ 1/2005	193,020.00	0.94168416	181,763.88
10/ 1/2005	563,020.00	0.92230056	519,273.66
4/ 1/2006	189,320.00	0.90331596	171,015.78
10/ 1/2006	564,320.00	0.88472213	499,266.39
4/ 1/2007	185,570.00	0.86651103	160,798.45
10/ 1/2007	575,570.00	0.84867480	488,471.75
4/ 1/2008	181,670.00	0.83120570	151,005.14
10/ 1/2008	576,670.00	0.81409619	469,464.85
4/ 1/2009	177,226.25	0.79733885	141,309.38
10/ 1/2009	577,226.25	0.78092645	450,771.25
4/ 1/2010	172,026.25	0.76485189	131,574.60
10/ 1/2010	582,026.25	0.74910820	436,000.64
4/ 1/2011	164,851.25	0.73368858	120,949.48
10/ 1/2011	589,851.25	0.71858635	423,859.06
4/ 1/2012	157,838.75	0.70379499	111,086.12
10/ 1/2012	602,838.75	0.68930810	415,541.63
4/ 1/2013	148,938.75	0.67511940	100,551.44
10/ 1/2013	4,898,938.75	0.66122276	3,239,289.82
4/ 1/2014	30,957.50	0.64761217	20,048.45
10/ 1/2014	500,957.50	0.63428174	317,748.20
4/ 1/2015	21,792.50	0.62122571	13,538.06
10/ 1/2015	21,792.50	0.60843842	13,259.39
4/ 1/2016	21,792.50	0.59591434	12,986.46
10/ 1/2016	536,792.50	0.58364805	313,297.90
4/ 1/2017	11,235.00	0.57163426	6,422.31
10/ 1/2017	546,235.00	0.55986776	305,819.36
Total	13,539,154.17		9,936,558.83

Calculations based on 2 Compoundings/Year on a 30/360 Year Basis

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:40:36 | Filename: CSCDA3B | Key: CBD-LODI&FORT-BR

(1) See Table A-4-a, "Period Total" column.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-4-a

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Debt Service and Call Report

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Date	Original Principal	Principal Called (1)	Call Premium	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4					174,906.67	174,906.67	
10/ 1/ 4	375,000.00			2.000000	196,770.00	571,770.00	746,676.67
4/ 1/ 5					193,020.00	193,020.00	
10/ 1/ 5	370,000.00			2.000000	193,020.00	563,020.00	756,040.00
4/ 1/ 6					189,320.00	189,320.00	
10/ 1/ 6	375,000.00			2.000000	189,320.00	564,320.00	753,640.00
4/ 1/ 7					185,570.00	185,570.00	
10/ 1/ 7	390,000.00			2.000000	185,570.00	575,570.00	761,140.00
4/ 1/ 8					181,670.00	181,670.00	
10/ 1/ 8	395,000.00			2.250000	181,670.00	576,670.00	758,340.00
4/ 1/ 9					177,226.25	177,226.25	
10/ 1/ 9	400,000.00			2.600000	177,226.25	577,226.25	754,452.50
4/ 1/10					172,026.25	172,026.25	
10/ 1/10	410,000.00			3.500000	172,026.25	582,026.25	754,052.50
4/ 1/11					164,851.25	164,851.25	
10/ 1/11	425,000.00			3.300000	164,851.25	589,851.25	754,702.50
4/ 1/12					157,838.75	157,838.75	
10/ 1/12	445,000.00			4.000000	157,838.75	602,838.75	760,677.50
4/ 1/13					148,938.75	148,938.75	
10/ 1/13	455,000.00	4,295,000.00		3.750000	148,938.75	4,898,938.75	5,047,877.50
4/ 1/14					30,957.50	30,957.50	
10/ 1/14	470,000.00			3.900000	30,957.50	500,957.50	531,915.00
4/ 1/15					21,792.50	21,792.50	
10/ 1/15				4.500000	21,792.50	21,792.50	43,585.00
4/ 1/16					21,792.50	21,792.50	
10/ 1/16	515,000.00			4.100000	21,792.50	536,792.50	558,585.00
4/ 1/17					11,235.00	11,235.00	
10/ 1/17	535,000.00			4.200000	11,235.00	546,235.00	557,470.00
	5,560,000.00	4,295,000.00			3,684,154.17	13,539,154.17	
ACCRUED	5,560,000.00	4,295,000.00			3,684,154.17	13,539,154.17	
	=====	=====			=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3
Bond Years 114,777.500
Average Coupon 3.209823
Average Life 8.600457

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 13:32:07 Filename: CSCDA3B Key: CBD-LODI&FORT-BR

(1) For the purposes of calculating the arbitrage yield on the Series 2003B Bonds, the Bonds maturing on October 1, 2015, 2018, 2019 and 2023 are assumed to be redeemed prior to maturity on October 1, 2013 at 100%.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-3-a

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			174,906.67	174,906.67	174,906.67
10/ 1/ 4	375,000.00	2.000000	196,770.00	571,770.00	
4/ 1/ 5			193,020.00	193,020.00	764,790.00
10/ 1/ 5	370,000.00	2.000000	193,020.00	563,020.00	
4/ 1/ 6			189,320.00	189,320.00	752,340.00
10/ 1/ 6	375,000.00	2.000000	189,320.00	564,320.00	
4/ 1/ 7			185,570.00	185,570.00	749,890.00
10/ 1/ 7	390,000.00	2.000000	185,570.00	575,570.00	
4/ 1/ 8			181,670.00	181,670.00	757,240.00
10/ 1/ 8	395,000.00	2.250000	181,670.00	576,670.00	
4/ 1/ 9			177,226.25	177,226.25	753,896.25
10/ 1/ 9	400,000.00	2.600000	177,226.25	577,226.25	
4/ 1/10			172,026.25	172,026.25	749,252.50
10/ 1/10	410,000.00	3.500000	172,026.25	582,026.25	
4/ 1/11			164,851.25	164,851.25	746,877.50
10/ 1/11	425,000.00	3.300000	164,851.25	589,851.25	
4/ 1/12			157,838.75	157,838.75	747,690.00
10/ 1/12	445,000.00	4.000000	157,838.75	602,838.75	
4/ 1/13			148,938.75	148,938.75	751,777.50
10/ 1/13	455,000.00	3.750000	148,938.75	603,938.75	
4/ 1/14			140,407.50	140,407.50	744,346.25
10/ 1/14	470,000.00	3.900000	140,407.50	610,407.50	
4/ 1/15			131,242.50	131,242.50	741,650.00
10/ 1/15	495,000.00	4.500000	131,242.50	626,242.50	
4/ 1/16			120,105.00	120,105.00	746,347.50
10/ 1/16	515,000.00	4.100000	120,105.00	635,105.00	
4/ 1/17			109,547.50	109,547.50	744,652.50
10/ 1/17	535,000.00	4.200000	109,547.50	644,547.50	
4/ 1/18			98,312.50	98,312.50	742,860.00
10/ 1/18	560,000.00	5.000000	98,312.50	658,312.50	
4/ 1/19			84,312.50	84,312.50	742,625.00
10/ 1/19	590,000.00	5.000000	84,312.50	674,312.50	
4/ 1/20			69,562.50	69,562.50	743,875.00
10/ 1/20	615,000.00	5.250000	69,562.50	684,562.50	
4/ 1/21			53,418.75	53,418.75	737,981.25
10/ 1/21	645,000.00	5.250000	53,418.75	698,418.75	
4/ 1/22			36,487.50	36,487.50	734,906.25
10/ 1/22	675,000.00	5.250000	36,487.50	711,487.50	
4/ 1/23			18,768.75	18,768.75	730,256.25
10/ 1/23	715,000.00	5.250000	18,768.75	733,768.75	
4/ 1/24					733,768.75
	9,855,000.00		5,236,929.17	15,091,929.17	
ACCRUED	9,855,000.00		5,236,929.17	15,091,929.17	
	=====		=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3
Bond Years 114,777.500
Average Coupon 4.562679
Average Life 11.646626
N I C % 4.575784 % Using 99.8473702
T I C % 4.522393 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 60,367.72

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:46:49 Filename: CSCDA3B Key: LODI&FORT-BRAGG

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-2

Bond Production Report

Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	375,000.00	Standard	354	2.0000	1.1000	100.843		378,161.25
10/ 1/ 5	370,000.00	Standard	1074	2.0000	1.3000	101.339		374,954.30
10/ 1/ 6	375,000.00	Standard	2178	2.0000	1.5500	101.289		379,833.75
10/ 1/ 7	390,000.00	Standard	3716	2.0000	1.9500	100.188		390,733.20
10/ 1/ 8	395,000.00	Standard	5669	2.2500	2.3500	99.535		393,163.25
10/ 1/ 9	400,000.00	Standard	8047	2.6000	2.7000	99.453		397,812.00
10/ 1/10	410,000.00	Standard	10894	3.5000	3.1500	102.166		418,880.60
10/ 1/11	425,000.00	Standard	14271	3.3000	3.4500	98.964		420,597.00
10/ 1/12	445,000.00	Standard	18251	4.0000	3.7000	102.265		455,079.25
10/ 1/13	455,000.00	Standard	22776	3.7500	3.8500	99.178		451,259.90
10/ 1/14	470,000.00	Standard	27919	3.9000	4.0000	99.118		465,854.60
10/ 1/15	495,000.00	Standard	33832	4.5000	4.1000	103.237	c 10/ 1/13 @ 100.000	511,023.15
10/ 1/16	515,000.00	Standard	40498	4.1000	4.2000	99.007		509,886.05
10/ 1/17	535,000.00	Standard	47959	4.2000	4.3000	98.957		529,419.95
10/ 1/18	560,000.00	Standard	56328	5.0000	4.4500	104.378	c 10/ 1/13 @ 100.000	584,516.80
10/ 1/19	590,000.00	Standard	65735	5.0000	4.5400	103.645	c 10/ 1/13 @ 100.000	611,505.50
10/ 1/20	615,000.00	Term Bond	76156	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	636,660.30
10/ 1/21	645,000.00	Term Bond	87730	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	667,716.90
10/ 1/22	675,000.00	Term Bond	100517	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	698,773.50
10/ 1/23	715,000.00	Term Bond	114778	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	740,182.30
	9,855,000.00							10,016,013.55

Par Amount 9,855,000.00
Production 161,013.55
Gross Production 10,016,013.55
Bond Insurance 60,367.72
Underwriters Discount 115,687.50
Bid 9,839,958.33

Accrued 0.00
Net to Issuer 9,839,958.33

Gross Interest Cost 5,236,929.17
+Net Discount 15,041.67
Net Interest Cost 5,251,970.84

N I C % 4.5757843 Using 99.8473702
T I C % 4.5223925 From Delivery Date

Bond Years 114,777.500
Average Coupon 4.562679
Average Life 11.646626

Weighted Bond Years 117,303.388
Weighted Average Life 11.711584
Weighted N I C % 4.4772542 Using 99.8473702

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	2,650,000.00	5.2500	4.8000	103.522	2,743,333.00	49,042.778	18.506709
SERIAL BONDS:	7,205,000.00				7,272,680.55		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:51:00 Filename: CSCDA3B Key: LODI&FORT-BRAGG

\$9,855,000
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program) Series 2003B
City of Fort Bragg and City of Lodi

Final Cash Flow Projections

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Henderson Capital Partners, LLC, Oakland, California
October 7, 2003

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-1

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Sources and Uses of Funds

=====

Delivery Date: 10/21/ 3

Sources of Funds

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Par Amount of Bonds.....	\$9,855,000.00	
+Premium /-Discount.....	\$161,013.55	
Bond Proceeds.....		10,016,013.55
Existing Fort Bragg D/S Reserve Fund.....		426,532.00
Funds To Pay Fort Bragg D/S due 12/1/03.....		280,455.00

		\$10,723,000.55

Uses of Funds

=====

Cost of Esc. To Ref. Fort Bragg 1993 COP.....	5,472,329.00	(1)
Deposit To Lodi Project Fund.....	4,935,000.00	(2)
Cost of Issuance.....	115,000.00	
Bond Insurance.....(0.400000%)...	60,367.72	
Underwriters Discount.....(1.173896%)...	115,687.50	
Surety Bond.....	19,087.00	
Contingency.....	5,529.33	

	\$10,723,000.55	

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:32:25 Filename: CSCDA3B Key: LODI&FORT-BRAGG

1) See Table B-6.

(2) See Table C-1.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-2

=====
Bond Production Report
=====

Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	375,000.00	Standard	354	2.0000	1.1000	100.843		378,161.25
10/ 1/ 5	370,000.00	Standard	1074	2.0000	1.3000	101.339		374,954.30
10/ 1/ 6	375,000.00	Standard	2178	2.0000	1.5500	101.289		379,833.75
10/ 1/ 7	390,000.00	Standard	3716	2.0000	1.9500	100.188		390,733.20
10/ 1/ 8	395,000.00	Standard	5669	2.2500	2.3500	99.535		393,163.25
10/ 1/ 9	400,000.00	Standard	8047	2.6000	2.7000	99.453		397,812.00
10/ 1/10	410,000.00	Standard	10894	3.5000	3.1500	102.166		418,880.60
10/ 1/11	425,000.00	Standard	14271	3.3000	3.4500	98.964		420,597.00
10/ 1/12	445,000.00	Standard	18251	4.0000	3.7000	102.265		455,079.25
10/ 1/13	455,000.00	Standard	22776	3.7500	3.8500	99.178		451,259.90
10/ 1/14	470,000.00	Standard	27919	3.9000	4.0000	99.118		465,854.60
10/ 1/15	495,000.00	Standard	33832	4.5000	4.1000	103.237	c 10/ 1/13 @ 100.000	511,023.15
10/ 1/16	515,000.00	Standard	40498	4.1000	4.2000	99.007		509,886.05
10/ 1/17	535,000.00	Standard	47959	4.2000	4.3000	98.957		529,419.95
10/ 1/18	560,000.00	Standard	56328	5.0000	4.4500	104.378	c 10/ 1/13 @ 100.000	584,516.80
10/ 1/19	590,000.00	Standard	65735	5.0000	4.5400	103.645	c 10/ 1/13 @ 100.000	611,505.50
10/ 1/20	615,000.00	Term Bond	76156	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	636,660.30
10/ 1/21	645,000.00	Term Bond	87730	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	667,716.90
10/ 1/22	675,000.00	Term Bond	100517	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	698,773.50
10/ 1/23	715,000.00	Term Bond	114778	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	740,182.30

								9,855,000.00

								10,016,013.55

Par Amount	9,855,000.00	
Production	161,013.55	
Gross Production	10,016,013.55	101.6338260
Bond Insurance	60,367.72	0.6125593
Underwriters Discount	115,687.50	1.1738965
Bid	9,839,958.33	99.8473702

Accrued	0.00
Net to Issuer	9,839,958.33

Gross Interest Cost	5,236,929.17
+Net Discount	15,041.67
Net Interest Cost	5,251,970.84

N I C %	4.5757843	Using	99.8473702
T I C %	4.5223925	From Delivery Date	

Bond Years	114,777.500
Average Coupon	4.562679
Average Life	11.646626

Weighted Bond Years	117,303.388		
Weighted Average Life	11.711584		
Weighted N I C %	4.4772542	Using	99.8473702

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	2,650,000.00	5.2500	4.8000	103.522	2,743,333.00	49,042.778	18.506709
SERIAL BONDS:	7,205,000.00				7,272,680.55		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:51:00 Filename: CSCDA3B Key: LOD1&FORT-BRAGG

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

Calculation of Purchase Price to be Paid by the Underwriter

Par Amount of Bonds	9,855,000.00
Plus: Original Issue Premium	161,013.55
Less: Underwriter's Discount	(115,687.50)
Plus: Accrued Interest	0.00
Purchase Price	<u>9,900,326.05</u>
Dollar Price	<u>100.4599%</u>

Henderson Capital Partners, LLC, Oakland, California
October 7, 2003

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-3

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Debt Service Schedule

=====

Date	Principal	Coupon	Interest	Period Total	Total
10/ 1/ 4	375,000.00	2.000000	371,676.67	746,676.67	746,676.67
10/ 1/ 5	370,000.00	2.000000	386,040.00	756,040.00	756,040.00
10/ 1/ 6	375,000.00	2.000000	378,640.00	753,640.00	753,640.00
10/ 1/ 7	390,000.00	2.000000	371,140.00	761,140.00	761,140.00
10/ 1/ 8	395,000.00	2.250000	363,340.00	758,340.00	758,340.00
10/ 1/ 9	400,000.00	2.600000	354,452.50	754,452.50	754,452.50
10/ 1/10	410,000.00	3.500000	344,052.50	754,052.50	754,052.50
10/ 1/11	425,000.00	3.300000	329,702.50	754,702.50	754,702.50
10/ 1/12	445,000.00	4.000000	315,677.50	760,677.50	760,677.50
10/ 1/13	455,000.00	3.750000	297,877.50	752,877.50	752,877.50
10/ 1/14	470,000.00	3.900000	280,815.00	750,815.00	750,815.00
10/ 1/15	495,000.00	4.500000	262,485.00	757,485.00	757,485.00
10/ 1/16	515,000.00	4.100000	240,210.00	755,210.00	755,210.00
10/ 1/17	535,000.00	4.200000	219,095.00	754,095.00	754,095.00
10/ 1/18	560,000.00	5.000000	196,625.00	756,625.00	756,625.00
10/ 1/19	590,000.00	5.000000	168,625.00	758,625.00	758,625.00
10/ 1/20	615,000.00	5.250000	139,125.00	754,125.00	754,125.00
10/ 1/21	645,000.00	5.250000	106,837.50	751,837.50	751,837.50
10/ 1/22	675,000.00	5.250000	72,975.00	747,975.00	747,975.00
10/ 1/23	715,000.00	5.250000	37,537.50	752,537.50	752,537.50
9,855,000.00			5,236,929.17	15,091,929.17	
ACCRUED	9,855,000.00		5,236,929.17	15,091,929.17	
=====			=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3

Bond Years 114,777.500

Average Coupon 4.562679

Average Life 11.646626

N I C % 4.575784 % Using 99.8473702

T I C % 4.522393 % From Delivery Date

Bond Insurance:

0.400000 % of (Total Debt Service Only) 60,367.72

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:33:02 Filename: CSCDA3B Key: LODI&FORT-BRAGG

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-3-a

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			174,906.67	174,906.67	174,906.67
10/ 1/ 4	375,000.00	2.000000	196,770.00	571,770.00	
4/ 1/ 5			193,020.00	193,020.00	764,790.00
10/ 1/ 5	370,000.00	2.000000	193,020.00	563,020.00	
4/ 1/ 6			189,320.00	189,320.00	752,340.00
10/ 1/ 6	375,000.00	2.000000	189,320.00	564,320.00	
4/ 1/ 7			185,570.00	185,570.00	749,890.00
10/ 1/ 7	390,000.00	2.000000	185,570.00	575,570.00	
4/ 1/ 8			181,670.00	181,670.00	757,240.00
10/ 1/ 8	395,000.00	2.250000	181,670.00	576,670.00	
4/ 1/ 9			177,226.25	177,226.25	753,896.25
10/ 1/ 9	400,000.00	2.600000	177,226.25	577,226.25	
4/ 1/10			172,026.25	172,026.25	749,252.50
10/ 1/10	410,000.00	3.500000	172,026.25	582,026.25	
4/ 1/11			164,851.25	164,851.25	746,877.50
10/ 1/11	425,000.00	3.300000	164,851.25	589,851.25	
4/ 1/12			157,838.75	157,838.75	747,690.00
10/ 1/12	445,000.00	4.000000	157,838.75	602,838.75	
4/ 1/13			148,938.75	148,938.75	751,777.50
10/ 1/13	455,000.00	3.750000	148,938.75	603,938.75	
4/ 1/14			140,407.50	140,407.50	744,346.25
10/ 1/14	470,000.00	3.900000	140,407.50	610,407.50	
4/ 1/15			131,242.50	131,242.50	741,650.00
10/ 1/15	495,000.00	4.500000	131,242.50	626,242.50	
4/ 1/16			120,105.00	120,105.00	746,347.50
10/ 1/16	515,000.00	4.100000	120,105.00	635,105.00	
4/ 1/17			109,547.50	109,547.50	744,652.50
10/ 1/17	535,000.00	4.200000	109,547.50	644,547.50	
4/ 1/18			98,312.50	98,312.50	742,860.00
10/ 1/18	560,000.00	5.000000	98,312.50	658,312.50	
4/ 1/19			84,312.50	84,312.50	742,625.00
10/ 1/19	590,000.00	5.000000	84,312.50	674,312.50	
4/ 1/20			69,562.50	69,562.50	743,875.00
10/ 1/20	615,000.00	5.250000	69,562.50	684,562.50	
4/ 1/21			53,418.75	53,418.75	737,981.25
10/ 1/21	645,000.00	5.250000	53,418.75	698,418.75	
4/ 1/22			36,487.50	36,487.50	734,906.25
10/ 1/22	675,000.00	5.250000	36,487.50	711,487.50	
4/ 1/23			18,768.75	18,768.75	730,256.25
10/ 1/23	715,000.00	5.250000	18,768.75	733,768.75	
4/ 1/24					733,768.75
	9,855,000.00		5,236,929.17	15,091,929.17	
ACCRUED	9,855,000.00		5,236,929.17	15,091,929.17	
	=====		=====	=====	

Dated 10/21/ 3 With Delivery of 10/21/ 3
Bond Years 114,777.500
Average Coupon 4.562679
Average Life 11.646626
N I C % 4.575784 % Using 99.8473702
T I C % 4.522393 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 60,367.72

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:46:49 Filename: CSCDA3B Key: LODI&FORT-BRAGG

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B
=====

A-4

Maximum Allowable Arbitrage Yield
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DELIVERY DATE: 10/21/ 3

Par	9,855,000.00
Original Issue (+Premium/-Discount)	161,013.55
Bond Insurance	-60,367.72
% of Total D/S	
Surety Bond	-19,087.00

Arbitrage Yield Target Value	9,936,558.83
Arbitrage Yield	4.20331498 %

Date	Debt Service (1)	Present Value Factor	Present Value @ 4.20331498%
4/ 1/2004	174,906.67	0.98168205	171,702.74
10/ 1/2004	571,770.00	0.96147514	549,742.64
4/ 1/2005	193,020.00	0.94168416	181,763.88
10/ 1/2005	563,020.00	0.92230056	519,273.66
4/ 1/2006	189,320.00	0.90331596	171,015.78
10/ 1/2006	564,320.00	0.88472213	499,266.39
4/ 1/2007	185,570.00	0.86651103	160,798.45
10/ 1/2007	575,570.00	0.84867480	488,471.75
4/ 1/2008	181,670.00	0.83120570	151,005.14
10/ 1/2008	576,670.00	0.81409619	469,464.85
4/ 1/2009	177,226.25	0.79733885	141,309.38
10/ 1/2009	577,226.25	0.78092645	450,771.25
4/ 1/2010	172,026.25	0.76485189	131,574.60
10/ 1/2010	582,026.25	0.74910820	436,000.64
4/ 1/2011	164,851.25	0.73368858	120,949.48
10/ 1/2011	589,851.25	0.71858635	423,859.06
4/ 1/2012	157,838.75	0.70379499	111,086.12
10/ 1/2012	602,838.75	0.68930810	415,541.63
4/ 1/2013	148,938.75	0.67511940	100,551.44
10/ 1/2013	4,898,938.75	0.66122276	3,239,289.82
4/ 1/2014	30,957.50	0.64761217	20,048.45
10/ 1/2014	500,957.50	0.63428174	317,748.20
4/ 1/2015	21,792.50	0.62122571	13,538.06
10/ 1/2015	21,792.50	0.60843842	13,259.39
4/ 1/2016	21,792.50	0.59591434	12,986.46
10/ 1/2016	536,792.50	0.58364805	313,297.90
4/ 1/2017	11,235.00	0.57163426	6,422.31
10/ 1/2017	546,235.00	0.55986776	305,819.36
Total			9,936,558.83

Calculations based on 2 Compoundings/Year on a 30/360 Year Basis

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:40:36 Filename: CSCDA3B Key: CBD-LODI&FORT-BR

(1) See Table A-4-a, "Period Total" column.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
Water and Wastewater Revenue Bonds
(Pooled Financing Program), Series 2003B

A-4-a

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Debt Service and Call Report

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Date	Original Principal	Principal Called (1)	Call Premium	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4					174,906.67	174,906.67	
10/ 1/ 4	375,000.00			2.000000	196,770.00	571,770.00	746,676.67
4/ 1/ 5					193,020.00	193,020.00	
10/ 1/ 5	370,000.00			2.000000	193,020.00	563,020.00	756,040.00
4/ 1/ 6					189,320.00	189,320.00	
10/ 1/ 6	375,000.00			2.000000	189,320.00	564,320.00	753,640.00
4/ 1/ 7					185,570.00	185,570.00	
10/ 1/ 7	390,000.00			2.000000	185,570.00	575,570.00	761,140.00
4/ 1/ 8					181,670.00	181,670.00	
10/ 1/ 8	395,000.00			2.250000	181,670.00	576,670.00	758,340.00
4/ 1/ 9					177,226.25	177,226.25	
10/ 1/ 9	400,000.00			2.600000	177,226.25	577,226.25	754,452.50
4/ 1/10					172,026.25	172,026.25	
10/ 1/10	410,000.00			3.500000	172,026.25	582,026.25	754,052.50
4/ 1/11					164,851.25	164,851.25	
10/ 1/11	425,000.00			3.300000	164,851.25	589,851.25	754,702.50
4/ 1/12					157,838.75	157,838.75	
10/ 1/12	445,000.00			4.000000	157,838.75	602,838.75	760,677.50
4/ 1/13					148,938.75	148,938.75	
10/ 1/13	455,000.00	4,295,000.00		3.750000	148,938.75	4,898,938.75	5,047,877.50
4/ 1/14					30,957.50	30,957.50	
10/ 1/14	470,000.00			3.900000	30,957.50	500,957.50	531,915.00
4/ 1/15					21,792.50	21,792.50	
10/ 1/15				4.500000	21,792.50	21,792.50	43,585.00
4/ 1/16					21,792.50	21,792.50	
10/ 1/16	515,000.00			4.100000	21,792.50	536,792.50	558,585.00
4/ 1/17					11,235.00	11,235.00	
10/ 1/17	535,000.00			4.200000	11,235.00	546,235.00	557,470.00
	5,560,000.00	4,295,000.00			3,684,154.17	13,539,154.17	
ACCRUED	5,560,000.00	4,295,000.00			3,684,154.17	13,539,154.17	
	=====	=====			=====	=====	

Dated 10/21/ 3 With Delivery of 10/21/ 3
Bond Years 114,777.500
Average Coupon 3.209823
Average Life 8.600457

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 13:32:07 Filename: CSCDA3B Key: CBD-LOD1&FORT-BR

(1) For the purposes of calculating the arbitrage yield on the Series 2003B Bonds, the Bonds maturing on October 1, 2015, 2018, 2019 and 2023 are assumed to be redeemed prior to maturity on October 1, 2013 at 100%.

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-1

=====

Sources and Uses of Funds

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Delivery Date: 10/21/ 3

Sources of Funds

=====

Par Amount of Bonds.....	\$4,855,000.00	
+Premium /-Discount.....	\$78,972.45	
Bond Proceeds.....		4,933,972.45
Existing Debt Service Reserve Fund.....		426,688.26
Funds Available to Pay D/S due 12/1/03.....		279,182.72

		\$5,639,843.43

Uses of Funds

=====

Cost of Escrow to Refund 1993 COPs.....	5,472,329.00 (1)
Cost of Issuance.....	65,000.00
Bond Insurance.....(0.400000%)...	29,702.30
Underwriters Discount.....(1.250000%)...	60,687.50
Surety Bond.....	9,433.56 (2)
Contingency.....	2,691.07

	\$5,639,843.43

Henderson Capital Partners LLC, Oakland, California

Date: 10-17-2003 @ 15:41:44 Filename: FORTBRAG Key: REF-WATER-2

(1) See Table B-6.

(2) Equals $2\frac{1}{2}\%$ of the maximum annual debt service requirement
(see Table B-3).

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-2

=====

Bond Production Report

=====

Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	190,000.00	Standard	179	2.0000	1.1000	100.843		191,601.70
10/ 1/ 5	185,000.00	Standard	539	2.0000	1.3000	101.339		187,477.15
10/ 1/ 6	185,000.00	Standard	1084	2.0000	1.5500	101.289		187,384.65
10/ 1/ 7	195,000.00	Standard	1853	2.0000	1.9500	100.188		195,366.60
10/ 1/ 8	195,000.00	Standard	2817	2.2500	2.3500	99.535		194,093.25
10/ 1/ 9	195,000.00	Standard	3976	2.6000	2.7000	99.453		193,933.35
10/ 1/10	200,000.00	Standard	5365	3.5000	3.1500	102.166		204,332.00
10/ 1/11	210,000.00	Standard	7034	3.3000	3.4500	98.964		207,824.40
10/ 1/12	220,000.00	Standard	9001	4.0000	3.7000	102.265		224,983.00
10/ 1/13	225,000.00	Standard	11239	3.7500	3.8500	99.178		223,150.50
10/ 1/14	230,000.00	Standard	13756	3.9000	4.0000	99.118		227,971.40
10/ 1/15	245,000.00	Standard	16683	4.5000	4.1000	103.237	c 10/ 1/13 @ 100.000	252,930.65
10/ 1/16	255,000.00	Standard	19983	4.1000	4.2000	99.007		252,467.85
10/ 1/17	265,000.00	Standard	23679	4.2000	4.3000	98.957		262,236.05
10/ 1/18	275,000.00	Standard	27788	5.0000	4.4500	104.378	c 10/ 1/13 @ 100.000	287,039.50
10/ 1/19	290,000.00	Standard	32412	5.0000	4.5400	103.645	c 10/ 1/13 @ 100.000	300,570.50
10/ 1/20	300,000.00	Term Bond	37496	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	310,566.00
10/ 1/21	315,000.00	Term Bond	43148	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	326,094.30
10/ 1/22	330,000.00	Term Bond	49400	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	341,622.60
10/ 1/23	350,000.00	Term Bond	56380	5.2500	4.8000	103.522	c 10/ 1/13 @ 100.000	362,327.00
	4,855,000.00							4,933,972.45

Par Amount	4,855,000.00	
Production	78,972.45	
Gross Production	4,933,972.45	101.6266210
Bond Insurance	29,702.30	0.6117878
Underwriters Discount	60,687.50	1.2500000
Bid	4,843,582.65	99.7648332

Accrued	0.00
Net to Issuer	4,843,582.65

Gross Interest Cost	2,570,575.14
+Net Discount	11,417.35
Net Interest Cost	2,581,992.49

M I C %	4.5796023	Using	99.7648332
T I C %	4.5286506	From	Delivery Date

Bond Years	56,380.278
Average Coupon	4.559352
Average Life	11.612828

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	1,295,000.00	5.2500	4.8000	103.522	1,340,609.90	23,968.056	18.508151
SERIAL BONDS:	3,560,000.00				3,593,362.55		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:20:04 Filename: FORTBRAG Key: REF-WATER-2

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
 2003 Refunding of 1993 Certificates of Participation
 (Water System Refunding Program)

B-3

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Total
10/ 1/ 4	190,000.00	2.000000	182,790.14	372,790.14	372,790.14
10/ 1/ 5	185,000.00	2.000000	189,742.50	374,742.50	374,742.50
10/ 1/ 6	185,000.00	2.000000	186,042.50	371,042.50	371,042.50
10/ 1/ 7	195,000.00	2.000000	182,342.50	377,342.50	377,342.50
10/ 1/ 8	195,000.00	2.250000	178,442.50	373,442.50	373,442.50
10/ 1/ 9	195,000.00	2.600000	174,055.00	369,055.00	369,055.00
10/ 1/10	200,000.00	3.500000	168,985.00	368,985.00	368,985.00
10/ 1/11	210,000.00	3.300000	161,985.00	371,985.00	371,985.00
10/ 1/12	220,000.00	4.000000	155,055.00	375,055.00	375,055.00
10/ 1/13	225,000.00	3.750000	146,255.00	371,255.00	371,255.00
10/ 1/14	230,000.00	3.900000	137,817.50	367,817.50	367,817.50
10/ 1/15	245,000.00	4.500000	128,847.50	373,847.50	373,847.50
10/ 1/16	255,000.00	4.100000	117,822.50	372,822.50	372,822.50
10/ 1/17	265,000.00	4.200000	107,367.50	372,367.50	372,367.50
10/ 1/18	275,000.00	5.000000	96,237.50	371,237.50	371,237.50
10/ 1/19	290,000.00	5.000000	82,487.50	372,487.50	372,487.50
10/ 1/20	300,000.00	5.250000	67,987.50	367,987.50	367,987.50
10/ 1/21	315,000.00	5.250000	52,237.50	367,237.50	367,237.50
10/ 1/22	330,000.00	5.250000	35,700.00	365,700.00	365,700.00
10/ 1/23	350,000.00	5.250000	18,375.00	368,375.00	368,375.00
	4,855,000.00		2,570,575.14	7,425,575.14	
ACCRUED	4,855,000.00		2,570,575.14	7,425,575.14	
	=====		=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3

Bond Years 56,380.278

Average Coupon 4.559352

Average Life 11.612828

N I C % 4.579602 % Using 99.7648332

T I C % 4.528651 % From Delivery Date

Bond Insurance:

0.400000 % of (Total Debt Service Only) 29,702.30

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:20:29 Filename: FORTBRAG Key: REF-WATER-2

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-3-a

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			86,018.89	86,018.89	86,018.89
10/ 1/ 4	190,000.00	2.000000	96,771.25	286,771.25	
4/ 1/ 5			94,871.25	94,871.25	381,642.50
10/ 1/ 5	185,000.00	2.000000	94,871.25	279,871.25	
4/ 1/ 6			93,021.25	93,021.25	372,892.50
10/ 1/ 6	185,000.00	2.000000	93,021.25	278,021.25	
4/ 1/ 7			91,171.25	91,171.25	369,192.50
10/ 1/ 7	195,000.00	2.000000	91,171.25	286,171.25	
4/ 1/ 8			89,221.25	89,221.25	375,392.50
10/ 1/ 8	195,000.00	2.250000	89,221.25	284,221.25	
4/ 1/ 9			87,027.50	87,027.50	371,248.75
10/ 1/ 9	195,000.00	2.600000	87,027.50	282,027.50	
4/ 1/10			84,492.50	84,492.50	366,520.00
10/ 1/10	200,000.00	3.500000	84,492.50	284,492.50	
4/ 1/11			80,992.50	80,992.50	365,485.00
10/ 1/11	210,000.00	3.300000	80,992.50	290,992.50	
4/ 1/12			77,527.50	77,527.50	368,520.00
10/ 1/12	220,000.00	4.000000	77,527.50	297,527.50	
4/ 1/13			73,127.50	73,127.50	370,655.00
10/ 1/13	225,000.00	3.750000	73,127.50	298,127.50	
4/ 1/14			68,908.75	68,908.75	367,036.25
10/ 1/14	230,000.00	3.900000	68,908.75	298,908.75	
4/ 1/15			64,423.75	64,423.75	363,332.50
10/ 1/15	245,000.00	4.500000	64,423.75	309,423.75	
4/ 1/16			58,911.25	58,911.25	368,335.00
10/ 1/16	255,000.00	4.100000	58,911.25	313,911.25	
4/ 1/17			53,683.75	53,683.75	367,595.00
10/ 1/17	265,000.00	4.200000	53,683.75	318,683.75	
4/ 1/18			48,118.75	48,118.75	366,802.50
10/ 1/18	275,000.00	5.000000	48,118.75	323,118.75	
4/ 1/19			41,243.75	41,243.75	364,362.50
10/ 1/19	290,000.00	5.000000	41,243.75	331,243.75	
4/ 1/20			33,993.75	33,993.75	365,237.50
10/ 1/20	300,000.00	5.250000	33,993.75	333,993.75	
4/ 1/21			26,118.75	26,118.75	360,112.50
10/ 1/21	315,000.00	5.250000	26,118.75	341,118.75	
4/ 1/22			17,850.00	17,850.00	358,968.75
10/ 1/22	330,000.00	5.250000	17,850.00	347,850.00	
4/ 1/23			9,187.50	9,187.50	357,037.50
10/ 1/23	350,000.00	5.250000	9,187.50	359,187.50	
4/ 1/24					359,187.50
	4,855,000.00		2,570,575.14	7,425,575.14	
ACCRUED	4,855,000.00		2,570,575.14	7,425,575.14	

Dated 10/21/ 3 with Delivery of 10/21/ 3
Bond Years 56,380.278
Average Coupon 4.559352
Average Life 11.612828
N I C % 4.579602 % Using 99.7648332
T I C % 4.528651 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 29,702.30

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:45:18 Filename: FORTBRAG Key: REF-WATER-2

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)
2003 Refunding of 1993 Certificates of Participation
(Water System Refunding Program)

B-4

Savings Report

Date	Principal	Proposed Debt Service Coupon	Interest	Total	Prior Debt Service (1)	Savings	Cumulative Savings
12/ 1/ 3							
10/ 1/ 4	190,000.00	2.000000	182,790.14	372,790.14	423,910.00	51,119.86	51,119.86
10/ 1/ 5	185,000.00	2.000000	189,742.50	374,742.50	421,410.00	46,667.50	97,787.36
10/ 1/ 6	185,000.00	2.000000	186,042.50	371,042.50	423,660.00	52,617.50	150,404.86
10/ 1/ 7	195,000.00	2.000000	182,342.50	377,342.50	424,750.00	47,407.50	197,812.36
10/ 1/ 8	195,000.00	2.250000	178,442.50	373,442.50	420,300.00	46,857.50	244,669.86
10/ 1/ 9	195,000.00	2.600000	174,055.00	369,055.00	420,580.00	51,525.00	296,194.86
10/ 1/10	200,000.00	3.500000	168,985.00	368,985.00	420,320.00	51,335.00	347,529.86
10/ 1/11	210,000.00	3.300000	161,985.00	371,985.00	424,520.00	52,535.00	400,064.86
10/ 1/12	220,000.00	4.000000	155,055.00	375,055.00	422,910.00	47,855.00	447,919.86
10/ 1/13	225,000.00	3.750000	146,255.00	371,255.00	420,760.00	49,505.00	497,424.86
10/ 1/14	230,000.00	3.900000	137,817.50	367,817.50	423,070.00	55,252.50	552,677.36
10/ 1/15	245,000.00	4.500000	128,847.50	373,847.50	424,570.00	50,722.50	603,399.86
10/ 1/16	255,000.00	4.100000	117,822.50	372,822.50	425,260.00	52,437.50	655,837.36
10/ 1/17	265,000.00	4.200000	107,367.50	372,367.50	425,140.00	52,772.50	708,609.86
10/ 1/18	275,000.00	5.000000	96,237.50	371,237.50	424,210.00	52,972.50	761,582.36
10/ 1/19	290,000.00	5.000000	82,487.50	372,487.50	422,470.00	49,982.50	811,564.86
10/ 1/20	300,000.00	5.250000	67,987.50	367,987.50	419,920.00	51,932.50	863,497.36
10/ 1/21	315,000.00	5.250000	52,237.50	367,237.50	421,560.00	54,322.50	917,819.86
10/ 1/22	330,000.00	5.250000	35,700.00	365,700.00	422,120.00	56,420.00	974,239.86
10/ 1/23	350,000.00	5.250000	18,375.00	368,375.00	421,600.00	53,225.00	1,027,464.86
	4,855,000.00		2,570,575.14	7,425,575.14	8,453,040.00		1,027,464.86
ACCRUED	4,855,000.00		2,570,575.14	7,425,575.14	8,453,040.00		1,027,464.86

Dated 10/21/ 3 with Delivery of 10/21/ 3
Bond Years 56,380.278
Average Coupon 4.559352
Average Life 11.612828
N I C % 4.579602 % Using 99.7648332
T I C % 4.528651 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 29,702.30

Net Present Value Savings at: 4.3849% Equals 222,045.45 or 4.5735% of Par of the Current Issue
or 4.2416% of Par of the Prior Issue

N O T E : Present Value Savings are Net of the Initial Transfer Amount of 413,291.35 (2)

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 13:39:17 Filename: FORTBRAG Key: REF-WATER-2

(1 From Table B-5, "Original Debt Service" column.

(2) Equals net contribution of funds by the Authority, less the "contingency" amount (see Table B-1).

Certificates of Participation
(1993 Water System Refunding Program)

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Debt Service and Call Report

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1993 COPs Being Refunded

Date	Original Principal	Coupon	Original Interest	Original Debt Service	Principal To Escrow	Call Premium	Interest To Escrow	Debt Service To Escrow
12/ 1/ 3	140,000.00	5.000000	140,455.00	280,455.00	5,235,000.00	101,900.00	140,455.00	5,477,355.00
12/ 1/ 4	150,000.00	5.000000	273,910.00	423,910.00				
12/ 1/ 5	155,000.00	5.000000	266,410.00	421,410.00				
12/ 1/ 6	165,000.00	5.400000	258,660.00	423,660.00				
12/ 1/ 7	175,000.00	5.400000	249,750.00	424,750.00				
12/ 1/ 8	180,000.00	5.400000	240,300.00	420,300.00				
12/ 1/ 9	190,000.00	5.400000	230,580.00	420,580.00				
12/ 1/10	200,000.00	5.400000	220,320.00	420,320.00				
12/ 1/11	215,000.00	5.400000	209,520.00	424,520.00				
12/ 1/12	225,000.00	5.400000	197,910.00	422,910.00				
12/ 1/13	235,000.00	5.400000	185,760.00	420,760.00				
12/ 1/14	250,000.00	5.400000	173,070.00	423,070.00				
12/ 1/15	265,000.00	5.400000	159,570.00	424,570.00				
12/ 1/16	280,000.00	5.400000	145,260.00	425,260.00				
12/ 1/17	295,000.00	5.400000	130,140.00	425,140.00				
12/ 1/18	310,000.00	5.400000	114,210.00	424,210.00				
12/ 1/19	325,000.00	5.400000	97,470.00	422,470.00				
12/ 1/20	340,000.00	5.400000	79,920.00	419,920.00				
12/ 1/21	360,000.00	5.400000	61,560.00	421,560.00				
12/ 1/22	380,000.00	5.400000	42,120.00	422,120.00				
12/ 1/23	400,000.00	5.400000	21,600.00	421,600.00				
<hr/>								
	5,235,000.00		3,498,495.00	8,733,495.00	5,235,000.00	101,900.00	140,455.00	5,477,355.00

Dated 6/ 1/ 3 with Delivery of 10/21/ 3

Bond Years 64,837.500

Average Coupon 5.395789

Average Life 12.385387

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Calls Performed

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Call No.	Call Date	First Maturity Called	Last Maturity Called	Principal Called	Call Price	Call Premium
<hr/>						
1)	12/ 1/ 3	12/ 1/ 4	12/ 1/23	5,095,000.00	102.000	101,900.00
<hr/>						
				5,095,000.00		101,900.00

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 13:05:28 Filename: FORTBRAG Key: 1993-WATER-OLD

Certificates of Participation
(1993 Water System Refunding Program)

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Cost of Candidates for Escrow Portfolio

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Escrowed Securities

Delivery Date: 10/21/ 3

Type	Maturity Date	Par Amount	Coupon	Yield	Price	Cost	Accrued Interest	Total Cost
SLGS	12/ 1/ 3	5,472,329	0.820000	0.000000	100.000000	5,472,329.00	0.00	5,472,329.00
SUBTOTAL		5,472,329				5,472,329.00	0.00	5,472,329.00

SUMMARY INFORMATION -----+---

Escrow Cost
 Beginning Cash 0.00
 Cost of Securities 5,472,329.00
 Total Cost of Escrow 5,472,329.00

Escrow Candidates
 Weighted Bond Years 614.700
 Weighted Average Life 0.112329
 Debt Service (Principal + Interest):
 Bond Years 608.595
 Average Life 0.111111
 Yield 0.8280516601 %

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:07:02 Filename: FORTBRAG Key: CBD-1993-WATER-O

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)

B-7

Certificates of Participation
(1993 Water System Refunding Program)

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Candidates Debt Service Report

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Delivery Date: 10/21/ 3

Date	Principal	Coupon	Interest	Total Revenue	Price of Securities	Cost of Securities	Accrued Interest	Total Cost of Securities
12/ 1/ 3	5,472,329.00	0.820000	5,026.77	5,477,355.77	100.000000	5,472,329.00		5,472,329.00
	5,472,329.00		5,026.77	5,477,355.77		5,472,329.00		5,472,329.00
	=====		=====	=====		=====	=====	=====

SUMMARY INFORMATION

Escrow Candidates

Weighted Bond Years	614.700
Weighted Average Life	0.112329
Debt Service (Principal + Interest):	
Bond Years	608.595
Average Life	0.111111
Yield	0.8280516601 %

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:08:07 Filename: FORTBRAG Key: CBD-1993-WATER-O

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)

B-8

Certificates of Participation
(1993 Water System Refunding Program)

Escrow Cash Balancing Report

Delivery Date: 10/21/ 3

Date	Escrow Requirement	Candidate (1)Receipts (2)	Purchase Receipts	Total Receipts	Cash Balance
10/21/ 3					
12/ 1/ 3	5,477,355.00	5,477,355.77		5,477,355.77	0.77
	5,477,355.00	5,477,355.77		5,477,355.77	

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:08:12 Filename: FORTBRAG Key: CBD-1993-WATER-O

1) From Table B-5, "Debt Service To Escrow" column.

(2) From Table B-7, "Total Revenue" column.

CITY OF FORT BRAGG (MENDOCINO COUNTY, CALIFORNIA)

B-9

Certificates of Participation
(1993 Water System Refunding Program)

Escrow Candidates Yield Verification

from 10/21/ 3

Date	Escrow Candidate Debt Service	Present Value Factor	Present Value @ 0.82805166%
12/ 1/2003	5,477,355.77	0.99908226	5,472,329.00
Total	5,477,355.77		5,472,329.00

Calculations based on 2 Compoundings/Year on a 30/360 Year Basis

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 11:19:30 Filename: FORTBRAG Key: CBD-1993-WATER-0

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

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Sources and Uses of Funds

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Delivery Date: 10/21/ 3

Sources of Funds

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Par Amount of Bonds.....	\$5,000,000.00	
+Premium /-Discount.....	\$82,041.10	
Bond Proceeds.....		5,082,041.10

		\$5,082,041.10

Uses of Funds

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Deposit To Project Fund.....	4,935,000.00	
Cost of Issuance.....	50,000.00	
Bond Insurance.....(0.400000%)...	30,665.42	
Underwriters Discount.....(1.100000%)...	55,000.00	
Surety Bond.....	9,653.44	(1)
Contingency.....	1,722.24	

		\$5,082,041.10

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:25:05 Filename: CSCDA3B Key: LODI

(1) Equals 2.5% of the maximum annual debt service (see Table C-3).

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

Bond Production Report

Dated 10/21/2003
Delivery 10/21/2003

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 4	185,000.00	Standard	175	2.0000	1.1000	100.843		186,559.55
10/ 1/ 5	185,000.00	Standard	534	2.0000	1.3000	101.339		187,477.15
10/ 1/ 6	190,000.00	Standard	1094	2.0000	1.5500	101.289		192,449.10
10/ 1/ 7	195,000.00	Standard	1863	2.0000	1.9500	100.188		195,366.60
10/ 1/ 8	200,000.00	Standard	2852	2.2500	2.3500	99.535		199,070.00
10/ 1/ 9	205,000.00	Standard	4071	2.6000	2.7000	99.453		203,878.65
10/ 1/10	210,000.00	Standard	5529	3.5000	3.1500	102.166		214,548.60
10/ 1/11	215,000.00	Standard	7237	3.3000	3.4500	98.964		212,772.60
10/ 1/12	225,000.00	Standard	9249	4.0000	3.7000	102.265		230,096.25
10/ 1/13	230,000.00	Standard	11537	3.7500	3.8500	99.178		228,109.40
10/ 1/14	240,000.00	Standard	14163	3.9000	4.0000	99.118		237,883.20
10/ 1/15	250,000.00	Standard	17149	4.5000	4.1000	103.237 c	10/ 1/13 @ 100.000	258,092.50
10/ 1/16	260,000.00	Standard	20515	4.1000	4.2000	99.007		257,418.20
10/ 1/17	270,000.00	Standard	24280	4.2000	4.3000	98.957		267,183.90
10/ 1/18	285,000.00	Standard	28539	5.0000	4.4500	104.378 c	10/ 1/13 @ 100.000	297,477.30
10/ 1/19	300,000.00	Standard	33323	5.0000	4.5400	103.645 c	10/ 1/13 @ 100.000	310,935.00
10/ 1/20	315,000.00	Term Bond	38660	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	326,094.30
10/ 1/21	330,000.00	Term Bond	44582	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	341,622.60
10/ 1/22	345,000.00	Term Bond	51118	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	357,150.90
10/ 1/23	365,000.00	Term Bond	58397	5.2500	4.8000	103.522 c	10/ 1/13 @ 100.000	377,855.30
								5,082,041.10
5,000,000.00								

Par Amount	5,000,000.00	
Production	82,041.10	
Gross Production	5,082,041.10	101.6408220
Bond Insurance	30,665.42	0.6133084
Underwriters Discount	55,000.00	1.1000000
Bid	4,996,375.68	99.9275136

Accrued	0.00
Net to Issuer	4,996,375.68

Gross Interest Cost	2,666,354.03
+Net Discount	3,624.32
Net Interest Cost	2,669,978.35

N I C %	4.5720982	Using 99.9275136
T I C %	4.5163531	From Delivery Date

Bond Years	58,397.222
Average Coupon	4.565892
Average Life	11.679444

CALL OPTIONS:

10/ 1/2013 @ 100.000

C = Maturity was Priced to Call

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/23	1,355,000.00	5.2500	4.8000	103.522	1,402,723.10	25,074.722	18.505330
SERIAL BONDS:	3,645,000.00				3,679,318.00		

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:25:18 Filename: CSCDA38 Key: L001

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

C-3

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Total
10/ 1/ 4	185,000.00	2.000000	188,886.53	373,886.53	373,886.53
10/ 1/ 5	185,000.00	2.000000	196,297.50	381,297.50	381,297.50
10/ 1/ 6	190,000.00	2.000000	192,597.50	382,597.50	382,597.50
10/ 1/ 7	195,000.00	2.000000	188,797.50	383,797.50	383,797.50
10/ 1/ 8	200,000.00	2.250000	184,897.50	384,897.50	384,897.50
10/ 1/ 9	205,000.00	2.600000	180,397.50	385,397.50	385,397.50
10/ 1/10	210,000.00	3.500000	175,067.50	385,067.50	385,067.50
10/ 1/11	215,000.00	3.300000	167,717.50	382,717.50	382,717.50
10/ 1/12	225,000.00	4.000000	160,622.50	385,622.50	385,622.50
10/ 1/13	230,000.00	3.750000	151,622.50	381,622.50	381,622.50
10/ 1/14	240,000.00	3.900000	142,997.50	382,997.50	382,997.50
10/ 1/15	250,000.00	4.500000	133,637.50	383,637.50	383,637.50
10/ 1/16	260,000.00	4.100000	122,387.50	382,387.50	382,387.50
10/ 1/17	270,000.00	4.200000	111,727.50	381,727.50	381,727.50
10/ 1/18	285,000.00	5.000000	100,387.50	385,387.50	385,387.50
10/ 1/19	300,000.00	5.000000	86,137.50	386,137.50	386,137.50
10/ 1/20	315,000.00	5.250000	71,137.50	386,137.50	386,137.50
10/ 1/21	330,000.00	5.250000	54,600.00	384,600.00	384,600.00
10/ 1/22	345,000.00	5.250000	37,275.00	382,275.00	382,275.00
10/ 1/23	365,000.00	5.250000	19,162.50	384,162.50	384,162.50
	5,000,000.00		2,666,354.03	7,666,354.03	
ACCRUED	5,000,000.00		2,666,354.03	7,666,354.03	
	=====		=====	=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3

Bond Years 58,397.222

Average Coupon 4.565892

Average Life 11.679444

N I C % 4.572098 % Using 99.9275136

T I C % 4.516353 % From Delivery Date

Bond Insurance:

0.400000 % of (Total Debt Service Only) 30,665.42

Henderson Capital Partners LLC, Oakland, Californi

Date: 10-07-2003 @ 12:25:23 Filename: CSCDA3B Key: LODI

City of Lodi
CSCDA WATER REVENUE BONDS, SERIES 2003B
20-Year Issue

C-3-a

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 4			88,887.78	88,887.78	88,887.78
10/ 1/ 4	185,000.00	2.000000	99,998.75	284,998.75	
4/ 1/ 5			98,148.75	98,148.75	383,147.50
10/ 1/ 5	185,000.00	2.000000	98,148.75	283,148.75	
4/ 1/ 6			96,298.75	96,298.75	379,447.50
10/ 1/ 6	190,000.00	2.000000	96,298.75	286,298.75	
4/ 1/ 7			94,398.75	94,398.75	380,697.50
10/ 1/ 7	195,000.00	2.000000	94,398.75	289,398.75	
4/ 1/ 8			92,448.75	92,448.75	381,847.50
10/ 1/ 8	200,000.00	2.250000	92,448.75	292,448.75	
4/ 1/ 9			90,198.75	90,198.75	382,647.50
10/ 1/ 9	205,000.00	2.600000	90,198.75	295,198.75	
4/ 1/10			87,533.75	87,533.75	382,732.50
10/ 1/10	210,000.00	3.500000	87,533.75	297,533.75	
4/ 1/11			83,858.75	83,858.75	381,392.50
10/ 1/11	215,000.00	3.300000	83,858.75	298,858.75	
4/ 1/12			80,311.25	80,311.25	379,170.00
10/ 1/12	225,000.00	4.000000	80,311.25	305,311.25	
4/ 1/13			75,811.25	75,811.25	381,122.50
10/ 1/13	230,000.00	3.750000	75,811.25	305,811.25	
4/ 1/14			71,498.75	71,498.75	377,310.00
10/ 1/14	240,000.00	3.900000	71,498.75	311,498.75	
4/ 1/15			66,818.75	66,818.75	378,317.50
10/ 1/15	250,000.00	4.500000	66,818.75	316,818.75	
4/ 1/16			61,193.75	61,193.75	378,012.50
10/ 1/16	260,000.00	4.100000	61,193.75	321,193.75	
4/ 1/17			55,863.75	55,863.75	377,057.50
10/ 1/17	270,000.00	4.200000	55,863.75	325,863.75	
4/ 1/18			50,193.75	50,193.75	376,057.50
10/ 1/18	285,000.00	5.000000	50,193.75	335,193.75	
4/ 1/19			43,068.75	43,068.75	378,262.50
10/ 1/19	300,000.00	5.000000	43,068.75	343,068.75	
4/ 1/20			35,568.75	35,568.75	378,637.50
10/ 1/20	315,000.00	5.250000	35,568.75	350,568.75	
4/ 1/21			27,300.00	27,300.00	377,868.75
10/ 1/21	330,000.00	5.250000	27,300.00	357,300.00	
4/ 1/22			18,637.50	18,637.50	375,937.50
10/ 1/22	345,000.00	5.250000	18,637.50	363,637.50	
4/ 1/23			9,581.25	9,581.25	373,218.75
10/ 1/23	365,000.00	5.250000	9,581.25	374,581.25	
4/ 1/24					374,581.25
	5,000,000.00		2,666,354.03	7,666,354.03	
ACCRUED	5,000,000.00		2,666,354.03	7,666,354.03	
	=====			=====	

Dated 10/21/ 3 with Delivery of 10/21/ 3

Bond Years 58,397.222
Average Coupon 4.565892
Average Life 11.679444
N I C % 4.572098 % Using 99.9275136
T I C % 4.516353 % From Delivery Date

Bond Insurance:
0.400000 % of (Total Debt Service Only) 30,665.42

Henderson Capital Partners LLC, Oakland, California

Date: 10-07-2003 @ 12:46:26 Filename: CSCDA3B Key: L001

**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM)
SERIES 2003B**

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**CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
WATER AND WASTEWATER REVENUE BONDS
(POOLED FINANCING PROGRAM
SERIES 2003B**

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Mike Gogna	mgogna@meyersnave.com
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