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time-to-time. If all members are absent from any regular meeting or adjourned regular meeting the Secretary of the Authority may declare the meeting adjourned to a stated time and place and shall cause a written notice of the adjournment to be given in the same manner as provided for special meetings unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any hearing noticed or ordered to be held at any meeting, may by order or notice of continuance be continued or recontinued to any subsequent meeting in the same manner and to the same extent set forth herein for the adjournment of the meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing a copy of the order or notice of continuance shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

Section 4.6. Meetings to be Open and Public. All meetings of Authority members to take action or to deliberate concerning Authority business and its conduct shall be open and public. All persons shall be permitted to attend any such meetings except as otherwise provided or permitted by law and Section 4.3 of these by-laws.

Section 4.7. Quorum. A majority of the members of the Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other official purposes, except that less than a quorum may adjourn from time to time until a quorum is obtained.

Section 4.8. Order of Business. At the regular meetings of the Authority, the following shall be the general order of business:

1. Roll Call
2. Approval of Minutes
3. Reports
4. Unfinished Business
5. New Business
6. Matters Not Appearing on the Agenda
7. Adjournment

Section 4.9. Parliamentary Procedure. The rules of parliamentary procedure set forth in Robert's Rules of Order shall govern all meetings of the Authority, except as otherwise herein provided.

## ARTICLE V - AMENDMENTS

Section 5.1. Amendments to By-Laws. These by-laws may be amended by the Authority at any regular or special meeting by majority vote, provided that the proposed amendment to any particular section is included in the notice of such meeting.

CERTIFICATE OF THE SECRETARY OF THE
FRESNO JOINT POWERS FINANCING AUTHORITY RE BY-LAWS

I, REBECCA E. KLISCH, Secretary of the Fresno Joint Powers Financing Authority, hereby certify that the foregoing is a full, true and correct copy of the by-laws of said Authority duly adopted on October 25, 1988.

Said by-laws, as adopted on such date, have not been amended, modified or rescinded, and the same are now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this 14th day of March, 2001.

Rebecca E. Klisch

REBECCA E. KLISCH
Secretary of the Fresno
Joint Powers Financing Authority

EXECUTION COPY

# CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Fresno Redevelopment Agency (the "Redevelopment Agency") on behalf of the Fresno Joint Powers Financing Authority (the "Authority") in connection with the issuance of $10,000,000 Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of March 1, 2001, by and between the Authority and BNY Western Trust Company, as trustee (the "Trust Agreement"). The Redevelopment Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. The Disclosure Certificate is being executed and delivered by the Redevelopment Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in the Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

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

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

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

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the current National Repositories approved by the S.E.C. may be found at the S.E.C. website: http://www.sec.gov/consumer/nrmsir.htm.

"Participating Underwriter" shall mean Sutro & Co. Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of California.

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

SECTION 3. Provision of Annual Reports.

(a) The Redevelopment Agency shall, not later than 270 days after the end of the Redevelopment Agency's fiscal year (which currently is June 30), commencing with the report for the 2000-01 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of the Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of the Disclosure Certificate; *provided* that the audited financial statements of the Redevelopment Agency 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 Redevelopment Agency'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 Redevelopment Agency shall provide the Annual Report to the Dissemination Agent. If the Redevelopment Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Redevelopment Agency shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A to the Disclosure Certificate.

(c) The Dissemination Agent shall:

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

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

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

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

(a) The Redevelopment Agency's comprehensive audited financial report for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Redevelopment Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) A maturity schedule for the outstanding Bonds, and a listing of Bonds redeemed prior to maturity during the prior fiscal year.

(c) Historical and current taxable values for the fiscal year to which the Annual Report pertains, by means of an update to the tables in the Official Statement entitled "Merger No. 2 Project Area Property Taxable Values," "Fruit/Church Project Area Property Taxable Values" and "Southwest Fresno Project Area Property Taxable Values."

(d) Historical and current tax increment revenues for the fiscal year to which the Annual Report pertains, by means of an update to the tables in the Official Statement entitled "Merger No. 2 Project Area Tax Increment Revenues" and, until the Annual Report for the 2003-04 Fiscal Year, an update of the tables in the Official Statement entitled "Fruit/Church Project Area Tax Increment Revenues" and "Southwest Fresno Project Area Tax Increment Revenues."

(e) The top ten taxable property owners for the fiscal year to which the Annual Report pertains, by means of an update to the tables in the Official Statement entitled "Merger No. 2 Project Area Top Ten Taxable Property Owners," "Fruit/Church Project

Area Top Ten Taxable Property Owners" and "Southwest Fresno Project Area Top Ten Taxable Property Owners."

(f) The debt service coverage for the year to which the Annual Report pertains, by means of an update to the table in the Official Statement entitled "Schedule of Annual Debt Service, Loan Payments and Pledged Tax Revenues."

(g) The balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior fiscal year:

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

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

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 Redevelopment Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission; *provided,* that if the documents included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and *provided further*, that the Redevelopment Agency 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 Redevelopment Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies.

(ii) non-payment related defaults.

(iii) modifications to rights of Bondholders.

(iv) optional, contingent or unscheduled bond calls.

(v) defeasances.

(vi) rating changes.

(vii) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.

(viii) unscheduled draws on the Reserve Fund reflecting financial difficulties.

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties.

(x) substitution of the credit or liquidity providers or their failure to perform.

(xi) release, substitution or sale of property securing repayment of the Bonds.

(xii) initiation of bankruptcy proceedings by the Redevelopment Agency or by or on behalf of any person owning property representing more than five percent (5%) of the unpaid Reassessments.

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

(c) If the Redevelopment Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Redevelopment Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and the State Repository, if any. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(iv) and (a)(v) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

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

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

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

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

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

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

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Redevelopment Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information being presented by the Redevelopment Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Redevelopment Agency from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Certificate. If the Redevelopment Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Certificate, the Redevelopment Agency shall have no obligation under the Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Redevelopment Agency to comply with any provision of the Disclosure Certificate any Holder or Beneficial Owner outstanding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Redevelopment Agency to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under the Disclosure Certificate in the event of any failure of the Redevelopment Agency to comply with the Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Certificate, the Redevelopment Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or wilful misconduct. The obligations of the Redevelopment Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the Fresno Joint Powers Financing Authority, the Redevelopment Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 14, 2001

CITY OF FRESNO REDEVELOPMENT AGENCY

By: _____

## EXHIBIT A

## NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | FRESNO JOINT POWERS FINANCING AUTHORITY |
| Name of Bond Issue: | FRESNO JOINT POWERS FINANCING AUTHORITY<br>TAX ALLOCATION REVENUE BONDS, SERIES 2001A |
| Date of Issuance: | March 14, 2001 |

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City of Fresno Redevelopment Agency dated March 14, 2001. The City of Fresno Redevelopment Agency anticipates that the Annual Report will be filed by

_____.

Dated:_____

CITY OF FRESNO REDEVELOPMENT AGENCY

By:_____
Name:
Title

ACKNOWLEDGMENT OF CONTINUING DISCLOSURE OBLIGATIONS

The undersigned, Executive Director of the Redevelopment Agency of the City of Fresno (the "Agency"), hereby acknowledges as follows in connection with the issuance and sale of the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"):

1. I have read and am familiar with the provisions of that certain Continuing Disclosure Certificate of the Agency dated as of March 14, 2001 (the "Continuing Disclosure Certificate"), and Section 7 of Resolution No. 1575 adopted by the Agency on January 9, 2001.

2. Pursuant to Securities Exchange Commission Rule 15c2-12, the Agency has undertaken to file Annual Reports under the Continuing Disclosure Certificate (each such report an "Annual Report"), and the first Annual Report must be filed no later than 270 days after the end of the Agency's 2000-2001 Fiscal Year (presently ending June 30).

3. The Agency intends to prepare and file the Annual Report itself without the assistance of any outside firm, and acknowledges that it has the sole responsibility for preparation and filing of the Annual Report.

Dated: March 14, 2001

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

Dan Fitzpatrick
Executive Director

DELEGATION BY CHAIRPERSON TO TREASURER AND CONTROLLER OF FRESNO JOINT POWERS FINANCING AUTHORITY
IN CONNECTION WITH THE EXECUTION OF CERTAIN DOCUMENTS PERTAINING TO THE ISSUANCE OF FRESNO JOINT POWERS FINANCING AUTHORITY TAX ALLOCATION REVENUE BONDS, SERIES 2001

The undersigned, Alan Autry, Chairperson of the Fresno Joint Powers Financing Authority (the "Authority"), pursuant to Sections 3, 4, 5, 6 and 8 of Resolution No. 10 of the Authority, adopted January 9, 2001, hereby authorizes Randall O. Carlton, Treasurer and Controller of the Authority, to execute and deliver any and all documents on behalf of the Authority in connection with the issuance by the Authority of its Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). These documents include, but are not limited to, the following:

1. Trust Agreement, dated as of March 1, 2001, by and between the Authority and BNY Western Trust Company, as Trustee;

2. Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001, by and between the Authority and the Redevelopment Agency of the City of Fresno (the "Agency");

3. Bond Purchase Contract, dated March 2, 2001, by and among the Authority, the Agency and Sutro & Co. Incorporated;

4. Official Statement for the Bonds;

5. Tax Certificate relating to the Bonds;

6. Investment Agreement relating to the Bonds;

7. Closing Documents delivered pursuant to the Bond Purchase Contract.

Dated: March 5, 2001.

Alan Autry
Chairperson of the Fresno Joint Powers Financing Authority

CERTIFICATE OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
PURSUANT TO SECTION 7(e)(13)
OF THE BOND PURCHASE CONTRACT

The undersigned, as Executive Director of the Redevelopment Agency of the City of Fresno (the "Agency"), is delivering this Certificate in accordance with Section 7(e)(13) of the Bond Purchase Contract dated March 2, 2001 (the "Bond Purchase Contract"), by and among the Agency, the Fresno Joint Powers Financing Authority (the "Authority") and Sutro & Co. Incorporated, as the Underwriter, providing for the sale and purchase of $10,000,000 principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"), and hereby certifies on behalf of the Agency that:

1. The following persons are now, and at all times since January 1, 2001, have been, duly qualified officers or employees of the Agency holding the positions set forth opposite their respective names:

| | |
|---|---|
| Dan Fitzpatrick | Executive Director of the Agency |
| Rebecca E. Klisch | City Clerk of the City of Fresno and Ex Officio Clerk of the Agency |

2. The Executive Director has been duly authorized by the Agency to execute and deliver, on behalf of the Agency: (i) the Official Statement, dated March 2, 2001, relating to the Bonds (the "Official Statement"); (ii) that certain Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement"), between the Fresno Joint Powers Financing Authority (the "Authority") and the Agency; (iii) the Bond Purchase Contract, dated March 2, 2001 (the "Purchase Contract") between the Authority and Sutro & Co. Incorporated and approved by the Agency; and (iv) the Continuing Disclosure Certificate, dated the date hereof (together with the Loan Agreement and the Purchase Contract, the "Legal Documents"); and pursuant to such authority the Agency has executed and delivered the Legal Documents and the Official Statement.

3. The Agency is a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to enter into and execute the Legal Documents. The Agency's Merger No. 2 Project Area has been formed and is validly existing pursuant to State law.

4. The representations and warranties and covenants of the Agency contained in the Bond Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof, and the Agency has complied with all of the terms and conditions of the Bond Purchase Contract required to be complied with by the Agency at or prior to the date hereof; and

5. The statements and information contained in the Official Statement regarding the Agency (including any financial and statistical data contained therein) and the Merger No. 2 Project Area are true and correct in all material respects and the statements and information in the Official Statement regarding the Agency (including any financial and

statistical data contained therein) do not and will not omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

6. No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Agency that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the Agency of the other transactions contemplated by the Trust Agreement, the Loan Agreement, the Continuing Disclosure Certificate and the Official Statement, except as such may be required for the state securities or blue sky laws.

7. The execution and delivery by the Agency of the Loan Agreement and the Continuing Disclosure Certificate, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the Agency is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Agency or any of its activities or properties.

8. Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the Agency, threatened against or affecting the existence of the Agency or in any way contesting or affecting the validity or enforceability of the Loan Agreement or the Continuing Disclosure Certificate.

9. A certified copy of Resolution No. 1575 of the Agency, adopted January 9, 2001, has been furnished to Orrick, Herrington & Sutcliffe LLP as part of the transcript of proceedings for the authorization, issuance and sale of the Bonds, and such resolution has not been amended or rescinded, except as expressly set forth therein.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Contract.

Dated: March 14, 2001.

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By _____
Dan Fitzpatrick
Executive Director

The undersigned by her signature confirms that the above signature is genuine.

Cecilia Lopez, Deputy Clerk
Rebecca E. Klisch
City Clerk and Ex-Officio
Clerk of the Redevelopment
Agency of the City of Fresno

AGENCY RECEIPT FOR FUNDS AND CERTIFICATE OF DEPOSIT

The undersigned, as Executive Director of the Redevelopment Agency of the City of Fresno (the "Agency"), hereby certifies on behalf of the Agency that:

On the date hereof he received from BNY Western Trust Company, as Trustee for the Fresno Joint Powers Financing Authority's Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"), the sum of $8,854,483.14 from the proceeds of sale of the Bonds, and that he deposited said sum in the Project Account pursuant to Section 2.04(a) of the Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement") by and between the Agency and the Fresno Joint Powers Financing Authority (the "Authority").

Dated: March 14, 2001

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

Dan Fitzpatrick
Executive Director

## CERTIFICATE OF THE TRUSTEE

The undersigned, an authorized officer of BNY WESTERN TRUST COMPANY, as trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement") dated as of March 1, 2001, by and between the Trustee and the Fresno Joint Powers Financing Authority (the "Authority") providing for the issuance, sale and delivery of the $10,000,000 aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"), hereby certifies as follows:

1. The officer executing this certificate is an officer of the undersigned duly authorized to make the representations contained herein, and the signature of such officer below is the genuine signature of such officer, as evidenced by the incumbency certificate attached hereto as Exhibit A.

2. The Trustee is a banking corporation, duly organized and validly existing under the laws of the State of California and has, and as of the date hereof has, full legal right, power and authority to enter into the Trust Agreement and to carry out and consummate the transactions contemplated by the Trust Agreement, and has taken all action necessary for the acceptance of, and has duly accepted, the trusts and the duties and obligations of the Trustee thereunder.

3. The Trust Agreement has been duly entered into, executed and delivered by the Trustee. The officer of the Trustee who executed and delivered the Trust Agreement was, on the date of such execution and delivery, duly qualified and acting officer of the Trustee authorized to perform such act.

4. The execution and delivery of the Trust Agreement and the performance by the Trustee of its obligations under the Trust Agreement have been duly authorized by all necessary corporate action on the part of the Trustee, as evidenced by excerpts from the Bylaws of the Trustee, a true and correct copy of which is attached hereto as Exhibit B, authorizing certain officers of the Trustee, among other things, to accept trusts, execute the Trust Agreement and authenticate the Bonds; and such actions presently do not contravene or, to the best knowledge of the Trustee, conflict with or constitute a breach of or default under any law, administrative regulation, consent decree or any agreement or instrument to which the Trustee is subject.

5. No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Trust Agreement by the Trustee or the performance of its obligations under the Trust Agreement, although the Trustee makes no certification with respect to compliance with federal or state securities laws.

6. To the knowledge of the Trustee, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or threatened against or affecting the existence of the Trustee or seeking to prohibit, restrain or enjoin the execution and delivery of the Trust Agreement or the

collection of moneys to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Trust Agreement or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, or which, in any way, would adversely affect the validity of the Bonds, the Trust Agreement or any agreement or instrument to which the Trustee is a party.

7. Compliance with the terms of the Trust Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or Blue Sky laws or regulations).

8. The Trustee authenticated $10,000,000 aggregate principal amount of the Bonds, in fully registered forms as authorized in the Trust Agreement, which sets forth the dated date, maturities, interest rates and denominations of the Bonds.

9. Each Bond has been signed in facsimile by the Chairperson and Secretary of the Authority, and authenticated by the manual signing of the Trustee's certificate of authentication thereon by a person signing as an authorized employee of the Trustee and such person was at the time of said authentication duly authorized to authenticate the Bonds.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

Dated: March 14, 2001

BNY WESTERN TRUST COMPANY,
as Trustee

By _____
Authorized Officer

**BNY WESTERN TRUST COMPANY**
**SECRETARY'S CERTIFICATE**

I do hereby certify that:

(i) I am the duly elected Assistant Secretary of BNY Western Trust Company, a California banking corporation (the "Company");

(ii) attached hereto as Exhibit "A" is a true, correct copy of Signing Authorities extracts from by-laws of the Company adopted by action of the Board of Directors of the Company and presently in effect;

(iii) attached hereto as Exhibit "B" is a list of the persons who, as of the date hereof, are certain duly elected officers of the Company, which lists sets forth the title of each such officer next to his or her typed name, with which officers I am personally familiar; and

IN WITNESS WHEREOF, I have hereunto executed this Certificate as Assistant Secretary of the Company and affixed the seal of the Company this 14th day of March, 2001.

David A. Oeser, Assistant Secretary
BNY Western Trust Company

(Corporate Seal)

I hereby certify that as of the date hereof that David A. Oeser is the duly elected Assistant Secretary of BNY Western Trust Company, and that the signature which appears on the foregoing pages is the signature of David A. Oeser and that it is a signature with which I am personally familiar and do certify as to its authenticity:

Dated: March 14, 2001

By: Jacqueline M. Nowak
Title: Assistant Vice President

Exhibit A

**Extracts from By-laws**

**of**

**BNY WESTERN TRUST COMPANY**

**As amended through May 1, 1997**

## ARTICLE VII
## SIGNING AUTHORITIES

**Section 7.1** Real property owned by the Corporation in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board of Directors. The Board of Directors may from time to time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Corporation in its own right with such maximum values as the Board of Directors may fix in its authorizing resolution.

**Section 7.2** Subject to the exception provided in Section 1 of this Article, the Chairman, the President, any Vice Chairman of the Board of Directors, any Senior Executive Vice President, and Executive Vice President or any Senior Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Corporation in its own right or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Corporation thereto. In such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board of Directors, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Corporation authorized in pursuant to Section 3 of this Article to have the powers set forth therein, other than the officer signing pursuant to this Section 2 of this Article, is authorized to attest to the seal of the Corporation on any documents requiring such seal.

**Section 7.3** All acceptances; authentication's; bills of exchange; bills of lading; bills receivable; certificates of deposit; certifications required for transfers and deliveries of securities; certifications; checks; disclosure notices required by law; documents required in connection with any Individual Retirement Account or Keogh Plan or similar plan; drafts, endorsements; guarantees of signatures to assignments of stock, bonds or other instruments; letters or credit; notes; documents of any type required for the prosecution or defense of judicial, regulatory or administrative proceedings; orders for the payment of money; other instruments obligating the Corporation for the payment of money; purchasing, investing in, selling, transferring, exchanging or otherwise disposing of, and generally dealing in foreign currencies and in or with any and all forms of securities, including but not limited to options and futures thereon; receipts; and all accounts, petitions, schedules and verifications, may be accepted, endorsed or signed in the name of, or on behalf of, the Corporation in its own right or in any fiduciary, representative or

agency capacity by the Chairman, the President, any Vice Chairman of the Board of Directors, any Senior Executive Vice President, any Executive Vice President or any Senior Vice President. In such instances as in the judgment of the Chairman, the President, any Vice Chairman of the Board of Directors, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing any other officer, employee or individual to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

**Section 7.4** The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Corporation, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

**Section 7.5** Any signing authority authorized by the chairman, the President, any Vice Chairman of the Board of Directors, any Senior Executive Vice President or any Executive Vice President may be rescinded at any time by any one of said officers and any signing power authorized in or pursuant to Section 1,2 or 3 of this Article shall terminate without necessity of further action when the officer or employee having such power leaves the employ of the Corporation.

Exhibit B

# BNY WESTERN TRUST COMPANY

## CORPORATE TRUST
## OFFICIAL SIGNING POWER AUTHORITIES

Pursuant to Article 7, Section 7.2 and Section 7.3 of the By-Laws of BNY Western Trust Company as amended May 1, 1997, I hereby convey the signing authorities noted next to the individuals, as follows:

| Name | Title | Signing Power Authority (per Section) |
|---|---|---|
| Nicholas S. Signoretta | Vice President | 7.2, 7.3 |
| M. K. Klugman | Vice President | 7.2, 7.3 |
| Todd H. Duncan | Vice President & Assistant Secretary | 7.2, 7.3 |
| Carl W. Becker | Assistant Vice President | 7.2, 7.3 |
| Hugh L. Black | Assistant Vice President | 7.2, 7.3 |
| Brian A. Buchanan | Vice President & Assistant Secretary | 7.2, 7.3 |
| Eladia Burgos | Vice President | 7.2, 7.3 |
| Rose C. Bystrom | Vice President & Assistant Secretary | 7.2, 7.3 |
| Milly P. Canessa | Assistant Treasurer | 7.2, 7.3 |
| William F. Chambers | Assistant Vice President & Assistant Secretary | 7.2, 7.3 |
| Sandy Chan | Assistant Vice President | 7.2, 7.3 |
| Gregory B. Chenail | Assistant Treasurer | 7.2, 7.3 |
| Daren Di Nicola | Vice President | 7.2, 7.3 |
| Teresa R. Fructuoso | Assistant Vice President | 7.2, 7.3 |
| Mark A. Golder | Assistant Vice President | 7.2, 7.3 |
| Vicki L. Herrick | Assistant Vice President | 7.2, 7.3 |
| Inga Keldsen | Vice President & Assistant Secretary | 7.2, 7.3 |
| Lydia Medrano | Assistant Vice President | 7.2, 7.3 |
| Helen B. McNulty | Assistant Treasurer | 7.2, 7.3 |
| Jacqueline M. Nowak | Assistant Vice President | 7.2, 7.3 |
| David A. Oeser | Assistant Vice President & Assistant Secretary | 7.2, 7.3 |
| Tomas S. Orlina | Assistant Vice President | 7.2, 7.3 |
| Aurora Y. Quiazon | Assistant Treasurer | 7.2, 7.3 |
| Alicia Oxford | Assistant Vice President | 7.2, 7.3 |
| Rosalinda (Sally) Ronquillo | Assistant Treasurer & Assistant Secretary | 7.2, 7.3 |
| Rose M. Ruelos | Vice President & Assistant Secretary | 7.2, 7.3 |
| Allen D. Taylor | Assistant Treasurer | 7.2, 7.3 |
| Deborah Young | Vice President | 7.2, 7.3 |

C. Rodney Cooper, Chief Executive Officer
BNY Western Trust Company

D:\WINWORD\OTHER\THD\SIGNING ATH

TAX CERTIFICATE

The Fresno Joint Powers Financing Authority (the "Authority") and the Redevelopment Agency of the City of Fresno (the "Agency") hereby make the following representations of facts and expectations and covenant to comply with the requirements of this Tax Certificate in connection with the Authority's Tax Allocation Revenue Bonds, Series 2001, in the aggregate principal amount of $10,000,000 (the "Bonds"). These representations and covenants are in furtherance of the covenants contained in Section 5.03 of the Trust Agreement (the "Trust Agreement") dated as of March 1, 2001, by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"), and in part are made pursuant to Treasury Regulations Section 1.148-2(b)(2). Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Trust Agreement.

I.

IN GENERAL; DEFINITIONS

1.1 Delivery of the Bonds. The Bonds are being delivered to Sutro & Co. Incorporated (the "Underwriters") on the date hereof.

1.2 Purpose of Tax Certificate. The Authority is delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP, as bond counsel, with the understanding that Orrick, Herrington & Sutcliffe LLP will rely in part upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 Purpose of Financing. The Bonds are being issued to (i) provide funds to finance certain capital improvements located within certain merged Project Areas of the Agency or possibly to transfer funds to the City of Fresno (the "City") to be used for City capital improvements (the "Project"), (ii) fund the Reserve Account for the Bonds, and (iii) pay certain costs of issuing the Bonds, including an underwriters' discount and a premium for a municipal bond insurance policy to be provided by Ambac Assurance Corporation.

1.4 Single Issue. All the Bonds were sold to the Underwriters on March 2, 2001 (the "Sale Date"), pursuant to the same plan of financing. All of the Bonds are expected to be paid out of substantially the same source of funds. No other governmental obligations that are expected to be paid out of substantially the same source of funds as the Bonds were or are to be sold within the 31-day period beginning 15 days before the Sale Date, pursuant to the same plan of financing as the Bonds.

1.5 Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings for purposes of this Tax Certificate:

"Available Construction Proceeds" means all Sale Proceeds of the Bonds (less the amount of such proceeds used to pay costs of issuing the Bonds), plus all Investment Proceeds received, accrued or reasonably expected to be earned thereon, and less the amount of the Sale Proceeds deposited into the Reserve Account, and Investment

Proceeds earned on amounts deposited in the Reserve Account after the earlier of March 14, 2002 or substantial completion of the Project.

"Bond Year" means the period beginning on the Closing Date and ending on March 14, 2002, (unless an earlier date is chosen by the Authority) and each successive one year period thereafter. The last Bond Year will end on the last day on which any Bonds are outstanding.

"Closing Date" means the date of this Tax Certificate.

"Code" means the Internal Revenue Code of 1986 and the applicable Treasury Regulations.

"Gross Proceeds" has the meaning used in Treasury Regulations Section 1.148-1(b), and generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds and amounts to be used to pay debt service on the Bonds.

"Insurance" means the insurance policy for the Bonds issued by the Insurer, unconditionally guaranteeing the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but which remains unpaid by reason of nonpayment by the Authority.

"Insurer" means Ambac Assurance Corporation.

"Investment Proceeds" means the earnings received from investing and reinvesting the Sale Proceeds and from investing and reinvesting such earnings.

"Investment Property" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any tax-exempt obligation, unless such obligation is a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

"Net Sale Proceeds" means Sale Proceeds, less $100,000 and less any Sale Proceeds deposited in the Reserve Account.

"Nonpurpose Investment" means any Investment Property in which Gross Proceeds are invested.

"Opinion of Counsel" means an approving written opinion of nationally recognized bond counsel.

"Rebate Requirement" means the amount of rebatable arbitrage computed as of the last day of any Bond Year pursuant to Treasury Regulations Section 1.148-3.

"Sale Proceeds" means the principal amount of the Bonds plus the net original issue premium of $229,425.55, or $10,229,425.55.

"Tax Certificate" means this Tax Certificate and is referred to in the Trust Agreement as the Tax Certificate.

"Yield" means that discount rate described in Section 3.14 of this Tax Certificate.

II.

GENERAL TAX LIMITATIONS

2.1 Cross Reference. Part III below refers to the expectations and limitations relating to arbitrage; part IV refers to the expectations and limitations relating to rebate.

2.2 Governmental Bond Status: Multipurpose Issue. Pursuant to Treasury Regulations Section 1.150-1(c)(3), the Authority and the Agency hereby elect to treat the portion of the Bonds used to finance the land acquisition and parking lot construction for Kearney Palms (expected total project costs of $3,173,844) (the "Kearney Portion") as an issue of bonds separate from the remainder of the Bonds (the "Remainder Portion") for certain federal tax purposes. The Bonds allocated to the Kearney Portion and the Remainder Portion will be pro rata as to maturities, with appropriate rounding for whole bonds. The effect of this election is to treat the two portions of the Bonds, and the related portions of the Project (the, "Kearney Project" and the "Remainder Project," respectively), as separate issues for purposes of the private business use and private payment or security analysis under Code Section 141(b).

Based on certain development agreements, it is possible that the Kearney Project will be treated as used in the trade or business of nongovernmental persons (other than in their roles as members of the general public). The Authority and the Agency, however, reasonably expect that the present value of the total amount of revenues with respect to the Kearney Project that are not generally applicable taxes collected in the ordinary course of business and that are received by the Agency, the City, the Authority, or any person related to, controlled by, or commonly controlled with the Agency, the City or the Authority will not exceed 10% of the Kearney Portion of the initial deposit into the Project Account. Prior to the time such 10% amount would be exceeded, the Authority and the Agency will redeem the Kearney Bonds or otherwise follow the advice of Bond Counsel. Neither the Authority nor the Agency will loan any of the proceeds of the Kearney Bonds to any nongovernmental persons unless such loan enables the Authority or the Agency to finance a specific essential governmental function and such loan is paid with the proceeds of a governmental tax or assessment of general application.

Except for an amount not to exceed 10% of the proceeds of the Remainder Portion of the Bonds, neither the Authority nor the Agency will allow any of the proceeds of the Remainder Portion of the Bonds or any of the facilities financed with the Remainder Portion of the Bonds to be used in the trade or business of any nongovernmental persons (other than in their roles as members of the general public) nor will they loan any of the proceeds to any nongovernmental persons unless such loan enables the Authority or the Agency to finance a specific essential governmental function and such loan is paid with the proceeds of a governmental tax or assessment of general application. To the extent any of the proceeds of the Remainder Portion of the Bonds are transferred to the City, the Agency will insure that the proceeds so transferred are spent on facilities that will satisfy the above-stated requirements.

2.3 Registered Form. The Bonds are being issued in registered form.

2.4 No Federal Guarantee. The Authority will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Authority or take or omit to take any action that would cause the Bonds to be obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Authority will not allow the payment of the principal or interest with respect to the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Except as provided in the next sentence, the Authority will not use 5% or more of the proceeds of the Bonds to make loans the payment of the principal or interest with respect to which are guaranteed in whole or in part by the United States or any agency or instrumentality thereof, nor will it invest 5% or more of the proceeds in federally insured deposits or accounts. The preceding sentence shall not apply to (i) temporary period investments of proceeds of the Bonds (described in Section 3.8 below) until they are used for the purpose for which the Bonds are issued, (ii) investments in the Principal Account, the Interest Account and the Reserve Account within the Revenue Fund, (iii) the Costs of Issuance Fund, or (iv) investments in bonds issued by the United States Treasury.

2.5 Information Reporting. The Authority shall cause Form 8038-G to be filed with respect to the Bonds no later than May 15, 2001.

2.6 No Pooling. The Authority does not expect to use and will not use the proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.7 No Hedge Bonds. The Authority reasonably expects that more than 85% of Net Sale Proceeds will be expended for governmental purposes of the Bonds before March 14, 2004. The Authority also reasonably expects that at least 10% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before March 14, 2002, and that at least 30% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before March 14, 2003. Not more than 50% of Bond proceeds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more. In addition, the payment of legal and underwriting costs associated with issuance of the Bonds is not contingent, and at least 95% of all legal and underwriting costs associated with issuance of the Bonds will be paid no later than 180 days after the Closing Date.

2.8 No Refunding. None of the proceeds of the Bonds will be used to pay principal of or interest on any other obligation. For this purpose, a loan between related persons, such as the City and the Agency, is not considered an obligation.

## III.

## ARBITRAGE

3.1 Reasonable Expectations; Reliance on Others. This Part III states the reasonable expectations of the Authority with respect to the amounts and uses of the proceeds of the Bonds and certain other funds. The expectations of the Authority concerning certain uses of

the proceeds of the Bonds and certain other moneys described herein and other matters are based in whole or in part upon representations of other parties as set forth in this Tax Certificate or exhibits hereto. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representations made in this Tax Certificate, including exhibits attached to this Tax Certificate.

3.2 Offering Price. The Authority is delivering the Bonds to the Underwriters on the date hereof in exchange for payment of the Sale Proceeds ($10,229,425.55), less the Underwriters' discount ($199,500.00). Based upon the advice of the Underwriters (contained in Exhibit A hereto), the Bonds have been reoffered to the public (excluding any bondhouse, broker or other intermediary) at prices set forth in Schedule I of Exhibit A, and the initial offering prices are reasonable under customary standards in the applicable tax-exempt market as of the Sale Date.

3.3 Sale Proceeds. The Authority will deposit or have deposited the Sale Proceeds ($10,229,425.55), less Underwriters' discount ($199,500.00), and less the insurance premium ($100,828.75) paid to the Insurer, to the following funds and accounts in the following amounts:

| | |
|---|---|
| Revenue Fund | |
| Reserve Account | $ 899,227.50 |
| Costs of Issuance Fund | 175,386.16 |
| Project Account | 8,854,483.14 |
| | $9,929,096.80 |

3.4 Investment Proceeds. Any interest, income or profits from the deposits or investments of the Project Account established and maintained by the Trustee and the Rebate Fund shall remain in the Project Account and the Rebate Fund, respectively. Any interest, income or profits from the deposits or investments of all funds (except the Project Account and the Rebate Fund) and accounts shall be deposited in the Special Fund established by the Agency pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area) between the Authority and the Agency, dated as of March 1, 2001 (the "Loan Agreement").

3.5 Funds and Accounts. (a) Pursuant to the Trust Agreement, Authority has established or will establish the following funds and accounts:

Revenue Fund
- Principal Account
- Interest Account
- Reserve Account

Costs of Issuance Fund
Rebate Fund
Project Account

(b) Pursuant to the Loan Agreement, the Agency has established or will establish the following funds and accounts:

Special Fund

Neither the Authority nor any other person benefiting from the issuance of the Bonds will use any fund or account other than the Special Fund or the Interest Account, Principal Account, and Reserve Account within the Revenue Fund, directly or indirectly, to pay principal of or interest on the Bonds; nor is any fund or account, however established, other than the foregoing funds and accounts, so pledged as security for the Bonds that there is a reasonable assurance that amounts held in such fund or account will be available if needed to pay debt service with respect to the Bonds.

3.6 No Other Replacement Proceeds. Neither the Authority nor any related person will use any proceeds of the Bonds directly or indirectly to replace funds of the Authority or any related persons that are used directly or indirectly to acquire investment property reasonably expected to produce a yield materially higher than the yield on the Bonds. The weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

3.7 No Overissuance. The total amount of Sale Proceeds, together with Investment Proceeds reasonably expected to be earned thereon, do not exceed the amount necessary for the purposes described in Section 1.2 of this Tax Certificate.

3.8 Three-Year Temporary Period.

3.8.1 Transfers to the City. Amounts of proceeds of the Bonds transferred to the City by the Agency will continue to be treated as proceeds of the Bonds for federal income tax purposes until expended by the City on capital projects. To that end, either the Agency will not transfer proceeds of the Bonds to the City until the City has capital expenditures that will cause such proceeds to be treated as expended at the time of the transfer, or the City will hold and invest such proceeds in a manner that allows the Agency to comply with the requirements set forth herein.

3.8.2 Reserved.

3.8.3 Costs of Issuance Fund. Sale Proceeds and Investment Proceeds deposited in the Costs of Issuance Fund will be used to pay costs of issuing the Bonds. Any amounts remaining in such fund will be transferred to the Agency and held in the Project Account.

3.8.4 Project Account. Sale Proceeds in the amount of $8,854,483.14 will be deposited in the Project Account on the Closing Date to pay for the Project.

3.8.5 Expenditure Test. The Authority and the Agency reasonably expect that more than 85% of the Net Sale Proceeds of the Bonds will be expended on the Project before March 14, 2004.

3.8.6 Time Test. The Authority or the Agency have incurred, or will incur within 6 months of the Closing Date, a binding obligation to a third party involving an expenditure of not less than 5% of the Net Sales Proceeds of the Bonds for the Project.

3.8.7 Due Diligence Test. The Authority and the Agency reasonably expect that construction of the Project will proceed with due diligence to completion. Amounts deposited in the Project Account with respect to the Bonds and the Costs of Issuance Fund will be invested without regard to yield until March 14, 2004. Any amounts remaining in the Project Account with respect to the Bonds and the Costs of Issuance Fund after March 14, 2004 shall be invested as set forth in Section 3.16 below.

3.9 Reserved.

3.10 Bona Fide Debt Service Fund.

3.10.1 Payment of the Bonds. The Bonds are limited obligations of the Authority payable from Tax Revenues.

3.10.2 Tax Revenues. Under the Loan Agreement, the Agency will deposit in the Special Fund all Tax Revenues. Such Tax Revenues will exceed debt service on the Bonds during each payment period, and all amounts transferred from the Special Fund for the payment of debt service will be from current receipts.

3.10.3 Match Between Tax Revenues and Debt Service. The Special Fund (to the extent moneys in the fund are transferred to the Interest Account and Principal Account), the Interest Account and the Principal Account will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such funds in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such funds for the immediately preceding Bond Year or 1/12th of the principal and interest payments on the Bonds for the immediately preceding Bond Year. Amounts contributed to each such fund or account will be spent within thirteen months after the date of receipt by the Authority, and any amounts received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in such funds. Amounts in the Special Fund (to such extent), the Interest Account and the Principal Account shall be invested without regard to yield.

3.11 Reserved.

3.12 Reserve Account. As reflected in Exhibit A hereto, the Underwriters have advised that the funding of the Reserve Account (the "Reserve Account") with the proceeds of the Bonds is reasonably required in that it was a material factor in selling the Bonds at the lowest possible yield (given other characteristics of the Bonds) without regard to any benefit from positive net investment earnings on amounts held in the Reserve Account, and that it is reasonable and customary in marketing similar issues of governmental obligations. At no time will the amount properly allocable to the Bonds deposited in the Reserve Account exceed the least of the following amounts (calculated as of the Closing Date): (i) 10% of the original amount of the Bonds, (ii) maximum annual debt service on the Bonds, or (iii) 125% of average annual debt service on the Bonds. Amounts in the Reserve Account that do not exceed the least of (i) through (iii) above will be invested without regard to yield. Absent an Opinion of Counsel, any amount properly allocable to the Bonds in the Reserve Account that exceeds the least of (i)

through (iii) above (the "Restricted Amount") will be invested as set forth in Section 3.16 of this Tax Certificate.

3.13 Rebate Fund. A special fund designated the Rebate Fund is hereby established. The Trustee is hereby required to keep the Rebate Fund separate and apart from all other funds and monies held by it and to administer the Rebate Fund as directed by the Authority. The Authority has covenanted not to use monies on deposit in any fund or account in connection with the Bonds in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly 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. Sale Proceeds and Investment Proceeds of the Bonds are not expected to be held in the Rebate Fund. Amounts in the Rebate Fund will be invested without regard to yield.

3.14 Yield. For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(b) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5. Thus, yield on the Bonds or yield on Investment Property generally means that discount rate which, when used in computing the present value of all unconditionally payable payments representing principal, interest, and, with respect to the yield on the Bonds, the cost of qualified guarantees paid and to be paid with respect to the Bonds, produces an amount equal to the issue price of the Bonds or the purchase price of the Investment Property, as appropriate. The issue price of the Bonds is $10,229,425.55, which represents the price at which the Bonds are being sold to the ultimate purchasers of the Bonds, as represented by the Underwriters in Exhibit A hereto. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Bonds has been calculated to be at least 4.474856%.

3.15 Qualified Guarantee. In computing the yield on the Bonds as described above, the amount of the fees for the Insurance are treated as qualified guarantee payments with respect to the Bonds. This is based upon the representations of the Underwriters and the Insurer (set forth in certificates attached hereto as Exhibit A and Exhibit B, respectively) that the fees for the Insurance do not exceed a reasonable, arm's-length charge for the transfer of credit risk, and that the present value of interest saved as a consequence of the Insurance exceeds the present value of the fees for the Insurance. The Authority believes that such fees are reasonable. The fees for the Insurance do not include any payment for any direct or indirect services other than the transfer of credit risk. The fee for the Bond Insurance is a single payment of $100,828.75 on the Closing Date.

3.16 Yield Restriction. Unless otherwise authorized by an Opinion of Counsel, if the sum of (A) any Restricted Amount in the Reserve Account, plus (B) any Sale Proceeds or Investment Proceeds (but excluding amounts held in the Reserve Account) remaining unexpended after March 14, 2004, plus (C) any amounts held in the Interest Account, Principal Account or the Special Fund (to the extent moneys in such fund are deposited or to be deposited in the foregoing accounts) remain unexpended after 13 months from the date of accumulation and in the aggregate exceeds $100,000, the excess will be invested either (i) in assets that are not Investment Property, (ii) in assets that comply with the requirements for qualified yield reduction

payments set forth in Treasury Regulations § 1.148-5(c) or (iii) in Investment Property with a yield not exceeding the yield on the Bonds.

3.17 No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions (i) enables the Authority or any related person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (ii) overburdens 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.

3.18 No Expected Sale. It is not expected that the Project financed with the Bonds will be sold or otherwise disposed of before August 1, 2018, the last scheduled maturity of the Bonds.

## IV.

## REBATE

4.1 Undertakings. The Authority, pursuant to the Trust Agreement, has covenanted to comply with certain requirements of the Code. The Authority acknowledges that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treasury Regulations Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The Authority covenants that it will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations or future regulations, the Authority will undertake the methodology described in this Tax Certificate.

4.2 Recordkeeping. The Authority shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

4.3 Rebate Requirement Calculation and Payment.

(a) The Authority will prepare or cause to be prepared an annual calculation of the Rebate Requirement consistent with the rules described in this Section 4.3. (The interim calculations not falling at the close of the periods referred to in Section 4.3(c) below may be made as of the close of the Bond Years involved or as of other dates more convenient to the Authority, and such dates shall be treated as the close of Bond Years for purposes of this Section 4.3.) The Authority will complete the annual calculation of the Rebate Requirement

within 55 days after the close of each Bond Year and within 55 days after the first date on which there are no outstanding Bonds.

(b) For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Authority shall pay to the United States Department of the Treasury not later than 60 days after the end of the fifth Bond Year and each succeeding Bond Year, an amount equal to 90% and, not later than the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the end of the immediately preceding Bond Year) plus any actual or imputed earnings on such Rebate Requirement, all as set forth in Section 1.148-3 of the Treasury Regulations.

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255, on or before the date such payment is due, and shall be accompanied by Form 8038T. The Authority shall retain records of the calculations required by this Section 4.3 until 6 years after the retirement of the last of the Bonds.

4.4 Exceptions from Rebate Requirement. The Authority may be relieved of the obligation to pay rebate to the United Stated pursuant to the exceptions described in this Section 4.4.

4.4.1 Bona Fide Debt Service Fund Exception. No rebate calculations shall be made for any Bond Year with respect to any moneys held in a bona fide debt service fund relating to the Bonds (as described in Section 3.10 of this Tax Certificate).

4.4.2 Two-Year Construction Exception. The Available Construction Proceeds of the Bonds may not be subject to the Rebate Requirement. In determining the amount of Available Construction Proceeds as of (i) the first three dates set forth below, the aggregate reasonably expected amount of investment earnings that are Available Construction Proceeds are used and (ii) the last date set forth below, the actual investment earnings that are Available Construction Proceeds are used. See Section 1.5 of this Tax Certificate, defining "Available Construction Proceeds." The Authority and the Agency reasonably expect that at least 75% of the Available Construction Proceeds will be expended for construction expenditures with respect to property that will be owned by the Issuer or another governmental unit. For purposes of this Section 4.4.2, "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. All of the Available Construction Proceeds will be deposited or are expected to be deposited in the Construction Account.

The portions of the Available Construction Proceeds required to be spent at the end of each 6-month period are as follows:

| | |
|---|---|
| End of first six months | 10% |
| End of first year | 45% |
| End of first 18 months | 75% |
| End of second year | 100% |

The requirement that 100% of the Available Construction Proceeds be expended within two years of the Closing Date will be met if at least 95% of the Available Construction Proceeds is spent by such time, if the remainder is a "reasonable retainage" as required or permitted by construction contracts with the Authority's or the Agency's contractors, and if such remainder is spent within the three years of the Closing Date. In determining Available Construction Proceeds as of any date, there shall be included the amount of investment earnings reasonably expected after such date along with investment earnings actually received or accrued as of such date.

4.5 Investments and Dispositions. (a) General Rule. No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property 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 Treasury Regulations) less than the fair market value of the Investment Property.

(b) Fair Market Value. In general, the fair market value of any Investment Property is the price at which a willing buyer would pay to a willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the yield on such Investment Property. This Section 4.5 describes various safe harbors for determining fair market value. Other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of Section 1.148-5(d)(6) of the Treasury Regulations.

(c) Arm's-length Purchase and Sales. If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations).

(d) SLGS. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - 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.

(e) Investment Contracts. The purchase price of any Investment Property acquired pursuant to a guaranteed investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations and this Section 4.5(e) are satisfied. With respect to any investment contract, the Authority will obtain from the provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the Authority to determine that these requirements are satisfied.

The purchase price of an investment contract will be considered to be fair market value if:

(1) the Authority has made (or has had made on its behalf) a bona fide solicitation for the investment contract; the solicitation must have specified the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment including the collateral security requirements for the investment contract) and, unless the moneys invested pursuant to such investment contract will be held in the Reserve Account or in Bona Fide Debt Service Funds, the Authority's reasonably expected drawdown schedule for the moneys to be invested; the solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification;

(2) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(3) the Authority solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(4) the Authority includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the Authority or any other person, and 3) the bid was not submitted solely as a courtesy to the Authority or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(5) at least three bids meeting the qualification requirements of the bid solicitation (as set forth in (1) above) have been received from different providers of investment contracts that have no material financial interest in the Bonds (the following

investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(6) at least one of the bids received by the Authority that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(7) the investment contract has a yield (net of any broker's fees) at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds; if the investment contract is not the highest-yielding of the qualifying bids, the Authority must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding investment contract offered;

(8) if an agent for the Authority conducts the bidding process, the agent does not bid;

(9) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Authority, including any fees paid as broker commissions in connection with the investment contract.

(f) Deemed Acquisition or Sale. The fair market value of any Investment Property not directly purchased with Gross Proceeds for which there is an established securities market (within the meaning of Section 15A.453-1(e)(4)(iv) of the Treasury Regulations) shall be determined as provided in this Section 4.5(f). (Any market especially established to provide Investment Property to an Authority of governmental obligations shall not be treated as an established securities market.) The price at which a willing buyer would purchase Investment Property that is traded in an established securities market generally shall be determined as provided in Section 20.2031-2 of the Estate Tax Regulations, as adjusted by Treasury Regulations Section 1.148 5(d).

(g) Certificates of Deposit. The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal will be considered to be fair market value if:

(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 published yield of the provider thereof which is currently available on comparable certificates of deposit offered to the public.

(h) Broker Compensation. For purposes of computing the yield on any Investment Property which has been acquired through a broker or other intermediary obtaining bids for such Investment Property, any compensation which is received by such broker or other intermediary, whether payable by or on behalf of the obligor or obligee under such Investment Property, shall be treated as set forth in Treasury Regulations Section 1.148-5(e). Any broker or other intermediary compensation with respect to an investment contract that exceeds 0.05 percent of the amount reasonably expected to be invested per year will be treated as additional earnings to the Authority.

4.6 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Authority shall cause to be established separate subaccounts or shall cause the Trustee to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

4.7 Filing Requirements. The Authority will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

4.8 Retention of Firm. The Authority hereby undertakes to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds. To that end the Authority has decided not, at this time, to designate a party responsible for performing rebate calculations that may be required to be made from time to time with respect to the Bonds and as a result undertakes and assumes full responsibility for rebate compliance and acknowledges that Bond Counsel has no such responsibility (unless later engaged in writing for such purpose).

V.

OTHER MATTERS

5.1 Expectations. The undersigned is an authorized representative of the Authority, and is acting for and on behalf of the Authority 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.

5.2 Amendments. Notwithstanding any provision of this Tax Certificate, the Authority may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is supported by an Opinion of Counsel that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

5.3 Survival of Defeasance. Notwithstanding any provision of this Tax Certificate or the Trust Agreement to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance of the Bonds.

Dated: March 14, 2001.

FRESNO JOINT POWERS FINANCING AUTHORITY

By_____
Treasurer and Controller

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By_____
Executive Director

V.

OTHER MATTERS

5.1 Expectations. The undersigned is an authorized representative of the Authority, and is acting for and on behalf of the Authority 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.

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Dated: March 14, 2001.

FRESNO JOINT POWERS FINANCING AUTHORITY

By_____
Treasurer and Controller

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

By_____
Executive Director

EXHIBIT A

CERTIFICATE OF THE UNDERWRITERS

Sutro & Co. Incorporated has acted as the Underwriters (the "Underwriters") in connection with the issuance by the Fresno Joint Powers Financing Authority of its Tax Allocation Revenue Bonds, Series 2001 (the "Bonds") in the aggregate principal amount of $10,000,000, and hereby certify and represent the following:

A. Delivery Price.

1. As of March 2, 2001 (the "Sale Date"), the Underwriters had offered or reasonably expected to offer all 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 shown on Schedule I hereto.

2. The issue prices of the Bonds do not exceed the fair market prices as of the Sale Date.

3. As of the date of this certificate, all of the Bonds have actually been offered to the general public at such prices.

B. Reserve Account.

The amount of the Reserve Account with respect to the Bonds is reasonably required in that it is not in excess of the amounts used in similar tax-exempt bond issues and it was a material factor in the marketing of the Bonds.

C. Qualified Guarantee.

The present value of the charge for the credit enhancement (the "Insurance") to be provided by the Ambac Assurance Corporation with respect to the Bonds does not exceed the present value of the interest expected to be saved as a result of the Insurance. The fees charged for the Insurance does not exceed a reasonable, arm's length charge for the transfer of credit risk.

Dated: March 14, 2001.

SUTRO & CO. INCORPORATED

By_____
Authorized Representative

SCHEDULE I

| Principal Payment Date (August 1) | | Principal Amount | Price |
|---|---|---|---|
| 2001 | | $115,000 | 100.370% |
| 2002 | | 300,000 | 101.272% |
| 2003 | | 315,000 | 101.587% |
| 2004 | | 475,000 | 101.897% |
| 2005 | | 495,000 | 102.011% |
| 2006 | | 510,000 | 101.692% |
| 2007 | | 530,000 | 101.403% |
| 2008 | | 555,000 | 100.952% |
| 2009 | | 575,000 | 100.350% |
| 2010 | | 595,000 | 99.609% |
| 2011 | | 625,000 | 99.577% |
| 2012 | | 645,000 | 99.103% |
| 2013 | | 675,000 | 99.048% |
| 2015 | Term Bond | 1,445,000 | 108.360% |
| 2018 | Term Bond | 2,145,000 | 103.461% |
| | | $10,000,000 | |

**EXHIBIT B**

**CERTIFICATE OF BOND INSURER**

In connection with the issuance of $10,000,000 in aggregate principal amount of Fresno Joint Powers Financing Authority, California (the "Obligor"), Tax Allocation Revenue Bonds, Series 2001, dated their date of delivery (the "Obligations"), Ambac Assurance Corporation ("Ambac") is issuing a financial guaranty insurance policy and endorsement (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Obligations, all as more fully set out in the Insurance Policy.

On behalf of Ambac, the undersigned hereby certifies that:

Ambac

(i) the Insurance Policy is an unconditional and recourse obligation of Ambac (enforceable by or on behalf of the holders of the Obligations) to pay the scheduled payments of interest and principal on the Obligations in the event of a Nonpayment as defined in the Insurance Policy;

(ii) the insurance premium of $100,828.75 was determined in arm's length negotiations in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;

(iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting or remarketing the Obligations or the cost of insurance for casualty of Obligation financed property;

(iv) we are not co-obligors on the Obligations and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy;

(v) the Obligor is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Obligations are retired prior to their stated maturity; and

(vi) we would not have issued the Insurance Policy in the absence of a debt service reserve fund of the size and type established by the documents pursuant to which the Obligations are being issued, and it is normal and customary to require a debt service reserve fund of such a size and type in similar transactions.

IN WITNESS WHEREOF, Ambac Assurance Corporation has caused this certificate to be executed in its name on this 14th day of March, 2001, by one of its officers duly authorized as of such date.

AMBAC ASSURANCE CORPORATION

By Eileen L. Kirchoff
Eileen L. Kirchoff
First Vice President and
Assistant General Counsel

WRITTEN REQUEST OF THE
FRESNO JOINT POWERS FINANCING AUTHORITY
TO THE TRUSTEE

To BNY WESTERN TRUST COMPANY, as Trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement") dated as of March 1, 2001 between the Trustee and the Fresno Joint Powers Financing Authority (the "Authority"):

1. Pursuant to the Trust Agreement, the Authority has caused its Tax Allocation Revenue Bonds, Series 2001 in the aggregate principal amount of $10,000,000 (the "Bonds") to be executed for issuance under the Trust Agreement and to be delivered to you, as Trustee. You are hereby requested to authenticate the Bonds, in their fully registered form, as requested by Sutro & Co. Incorporated, the Underwriter, by executing the Certificate of Authentication appearing thereon, and, on the date set forth below, to deliver said $10,000,000 principal amount of Bonds to or upon the order of said Underwriter, upon payment to you of the following purchase prices:

| | |
|---|---|
| Principal Amount | $10,000,000.00 |
| Original Issue Premium | 229,425.55 |
| Underwriter's Discount | (199,500.00) |
| Insurance Premium wired to the Insurer | (100,828.75) |
| Purchase Price wired to the Trustee | $9,929,096.80 |

2. You are hereby further requested, as Trustee, pursuant to Section 2.11 of the Trust Agreement, to deposit the amount of $9,929,096.80 received by you on the date hereof in the following accounts:

(a) In the Reserve Account within the Series 2001 Revenue Fund (established pursuant to Section 4.03(c) of the Trust Agreement), the amount of $899,227.50 representing the Reserve Account Requirement;

(b) In the Costs of Issuance Fund (established pursuant to Section 2.11(b) of the Trust Agreement, the sum of $175,386.16 to pay the Costs of Issuance for the Bonds;

(c) To the Agency for deposit in the Project Account pursuant to the Loan Agreement, the amount of $8,854,483.14.

3. The Trustee is hereby authorized and directed to invest the bond proceeds deposited in the funds and accounts in the investments as specified in Schedule I attached hereto and incorporated herein.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: March 14, 2001.

FRESNO JOINT POWERS FINANCING AUTHORITY

By _____

Randall O. Carlton
Treasurer and Controller

## TRUSTEE'S CERTIFICATE OF DEPOSIT AND RECEIPT

BNY Western Trust Company, as Trustee (the "Trustee") under the Trust Agreement (the "Trust Agreement"), dated as of March 1, 2001 between the Trustee and the Fresno Joint Powers Financing Authority (the "Authority") providing for the issuance, sale and delivery by the Authority of its Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"), hereby certifies that:

(1) On the date set forth below it did receive from Sutro & Co. Incorporated, as the Underwriter, the purchase price of the following securities:

| | |
|---|---|
| Title of Bonds: | Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 |
| Principal Amount: | $10,000,000 |
| Date of Bonds: | March 14, 2001 |

Said purchase price was represented by the Underwriter to be computed as follows:

| | |
|---|---|
| Principal Amount | $10,000,000.00 |
| Plus Original Issue Premium | 229,425.55 |
| Less Underwriter's Discount | (199,500.00) |
| Less Insurance Premium wired to Insurer | (100,828.75) |
| Total Bond Proceeds received by Trustee | $9,929,096.80 |

(2) On the date hereof it deposited from the proceeds of the sale of the $10,000,000 aggregate principal amount of the Bonds pursuant to a Written Request of the Authority as follows:

(a) Deposited in the Reserve Account within the Revenue Fund (established pursuant to Section 4.03(c) of the Trust Agreement), the amount of $899,227.50 representing the Reserve Account Requirement;

(b) Deposited in the Costs of Issuance Fund (established pursuant to Section 2.11(b) of the Trust Agreement), the amount of $175,386.16 to pay the Costs of Issuance for the Bonds;

(c) Transferred to the Agency to be deposited in the Project Account (Merger No. 2 Project Area) pursuant to the Loan Agreement the amount of $8,854,483.14.

(3) The Trustee hereby further certified that, on the date hereof, it will invest the amounts deposited in the above funds and accounts in accordance with the Written Request of the Authority.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: March 14, 2001.

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Officer

## FISCAL CONSULTANT CERTIFICATE

**$10,000,000**
**FRESNO JOINT POWERS FINANCING AUTHORITY**
**Tax Allocation Revenue Bonds, Series 2001**

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting representative of HdL Coren & Cone, Diamond Bar, California, the fiscal consultant (the "Fiscal Consultant") to the Redevelopment Agency of the City of Fresno (the "Agency") in connection with the issuance by the Fresno Joint Powers Financing Authority of the above-captioned bonds (the "Bonds"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the Fiscal Consultant; and

(ii) that the assessed valuation, tax increment, appeal information, and other fiscal information provided by us and contained in the Official Statement relating to the Bonds, including our Report attached thereto as Appendix G, and the statements contained in the sections of the Official Statement entitled "TAX INCREMENT REVENUES FOR BONDS" and "PLEDGED TAX INCREMENT REVENUES FOR BONDS" are presented fairly and accurately and we consent to the use of our Report in the Official Statement.

Dated: March 14, 2001

HDL COREN & CONE,
as Fiscal Consultant

By Mark C. Coren

## RECEIPT FOR BONDS

The undersigned, as Underwriter of the bonds hereinafter described, do hereby certify that on the date set forth below they did receive the following securities:

Title of Bonds: Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001

Principal Amount: $10,000,000

Date of Bonds: March 14, 2001

Said bonds mature on the dates and bear interest at the rates as set forth in the following schedule:

| Principal Payment Date (August 1) | | Principal Amount | Interest Rate |
|---|---|---|---|
| 2001 | | $ 115,000 | 4.00% |
| 2002 | | 300,000 | 4.00 |
| 2003 | | 315,000 | 4.00 |
| 2004 | | 475,000 | 4.00 |
| 2005 | | 495,000 | 4.00 |
| 2006 | | 510,000 | 4.00 |
| 2007 | | 530,000 | 4.00 |
| 2008 | | 555,000 | 4.00 |
| 2009 | | 575,000 | 4.00 |
| 2010 | | 595,000 | 4.00 |
| 2011 | | 625,000 | 4.10 |
| 2012 | | 645,000 | 4.20 |
| 2013 | | 675,000 | 4.30 |
| 2015 | Term Bond | 1,445,000 | 5.50 |
| 2018 | Term Bond | 2,145,000 | 5.25 |
| | | $10,000,000 | |

The undersigned hereby acknowledges receipt of all documents required by Section 7(e) of the Bond Purchase Contract.

Dated: March 14, 2001.

SUTRO & CO. INCORPORATED, as Underwriter

By _____
Authorized Representative

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS SERIES 2001

Requisition No. 1

To: BNY WESTERN TRUST COMPANY, as Trustee (the "Trustee") under the Trust Agreement dated as of March 1, 2001, between the Trustee and the Fresno Joint Powers Financing Authority (the "Trust Agreement").

You are hereby authorized and directed, pursuant to Section 2.11(b) of the Trust Agreement, to pay to the persons the amounts in the manner indicated on Exhibit A hereto from the "Costs of Issuance Fund". The undersigned hereby certifies that said amounts represent expenses of the Authority properly chargeable to said account, and that said expenses have not been paid from any other source.

Dated: March 14, 2001

FRESNO JOINT POWERS FINANCING AUTHORITY

Randall O. Carlton
Treasurer and Controller

EXHIBIT A

| Payee | Amount | Purpose |
|---|---|---|
| BNY Western Trust Company | $4,944.00 | Fees and expenses for Trustee services |
| Davis Wright Tremaine LLP | $2,644.00 | Trustee's Counsel Fees |
| Lofton De Lancie | $32,500.00 | Underwriter's Counsel Fees |

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-1 $115,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2001 | March 14, 2001 | 35818RAA6 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE HUNDRED FIFTEEN THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-2 $300,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2002 | March 14, 2001 | 35818RAB4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and [illegible]ally thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-3 $315,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2003 | March 14, 2001 | 35818RAC2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: THREE HUNDRED FIFTEEN THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-4 $475,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2004 | March 14, 2001 | 35818RAD0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-5 $495,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2005 | March 14, 2001 | 35818RAE8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FOUR HUNDRED NINETY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-6 $510,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2006 | March 14, 2001 | 35818RAF5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED TEN THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-7 $530,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2007 | March 14, 2001 | 35818RAG3 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED THIRTY THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-8 $555,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2008 | March 14, 2001 | 35818RAH1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-9 $575,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2009 | March 14, 2001 | 35818RAJ7 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-10 $595,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.00% | August 1, 2010 | March 14, 2001 | 35818RAK4 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: FIVE HUNDRED NINETY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-11 $625,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.10% | August 1, 2011 | March 14, 2001 | 35818RAL2 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-12 $645,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.20% | August 1, 2012 | March 14, 2001 | 35818RAM0 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIX HUNDRED FORTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-13 $675,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 4.30% | August 1, 2013 | March 14, 2001 | 35818RAN8 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: SIX HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-14 $1,445,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 5.50% | August 1, 2015 | March 14, 2001 | 35818RAQ1 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: ONE MILLION FOUR HUNDRED FORTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BOND
SERIES 2001

No. R-15 $2,145,000

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY OF FRESNO NOR THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES HEREINAFTER REFERRED TO IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF FRESNO.

| Interest Rate | Maturity Date | Original Issue Date | CUSIP |
|---|---|---|---|
| 5.25% | August 1, 2018 | March 14, 2001 | 35818RAT5 |

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: TWO MILLION ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS

The FRESNO JOINT POWERS FINANCING AUTHORITY, a joint exercise of powers authority, duly organized and validly existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby, promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal sum specified above, together with interest on such principal sum from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of an interest payment date or during the period from the sixteenth day of the month preceding an interest payment date to such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated prior to August 1, 2001 in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on August 1, 2001 and semiannually thereafter on each February 1 and August 1. Interest due on or before the maturity or prior redemption of this Bond shall be payable only by check mailed on the interest payment date by first-class mail to the registered owner hereof; provided that upon the written request of a Holder of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee prior to the applicable record date, interest shall be paid by wire transfer in immediately available funds to an account within the United States designated by such owner. The principal hereof is payable in lawful money of the United States of America at the corporate trust office of BNY Western Trust Company, in Los Angeles, California or such other place as designated by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated as its "Tax Allocation Revenue Bonds, Series 2001" (the "Bonds") in aggregate principal amount of ten million dollars ($10,000,000) all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities and interest rates), and is issued under and pursuant to the provisions of the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended) and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a trust agreement, dated as of March 1, 2001, between the Authority and BNY Western Trust Company, as trustee (the "Trustee") (the "Trust Agreement") (copies of which are on file at the corporate trust office of the Trustee in Los Angeles).

The Bonds are issued to provide funds to finance or refinance certain public capital improvements as defined in the Act. The Bonds are limited obligations of the Authority and are payable, as to interest thereon and principal thereof, solely from certain proceeds of the Bonds held in certain funds and accounts pursuant to the Trust Agreement and the revenues (the "Revenues") derived from certain Loan Payments and other payments made by the Redevelopment Agency of the City of Fresno (the "Agency"), and certain interest or other investment income, pursuant to the Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement"), by and between the Authority and the Agency, and the Authority is not obligated to pay interest or premium, if any, on and principal of the Bonds except from the Revenues. All Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement by a pledge of and charge and lien upon the Revenues, and said Revenues constitute a trust fund for the security and payment of the interest or premium, if any, on and principal of the Bonds as provided in the Trust Agreement. The full faith and credit of the Authority, the Agency and the City of Fresno are not pledged, for the payment of the interest or premium, if any, on or principal of the Bonds. No tax shall ever be levied or collected to pay the interest on or principal of the Bonds except for the tax increment revenue received by the Agency and pledged under the Loan Agreement. The Bonds are not secured by a legal or equitable pledge of or charge or lien upon any property of the Authority or any of its income or receipts except the Revenues, and neither the payment of the interest on nor principal of the Bonds is a debt, liability or general obligation of the Authority. Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, the rights of the registered owners of the Bonds, security for payment of the Bonds, remedies upon default and limitations thereon, and amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the Authority and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents.

The Bonds are subject to redemption by the Authority on the dates, in the amounts, at the redemption prices and upon the notice as provided in and under the circumstances and terms prescribed in the Trust Agreement.

If an event of default, as defined in the Trust Agreement, 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 Trust Agreement; except that the Trust Agreement provides that in certain events

such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee or such other place as designated by the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Authority and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

This Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 Trust Agreement.

IN WITNESS WHEREOF, the Fresno Joint Powers Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or authorized facsimile signature of the Chairperson of the Authority and countersigned by the manual or authorized facsimile signature of the Secretary of said Authority, and has caused this Bond to be dated as of the original issue date specified above.

FRESNO JOINT POWERS FINANCING AUTHORITY

By _____
Chairperson

Countersigned:

_____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within- mentioned Trust Agreement which has been authenticated on _____.

BNY WESTERN TRUST COMPANY, as Trustee

By _____
Authorized Signatory

## STATEMENT OF BOND INSURER

Financial Guaranty Insurance Policy No. 18010BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

## ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ (Taxpayer Identification Number:_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

_____

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____
Notice: Signature must be guaranteed by an eligible guarantor institution.

**Ambac**

# Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: FRESNO JOINT POWERS FINANCING AUTHORITY, CALIFORNIA

Policy Number: 18010BE

Obligations: $10,000,000 Tax Allocation Revenue Bonds, Series 2001, dated their date of delivery and consisting of: $6,410,000 in aggregate principal amount of Serial Bonds maturing on August 1 in the years 2001 through 2013, both inclusive; $1,445,000 in aggregate (AS FURTHER DESCRIBED ON THE REVERSE HEREOF)

Premium: $100,828.75

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

Secretary

Authorized Representative

Authorized Officer of Insurance Trustee

Effective Date: March 14, 2001

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy

Form No.: 2B-0012 (1/01)

**Ambac**

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

# Endorsement

Policy for FRESNO JOINT POWERS FINANCING AUTHORITY, CALIFORNIA

Attached to and forming part of Policy No.: 18010BE

Effective Date of Endorsement: March 14, 2001

In the event that Ambac Assurance Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

**In Witness Whereof,** Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

**Ambac Assurance Corporation**

President

Secretary

Authorized Representative

Form No.: 28-0015 (7/97)

*Ratings Services*
*55 Water Street, 38th Floor*
*New York, NY 10041-0003*
*Tel 212 438-2074*
*Reference No.: 40112107*

*Vincent Orgo*
*Administrative Officer*
*Public Finance Ratings*

*Standard & Poor's*
*A Division of The McGraw-Hill Companies*

March 12, 2001

Ms. Danielle Brackett
Assistant Vice President
Ambac Assurance Corporation
Underwriting Support
One State Street Plaza - 16th Floor
New York, NY 10004

Re: ***$10,000,000 Fresno Joint Powers Financing Authority, California, Tax Allocation Revenue Bonds, Series 2001, dated: Their Date of Delivery, consisting of: $6,410,000 Serial Bonds due: August 1, 2001-2013; $1,445,000 Term Bonds due: August 1, 2015; $2,145,000 Term Bonds due: August 15, 2018, (POLICY #18010BE)***

Dear Ms. Brackett:

This is to advise you that we have changed the rating to 'AAA' from 'A-' on the subject bonds.

The rating change reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing.

When using the Standard & Poor's rating, include the definition of the rating together with a statement that this may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. This rating is not a "market rating", because it is not a recommendation to buy, hold or sell the obligations.

If you have any questions, please contact us.

Very truly yours,

Vincent S. Orgo /AW

aw

**Moody's Investors Service**

*99 Church Street*
*New York, New York 10007*

March 13, 2001

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

To Whom It May Concern:

Moody's Investors Service has assigned the rating of **Aaa** (Ambac Assurance Corporation Insured - Policy No. **18010BE**) to the **$10,000,000.00 Fresno Joint Powers Financing Authority, California—Tax Allocation Revenue Bonds, Series 2001**, dated **March 14, 2001** which sold through negotiation on **March 1, 2001**. The rating is based upon an insurance policy provided by Ambac Assurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact the assigned analyst, Margaret Kessler at (212) 553-7884.

Sincerely yours,

Laura Levenstein

Laura Levenstein
Vice President and
Managing Director

**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**
**(Facsimile transmissions must be followed by hard copies.)**

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 data base. Thank you for your cooperation.[1]

**For Office Use Only**
**CDIAC NO.:** _____
RECEIVED
00 OCT 26 AM 10:41
CALIFORNIA DEBT ADVISORY COMMISSION

**NAME OF ISSUER:** Fresno Joint Powers Financing Authority
**(If pool bond, list participants)**

**ISSUE NAME:** Fresno Joint Powers Financing Authority Tax Allocation Bonds, Series 2000A and Series 2000B
**Contact person at issuing jurisdiction:**

**Name:** Randy Carlton

**Title:** Controller

**Address:** City of Fresno, Dept. of Administrative Services, Treasury Division, 2600 Fresno Street, Ste. 2156, Fresno, CA 93721-3622

**Phone:** (209) 498-1587 **AGENCY LOCATED IN** Fresno **COUNTY**

**PROPOSED SALE DATE:** December 1, 2000

**TYPE OF SALE:** ☐ Competitive ☒ Negotiated **PROPOSED PRINCIPAL TO BE SOLD:** $5,400,000 - Series A; $7,500,000 - Series B

**IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?**
Under State Law: ☐ NO (taxable) ☒ YES (tax exempt)
Under Federal Law: ☐ NO (taxable) ☒ YES (tax exempt) 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

**IS ANY PORTION OF THE DEBT FOR REFUNDING?**[2]
☐ No ☒ Yes, proposed amount for refunding $1,684,000 - Series A

**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)
- ☐ Certificate 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: _____

[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.*

[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.*

**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)
- ☐ Property tax revenues (PRTX)
- ☐ Public enterprise revenues (PER)
- ☐ Sales tax revenues (SATR)
- ☐ Special assessments (SA)
- ☐ Special tax revenues (SPTR)
- ☒ Tax-increment (TI)
- ☐ Other (please specify) (OTHS): _____

**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 educational 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 (EQUP)
- ☒ 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: Merger No. 1 Project Area, Merger No. 2 Project Area and Airport Project Area

**BOND COUNSEL:** Orrick, Herrington & Sutcliffe LLP

**FINANCIAL ADVISOR:** _____

**LEAD UNDERWRITER:** Sutro & Co. Incorporated

(or **PURCHASER:** _____ or **PLACEMENT AGENT:** _____)

**Name of individual (representing ☒ Bond Counsel, ☐ Issuer, ☐ Financial Advisor, or ☐ Lead Underwriter) who completed this form and may be contacted for information:**

Name: Michele Bergland, Legal Assistant to Philip C. Morgan, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 400 Sansome Street, San Francisco, CA 94111

Phone: (415) 773-5857 Date of Completion: October 25, 2000

Send acknowledgement/copies to: Michele Bergland

[3] *Certain 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.*

# REPORT OF FINAL SALE

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

01 MAR 23 PM 1:21

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."

CDIAC NO #: 2000-1751

ISSUER NAME: Fresno Joint Powers Financing Authority

(If pool bond, list participants)

ISSUE NAME: Tax Allocation Revenue Bonds, Series 2001

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: March 2, 2001 PRINCIPAL SOLD: $10,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?[1]

☒ No ☐ Yes, refunding amount (including costs) $

Issuer Contact:

Name: Randy Carlton

Title: Interim Controller

Address: City of Fresno, Dept. of Administrative Services, Treasury Division, 2600 Fresno Street, Suite 2156, Fresno CA 93721-3622

Phone: 559-498-1587 ISSUER LOCATED IN Fresno 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: Michele Bergland, Legal Assistant to Philip C. Morgan, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 400 Sansome Street, San Francisco, CA 94111

Phone: 415-773-5857 E-mail: mbergland@orrick.com

Send acknowledgement/copies to: Michele Bergland

Name of individual to whom an invoice for the CDIAC issue fee should be sent:[2]

Name: Robert L. Williams, Jr.

Firm: Sutro & Co. Incorporated

Address: Public Finance Dept., 201 California St., 4th Floor, San Francisco, CA 94111

Phone: 415-445-8674

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[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 private sale or on a negotiated basis instead of at public sale.*

[2] *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) | OFFICE LOCATION (City/State)

FINANCIAL ADVISOR: _____ _____

LEAD UNDERWRITER/PURCHASER: Sutro & Co. Inc. — San Francisco, CA

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP — San Francisco, CA

TRUSTEE/PAYING AGENT: BNY Western Trust Company — Los Angeles, CA

MATURITY SCHEDULE

☐ Attached ☒ Included in Official Statement

MATURITY STRUCTURE

☐ Serial (S) ☐ Term (T)

☒ Serial and term bonds or two or more term (B)

FINAL MATURITY DATE: 8-1-2018

FIRST OPTIONAL CALL DATE: 8-1-2011

SENIOR/SUBORDINATE STRUCTURE ☐ Yes ☒ No

OFFICIAL STATEMENT/OFFERING MEMORANDUM:
☒ Enclosed ☐ None prepared

WAS THE ISSUE INSURED OR GUARANTEED?
☐ No
☒ Bond Insurance (I)
☐ Letter of Credit (L)
☐ State Intercept Program (I)
☐ Other (O)

GUARANTOR: Ambac Assurance Corporation

ENHANCEMENT EXPIRATION DATE: 8-1-2018

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa"
☐ Not Rated
☐ Rated
Standard & Poor's: AAA
Fitch: _____
Moody's: Aaa
Other: S&P underlying rating A-

REASON 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) _____

IS THE INTEREST ON THE DEBT EXEMPT FROM TAXATION?

Under State Law: ☐ No (taxable) ☒ Yes (tax-exempt)
Under Federal Law: ☐ No (taxable) ☒ Yes (tax-exempt)
If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax? ☐ Yes ☒ No

INTEREST TYPE: ☒ NIC ☐ TIC ☐ Variable

INTEREST COST: 4.733%

CAPITAL APPRECIATION BOND: ☐ Yes ☒ No

ISSUANCE COSTS AND FEES: May be Obtained from Issuer

| | |
|---|---|
| A) Management Fee | $ Please call trustee: 213-630-6408 |
| B) Total Takedown | $ |
| C) Underwriter Expenses | $ |
| Underwriter Spread or Discount | $ 199,500.00 |
| D) Bond Counsel | $ |
| E) Disclosure Counsel | $ 32,500.00 |
| F) Financial Advisor | $ |
| G) Rating Agency | $ 24,000.00 |
| H) Credit Enhancement | $ 100,828.75 |
| I) Trustee Fee | $ 2,644.00 |
| J) Other Expenses | $ |
| Total Issuance Costs | $ |
| K) ORIGINAL ISSUE PREMIUM | $ 229,425.55 |
| L) ORIGINAL ISSUE DISCOUNT | $ |
| M) NET ORIGINAL ISSUE DISCOUNT/PREMIUM | $ |

FOR OFFICE USE ONLY

FEE: $ _____

Form **8038-G**

(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

# Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

**Part I Reporting Authority** — If Amended Return, check here ▶ ☐

| | | | |
|---|---|---|---|
| 1 Issuer's name: Fresno Joint Powers Financing Authority | | 2. Issuer's employer identification number: 94-6000338 | |
| 3 Number and street (or P.O. box if mail is not delivered to street address): 2600 Fresno Street | Room/suite: 2156 | 4 Report number: 2001-1 | |
| 5 City, town, or post office, state, and ZIP code: Fresno, California 93721 | | 6 Date of issue: 3-14-01 | |
| 7 Name of issue: Tax Allocation Revenue Bonds, Series 2001 | | 8 CUSIP number: 35818RAT5 | |
| 9 Name and title of officer or legal representative whom the IRS may call for more information: Randall O. Carlton, Treasurer and Controller | | 10 Telephone number of officer or legal representative: (559) 498-1587 | |

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

| | | | |
|---|---|---|---|
| 11 | ☐ Education | 11 | |
| 12 | ☐ Health and hospital | 12 | |
| 13 | ☐ Transportation | 13 | |
| 14 | ☐ Public safety | 14 | |
| 15 | ☐ Environment (including sewage bonds) | 15 | |
| 16 | ☐ Housing | 16 | |
| 17 | ☐ Utilities | 17 | |
| 18 | ☒ Other. Describe ▶ | 18 | 10,229,425.55 |
| 19 | If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANS, check box ▶ ☐ | | |
| 20 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

**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 | 8-1-2018 | $ 10,229,425.55 | $ 10,000,000.00 | 10.3312 years | 4.4749 % |

**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 | 10,229,425.55 |
| 24 | Proceeds used for bond issuance costs (including underwriters' discount) | 24 | 374,886.16 | | |
| 25 | Proceeds used for credit enhancement | 25 | 100,828.75 | | |
| 26 | Proceeds allocated to reasonably required reserve or replacement fund | 26 | 899,227.50 | | |
| 27 | Proceeds used to currently refund prior issues | 27 | 0.00 | | |
| 28 | Proceeds used to advance refund prior issues | 28 | 0.00 | | |
| 29 | Total (add lines 24 through 28) | | | 29 | 1,374,942.41 |
| 30 | Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) | | | 30 | 8,854,483.14 |

**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 ▶ N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ years
33 Enter the last date on which the refunded bonds will be called ▶
34 Enter the date(s) the refunded bonds were issued ▶

**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 | |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ 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 ▶ ☐
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

**Sign Here**

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.

▶ Signature of issuer's authorized representative — Date: 3-14-2001

▶ Randall O. Carlton
Treasurer and Controller
Type or print name and title

LOFTON • DE LANCIE
ATTORNEYS AT LAW
44 MONTGOMERY STREET, SUITE 1660
SAN FRANCISCO, CALIFORNIA 94104
TELEPHONE (415) 772-1900 FACSIMILE (415) 772-1909

March 14, 2001

Sutro & Co. Incorporated
San Francisco, California

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase, as the underwriter (the "Underwriter") of the above-referenced bonds (the "Bonds") pursuant to a Bond Purchase Contract dated March 2, 2001 (the "Bond Purchase Contract"), by and among the Underwriter, the Fresno Joint Powers Financing Authority (the "Authority") and the Redevelopment Agency of the City of Fresno (the "Agency"). Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms as set forth in the Bond Purchase Contract.

We have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records, certificates and other instruments as we have deemed necessary or appropriate for the purpose of rendering this opinion, including, without limitation, the Trust Agreement relating to the Bonds dated as of March 1, 2001(the "Trust Agreement"), by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"), the Tax Allocation Loan Agreement (Merger No. 2 Project Area) dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the Agency, the Official Statement dated March 2, 2001 relating to the Bonds (the "Official Statement"), the Bond Purchase Contract, and the documents, certificates and opinions delivered pursuant to (or referred to in) the Bond Purchase Contract. In particular, for purposes of rendering this opinion, we have assumed that, as stated in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes.

On the basis of the foregoing examination, and in reliance thereon, we are of the opinion that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreements are exempt from qualification under the Trust Indenture Act of 1939, as amended.

In our capacity as counsel to the Underwriter, we have rendered certain legal advice and assistance in connection with the preparation of the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings and participation in conferences with, among others, your representatives, representatives of the Authority, the Agency and Bond Counsel during which conferences the contents of the Official Statement and related matters were discussed.

On the basis of the information made available to us in the course of the foregoing, and in reliance thereon and on the documents and opinions herein mentioned, we confirm that nothing has come to our attention which would lead us to believe that the Official Statement 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 light of the circumstances under which they were made, not misleading in any material respect. In this connection, however, we must advise you that the limitations inherent in the examination made by us and the knowledge available to us are such that we are unable to assume, and we do not assume, any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement. Also, we do not express any opinion or view as to any information contained in the Official Statement in APPENDIX A—"ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF FRESNO," APPENDIX B—"AUDITED FINANCIAL STATEMENTS OF THE AGENCY, FISCAL YEAR 1999-00," APPENDIX F—"BOOK-ENTRY ONLY SYSTEM" AND APPENDIX G—"FISCAL CONSULTANT'S REPORT" or as to any financial, statistical or economic data or forecasts contained in the Official Statement.

This letter is furnished by us as counsel to the Underwriter and is solely for the benefit of the addressee hereof. This opinion may not be relied upon, used, circulated, quoted or otherwise referred to for any other purpose by any other person without our prior written consent.

Very truly yours,

Jaffe & Feinie

**Ambac Assurance Corporation**
One State Street Plaza
New York, NY 10004
212.668.0340

*A member of Ambac Financial Group, Inc.*

March 14, 2001

Fresno Joint Powers
Financing Authority, California
c/o Fresno Redevelopment Agency
2344 Tulare Street
Fresno, California 93721

**Ambac**

Sutro & Co., Incorporated
555 South Flower Street
Los Angeles, California 90071

Orrick, Herrington & Sutcliffe LLP
400 Sansome Street
San Francisco, California 94111

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a First Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("Ambac Assurance"), in connection with the issuance by Ambac Assurance of a certain Financial Guaranty Insurance Policy and endorsement thereto, effective as of the date hereof (the "Policy"), insuring $10,000,000 in aggregate principal amount of Fresno Joint Powers Financing Authority, California (the "Obligor"), Tax Allocation Revenue Bonds, Series 2001, dated their date of delivery (the "Obligations").

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion, including, without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Obligor dated March 2, 2001 relating to the Obligations (the "Official Statement") under the headings "BOND INSURANCE" and "APPENDIX H – SPECIMEN FINANCIAL GUARANTY POLICY".

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. Ambac Assurance is a stock insurance corporation duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of California.

2. Ambac Assurance has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law

or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

3. The execution and delivery by Ambac Assurance of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.

**Ambac**

4. Proceedings legally required for the issuance of the Policy have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

5. The statements contained in the Official Statement under the heading "BOND INSURANCE", insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe Ambac Financial Group, Inc. and Ambac Assurance, fairly and accurately describe Ambac Financial Group, Inc. and Ambac Assurance.

6. The form of Policy contained in the Official Statement under the heading "APPENDIX H – SPECIMEN FINANCIAL GUARANTY POLICY" is a true and complete copy of the form of Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

Eileen L. Kirchoff
First Vice President and
Assistant General Counsel

City of

FRESNO

Hilda Cantú Montoy
City Attorney

March 14, 2001

Fresno Joint Powers Financing Authority
Fresno, California

Redevelopment Agency of the City of Fresno
Fresno, California

Sutro & Co. Incorporated
Walnut Creek, California

RE: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

We have served as counsel to the Fresno Joint Powers Financing Authority (the "Authority") in connection with the issuance, sale and delivery of $10,000,000 aggregate principal amount of the Authority's Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). As such counsel we have examined and are familiar with (i) those documents relating to the existence, organization and operation of the Authority; (ii) Resolution No. 10 of the Authority duly and validly adopted on January 9, 2001 (the "Resolution") authorizing the issuance, execution and delivery of the Bonds; (iii) the Trust Agreement dated as of March 1, 2001 (the "Trust Agreement"), by and between the Authority and BNY Western Trust Company, as trustee (the "Trustee"); (iv) the Loan Agreement dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the City of Fresno Redevelopment Agency (the "Agency"); (v) the Tax Certificate of the Authority dated the date hereof (the "Tax Certificate"); (vii) the Bond Purchase Contract, dated as of March 2, 2001 (the "Purchase Contract"), between Sutro & Co. Incorporated, as underwriter, and the Authority; and (viii) the Official Statement, dated March 2, 2001 (the "Official Statement") relating to the Bonds. Any capitalized term used herein and not otherwise defined shall have the meanings given to such terms as specified in the Official Statement.

Based on the foregoing, we are of the opinion that:

1. The Authority is a joint exercise of power authority duly created, organized and existing under the laws of the State of California and has full legal right, power and authority to issue the Bonds.

2. The Resolution approving and authorizing the issuance, execution and delivery of the Bonds, the Trust Agreement, the Loan Agreement, the Tax Certificate, the Purchase Contract and the Official Statement has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

3. The Authority has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Trust Agreement, the Loan Agreement, the Tax Certificate, and the Purchase Contract, and the Authority has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Trust Agreement, the Loan Agreement and the Purchase Contract.

4. The Trust Agreement, the Loan Agreement, the Tax Certificate and the Purchase Contract have each been duly authorized, executed and delivered by the Authority, each is in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Authority enforceable against the Authority in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Trust Agreement, the Loan Agreement, the Tax Certificate, the Official Statement or the Purchase Contract or the performance by the Authority of its obligations thereunder or for the issuance, sale and delivery of the Bonds.

6. The execution and delivery of the Trust Agreement, the Loan Agreement, the Tax Certificate, the Official Statement and the Purchase Contract by the Authority, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, or any commitment, agreement or other instrument to which the Authority is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

7. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the Authority or any of its officers in their respective capacities as such which questions the powers of the Authority or in connection with the transactions contemplated by the Purchase Contract or the Official Statement, or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Trust Agreement, the Loan Agreement, the Tax Certificate or

the Purchase Contract, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Trust Agreement, the Loan Agreement, the Tax Certificate or the Purchase Contract or, in any material respect, the ability of the Authority to perform its obligations thereunder.

Very truly yours,

City Attorney's Office

City Attorney's Office and
Ex-Officio Attorney for the
Fresno Joint Powers Financing Authority
City of Fresno

DPH:cs;14795cs/dph.7

City of

FRESNO

Hilda Cantú Montoy
City Attorney

March 14, 2001

City of Fresno Redevelopment Agency
Fresno, California

Sutro & Co. Incorporated
San Francisco, California

RE: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

We have served as counsel to the City of Fresno Redevelopment Agency (the "Redevelopment Agency") in connection with the issuance of $10,000,000 aggregate principal amount of the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). As such counsel we have examined and are familiar with (i) those documents relating to the existence, organization and operation of the Redevelopment Agency; (ii) Resolution No. 1575 of the Redevelopment Agency duly and validly adopted on January 9, 2001 (the "Resolution") authorizing the execution and delivery of certain documents by the Redevelopment Agency related to the issuance of the Bonds by the Fresno Joint Powers Financing Authority (the "Authority"); (iii) the Loan Agreement dated as of March 1, 2001 (the "Loan Agreement") by and between the Authority and the Redevelopment Agency; (iv) the Purchase Contract, dated as of March 2, 2001 (the "Purchase Contract"), between Sutro & Co. Incorporated, as underwriter, the Authority and approved by the Redevelopment Agency; (v) the Continuing Disclosure Certificate of the Agency dated as of the date hereof (the "Continuing Disclosure Certificate"); and (vi) the Official Statement, dated March 2, 2001 (the "Official Statement") relating to the Bonds. Any capitalized term used herein and not otherwise defined shall have the meanings given to such terms as specified in the Official Statement.

Based on the foregoing, we are of the opinion that:

1. The Redevelopment Agency is public body corporate and politic duly organized and validly existing under the laws of the State of California.

2. The Resolution approving and authorizing the execution and delivery of the Loan Agreement and the Continuing Disclosure Certificate and approval of the Purchase

Contract has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

3. The Redevelopment Agency has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract, and the Redevelopment Agency has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract.

4. The Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract have each been duly authorized, executed and delivered by the Redevelopment Agency, each is in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Redevelopment Agency enforceable against the Redevelopment Agency in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Redevelopment Agency of the Loan Agreement, the Continuing Disclosure Certificate or the approval of the Purchase Contract or the performance by the Redevelopment Agency of its obligations thereunder.

6. The execution and delivery of the Loan Agreement, the Continuing Disclosure Certificate and the Purchase Contract by the Redevelopment Agency, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Redevelopment Agency, or any commitment, agreement or other instrument to which the Redevelopment Agency is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Redevelopment Agency (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Redevelopment Agency and its affairs.

7. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the Redevelopment Agency or any of its officers in their respective capacities as such which questions the powers of the Redevelopment Agency or in connection with the transactions contemplated by the Purchase Contract or the Official Statement, or the validity of the proceedings taken by the Redevelopment Agency in connection with the authorization, execution or delivery of the Loan Agreement, the Continuing Disclosure Certificate or the Purchase Contract, wherein any unfavorable

decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Loan Agreement, the Continuing Disclosure Certificate or the Purchase Contract or, in any material respect, the ability of the Redevelopment Agency to perform its obligations thereunder.

Very truly yours,

City Attorney's Office

City Attorney's Office and
Ex-Officio Attorney for the
Redevelopment Agency of the
City of Fresno

DPH:cs;14796cs/dph.7

Davis Wright Tremaine LLP

ANCHORAGE BELLEVUE BOISE CHARLOTTE HONOLULU LOS ANGELES PORTLAND RICHLAND SAN FRANCISCO SEATTLE WASHINGTON, D.C. SHANGHAI

64 OAK KNOLL DRIVE
SAN ANSELMO, CA 94960

TEL (415) 459-4535
FAX (415) 459-4747

March 14, 2001

Fresno Joint Powers Financing Authority
2600 Fresno Street
Fresno, California 93721

Sutro & Co. Incorporated
Public Finance Department
201 California Street, 4th floor
San Francisco, California 94111

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

We have acted as special counsel to BNY Western Trust Company in connection with its serving as trustee (the "Trustee") under the Trust Agreement, dated as of March 1, 2001, by and between the Fresno Joint Powers Financing Authority (the "Authority") and the Trustee (the "Trust Agreement") relative to the issuance and delivery of the above captioned bonds (the "Bonds"). All defined terms used in this opinion and not otherwise defined herein shall have the respective meanings assigned to them in the Trust Agreement.

In that connection we have examined original documents or copies certified or otherwise identified to our satisfaction of: (i) the Trust Agreement, (ii) the Articles of Incorporation and Bylaws of the Trustee and (iii) such other records, certificates and documents as we have considered necessary or appropriate for the purpose of the opinion hereinafter rendered.

In rendering this opinion, we have relied upon the facts and information obtained from the records of the Trustee, officers of the Trustee, and other sources believed by us to be reliable, and have not undertaken to independently verify the accuracy of the factual matters represented, warranted, or certified in such documents. We have reviewed copies only of the document in (i) above. We have assumed the genuineness of all signatures (other than those of the Trustee), the

authenticity of documents, certificates and records submitted to us as originals, the conformity to the originals of all documents, certificates and records submitted to us as certified or reproduction copies, the legal capacity of all natural persons executing documents, certificates and records, and the completeness and accuracy as of the date of this opinion letter of the information contained in such documents, certificates and records, which assumptions we have not independently verified. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions.

As used in this opinion letter, the expression "to our knowledge" or expressions of like import means the conscious awareness of facts or other information by the lawyers in our office representing the Trustee in connection with the transaction described in the initial paragraph of this opinion letter. It does not include information that might be revealed if there were to be undertaken a canvass of all lawyers in all of our offices or a review of all of our files. Except as otherwise set forth herein, we have not reviewed any agreements, orders, writs, judgments or decrees or made any inquiry of the Trustee.

Based upon and subject to the foregoing and subject to the qualifications set forth below, we are of the opinion that:

(i) The Trustee is a state banking corporation with trust powers, duly organized and validly existing and in good standing under the laws of the State of California, having the legal authority to exercise trust powers in the State of California;

(ii) The Trustee has full legal power and corporate authority to accept the duties and obligations imposed on it by the Trust Agreement and to authenticate the Bonds and the full legal power and authority to own its properties and to carry on its business;

(iii) The Bonds have been duly authenticated by the Trustee and the Trust Agreement has been duly executed and delivered by the Trustee and is a valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms except as such enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, and other similar laws affecting the rights and remedies of creditors generally, and by the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, whether considered in a proceeding at law or in equity;

(iv) No consent, approval, authorization or order of any court, regulatory authority or governmental body is required for the valid authorization, execution and delivery of the Trust Agreement by the Trustee and the authentication of the Bonds or the consummation by the Trustee of the transactions contemplated in the Trust Agreement except such as have been obtained and except such as may be required

under the state securities or Blue Sky laws in connection with the purchase and distribution of the Bonds;

(v) The acceptance of its duties under the Trust Agreement and the authentication of the Bonds by the Trustee and performance by the Trustee of its obligations thereunder will not conflict with or result in a breach of any of the terms, conditions or provisions of its Articles of Incorporation or Bylaws or any other agreement or instrument to which the Trustee is a party or by which it is bound or any other existing law, regulation, court order or consent decree to which the Trustee is subject or constitute a default thereunder; and

(vi) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or to the best of our knowledge threatened against the Trustee affecting the existence of the Trustee or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the authentication of the Bonds by the Trustee, or contesting the powers of the Trustee or its authority to perform its obligations under the Trust Agreement or the Bonds.

We express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, we specifically express no opinion as to the status of the Bonds or the interest thereon under 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, or any state securities or "Blue Sky" law, or any federal, state or local tax law.

This opinion is as of the date hereof, and we have undertaken no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein even though the changes may affect a legal analysis, conclusion or an information confirmation in this opinion letter. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in any Bond.

We express no opinion as to the effect of any law other than the law of the State of California and the federal laws of the United States of America on the matters referred to herein, in each case as they exist on the date hereof. We express no opinion with respect to the laws, regulations, or ordinances of any county, municipal or other local governmental agency.

This opinion is furnished by us solely for your benefit. This opinion letter may by relied upon by you only in connection with the transaction described in the initial paragraph of this opinion letter and may not be used or relied upon by you for any other purpose or by any other person for any purpose whatsoever without, in each instance, our prior written consent.

Very truly yours,

Davis Wright Tremaine LLP

DAVIS WRIGHT TREMAINE LLP

ORRICK

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

March 14, 2001

Fresno Joint Powers Financing Authority
Fresno, California

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Fresno Joint Powers Financing Authority (the "Authority") of $10,000,000 aggregate principal amount of Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"), issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended, and a trust agreement, dated as of March 1, 2001 (the "Trust Agreement"), between the Authority and BNY Western Trust Company, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

In such connection, we have reviewed a Tax Allocation Loan Agreement (Merger No. 2 Project Area), dated as of March 1, 2001 (the "Loan Agreement"), between the Redevelopment Agency of the City of Fresno (the "Agency") and the Authority, the Trust Agreement, the Tax Certificate of the Authority and the Agency dated as of the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the Agency and the Trustee; certificates of the Authority, the Agency, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not

undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Loan Agreement, the Trust Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Loan Agreement, the Trust Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against joint exercise of powers authorities and redevelopment agencies in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in the Revenue Fund established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

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3. The Loan Agreement has been executed and delivered by, and constitutes the valid and binding obligations of, the Agency and the Authority. The Loan Agreement creates a valid pledge of the Pledged Tax Revenues to serve the obligation to make loan payments thereunder, subject to the provisions of the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Loan Agreement.

4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledges. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the City of Fresno or the State of California and the City of Fresno and the State of California are not liable for the payment thereof.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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March 14, 2001

Sutro & Co. Incorporated
San Francisco, California

Re: Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as the Underwriter, pursuant to Section 7(e)(8) of the Bond Purchase Contract, dated March 2, 2001 (the "Purchase Contract"), between you and the Fresno Joint Powers Financing Authority (the "Authority") and approved by the Redevelopment Agency of the City of Fresno (the "Agency"), providing for the purchase of $10,000,000 principal amount of Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement, dated as of March 1, 2001 (the "Trust Agreement"), between the Authority and BNY Western Trust Company, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement, or, if not defined in the Trust Agreement, in the Purchase Contract.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel, we have reviewed the Purchase Contract, the Trust Agreement, opinions of counsel to the Authority and the Agency, certificates of the Authority and the Agency, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions 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. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We

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have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint exercise of powers authorities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement dated March 2, 2001 (the "Official Statement") or other offering material relating to the Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 3 below.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Bond Insurance Policy.

2. The Purchase Contract has been duly authorized, executed and delivered by the Authority and is a valid and binding agreement of the Authority.

3. The statements contained in the Official Statement under the captions "THE BONDS", "SECURITY FOR THE BONDS", "TAX MATTERS" and APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS", insofar as such statements expressly summarize certain provisions of the Trust Agreement, the Loan Agreement and our Bond Opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects.

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This letter is furnished by us as bond counsel. No client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

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ORRICK, HERRINGTON & SUTCLIFFE LLP

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E.I.N. 94-2952627

March 14, 2001

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

Re: Fresno Joint Powers Financing Authority
Tax Allocation Revenue Bonds, Series 2001

Ladies and Gentlemen:

In connection with the delivery of the above-referenced bonds (the "Bonds") we have delivered our final legal opinion concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the issuer of the Bonds.

You may rely on said opinion as though the same were addressed to you; provided, however, that we give no opinion with respect to the tax status of amounts, if any, that may be paid to you (by subrogation or otherwise) with respect to interest paid by you to the bondholders. No attorney-client relationship has existed or exist between the addressees of this letter and our firm in connection with the Bonds or by virtue of this letter.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

ORRICK, HERRINGTON & SUTCLIFFE LLP

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$10,000,000
FRESNO JOINT POWERS FINANCING AUTHORITY
TAX ALLOCATION REVENUE BONDS, SERIES 2001

# CLOSING MEMORANDUM

The following memorandum will summarize the procedures to be followed in completing the issuance, sale and delivery of $10,000,000 aggregate principal amount of the Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds").

## Time and Place

The pre-closing will be held in the offices of Orrick, Herrington & Sutcliffe LLP, Old Federal Reserve Bank Building, 400 Sansome Street, 2nd Floor Conference Room D, San Francisco, California, at 1:00 p.m., California time, on Tuesday, March 13, 2001. The Closing will be by telephone conference among the Underwriter, Bond Insurer, Trustee, DTC and Bond Counsel at 8:30 a.m., California time, on Wednesday, March 14, 2001.

## Parties

The following parties are expected to be present or represented at the pre-closing conference or at the Closing:

Fresno Joint Powers Financing Authority (the "Authority");

Redevelopment Agency of the City of Fresno (the "Agency");

City of Fresno (the "City");

City Attorney of the City of Fresno ("Authority's Counsel" and "Agency's Counsel");

BNY Western Trust Company (the "Trustee");

Sutro & Co. Incorporated (the "Underwriter");

Lofton De Lancie ("Underwriter's Counsel");

HdL Coren & Cone ("Fiscal Consultant");

CDC Funding Corp. ("Repurchase Agreement Provider");

Ambac Assurance Corporation ("Bond Insurer");

Orrick, Herrington & Sutcliffe LLP ("Bond Counsel");

## PART I

## DOCUMENTS TO BE DELIVERED PRIOR TO CLOSING

The parties indicated above will deliver six (6) copies each of the respective documents indicated below. The documents will be executed, as appropriate, in advance of the Closing by the respective parties thereto. If appropriate, the documents will be certified as true and correct copies of the originals. All documents are dated March 14, 2001 unless otherwise noted. All such deliveries will be deemed to have been made in escrow until the final delivery at the Closing has been made.

Responsibility for preparing, assembling or delivering the documents is indicated in parentheticals.

1. Resolution No. 10, a Resolution of the Fresno Joint Powers Financing Authority Authorizing the Issuance, Sale and Delivery of Tax Allocation Bonds; Authorizing the Procurement of Bond Insurance; Approving the Forms of a Trust Agreement, Loan Agreement, Bond Purchase Contract and an Official Statement; Authorizing the Execution and Delivery Thereof; and Authorizing the Taking of All Necessary Actions Relating to the Issuance of the Bonds adopted by the Fresno Joint Powers Financing Authority on January 9, 2001. (Authority)

2. Resolution No. 1575, a Resolution of the Redevelopment Agency of the City of Fresno Approving the Issuance by the Fresno Joint Powers Financing Authority of Not To Exceed $10,000,000 Original Aggregate Principal Amount of Tax Allocation Bonds, Series 2001; Authorizing Execution and Delivery of a Loan Agreement; Approving the Form of Official Statement; and Authorizing Execution of Documents and the Taking of All Necessary Actions Relating to the Financing with the Fresno Joint Powers Financing Authority adopted by the Redevelopment Agency of the City of Fresno on January 9, 2001. (Agency)

3. Resolution No. 2001-29, a Resolution of the City Council of the City of Fresno Authorizing the Redevelopment Agency of the City of Fresno to enter into a Loan Agreement with the Fresno Joint Powers Financing Authority adopted by the City of Fresno on January 30, 2001. (City)

4. Trust Agreement between the Fresno Joint Powers Financing Authority and BNY Western Trust Company, dated as of March 1, 2001. (Bond Counsel)

5. Tax Allocation Loan Agreement between the Redevelopment Agency of the City of Fresno and the Fresno Joint Powers Financing Authority, dated as of March 1, 2001. (Bond Counsel)

6. Bond Purchase Contract between the Authority and the Underwriter and approved by the Agency, dated March 2, 2001. (Underwriter)

7. Preliminary Official Statement dated February 15, 2001. (Underwriter's Counsel)

8. Agreement between the City and the Agency for the Repayment of a Portion of Certain Promissory Notes.

9. 15c2-12 Certificates. (Underwriter)

10. Official Statement dated March 2, 2001. (Underwriter's Counsel)

11. DTC Blanket Letter of Representations. (Bond Counsel)

12. Certificate of the Authority, together with Uniform Facsimile Signature Certificates of the Chairperson and Secretary of the Authority, as filed with the California Secretary of State. (Bond Counsel)

13. Certified copy of Joint Exercise of Powers Agreement, dated October 25, 1988, and Amendment and Supplement Number One to Joint Exercise of Powers Agreement, by and between the City and the Agency, certified by the Secretary of the Authority, together with Notices to Secretary of State. (Bond Counsel and Authority)

14. By-laws of the Authority, adopted October 25, 1988, certified by the Secretary of the Authority. (Bond Counsel and Authority)

15. Continuing Disclosure Certificate. (Underwriter's Counsel)

16. Acknowledgment of Continuing Disclosure Obligations. (Bond Counsel)

17. Delegation of Chairperson Authorizing Designee to Sign Documents. (Bond Counsel)

18. Certificate of the Agency pursuant to Section 7(e)(13) of the Bond Purchase Contract. (Bond Counsel)

19. Agency Receipt for Funds and Certificate of Deposit. (Bond Counsel)

20. Certificate of the Trustee, together with Incumbency Certificate and Bylaws excerpts. (Bond Counsel)

21. Tax Certificate for the Bonds, including Exhibit A, Certificate of the Underwriter, and Exhibit B, Certificate of the Bond Insurer. (Bond Counsel)

22. Written Request of the Authority to the Trustee. (Bond Counsel)

23. Trustee's Certificate of Deposit and Receipt. (Bond Counsel)

24. Certificate of Fiscal Consultant. (Bond Counsel)

25. Receipt for Bonds. (Bond Counsel)

26. Requisition No. 1. (Bond Counsel)

27. Specimen of the Bonds. (Bond Counsel)

28. Financial Guaranty Insurance Policy. (Bond Insurer)

29. Rating letters from Standard & Poor's Corporation and Moody's Investors Service. (Bond Insurer)

30. Report of Proposed Debt Issuance and Report of Final Sale to California Debt Advisory Commission. (Bond Counsel)

31. IRS Form 8038-G . (Bond Counsel).

32. Opinion of Underwriter's Counsel. (Underwriter's Counsel)

33. Opinion of Bond Insurer's Counsel. (Bond Insurer)

34. Opinion of Authority's Counsel. (Authority's Counsel)

35. Opinion of Agency's Counsel. (Agency's Counsel)

36. Opinion of Trustee's Counsel. (Trustee's Counsel)

37. Final Opinion of Bond Counsel. (Bond Counsel)

38. Supplemental Opinion of Bond Counsel. (Bond Counsel)

39. Reliance Letter to Bond Insurer. (Bond Counsel)

40. Closing Memorandum. (Bond Counsel)

DOCUMENTS TO BE DELIVERED POSTCLOSING

41. Tri-Party Custody Agreement, Master Repurchase Agreement with Annex I and Certificate of Repurchase Agreement Provider. (Repurchase Agreement Provider)

42. Opinion of Counsel to Repurchase Agreement Provider. (Repurchase Agreement Provider)

## PART II

### BOND CLOSING

The following will take place at the time of the Closing:

1. The Underwriter shall wire transfer immediately available funds (1) to the Bond Insurer the total insurance premium for the Bonds in the amount of $100,828.75 and (2) to the Trustee the aggregate amount of $9,929,096.80 computed as follows: $10,000,000 principal amount, plus net original premium of $229,425.55, less Underwriter's discount of $199,500, less insurance premium of $100,828.75.

We understand that the respective wire instructions have been provided by the Bond Insurer and the Trustee to the Underwriter.

2. The Bond Insurer will release the insurance policy to the Trustee.

3. The Trustee shall apply the bond proceeds received from the Underwriter as directed in the Written Request of the Authority.

4. The Trustee will release the Bonds in the aggregate principal amount of $10,000,000 to DTC by F.A.S.T. closing.

5. A transcript of the closing documents will be distributed by Bond Counsel to the closing parties after Closing.

# TRI-PARTY CUSTODY AGREEMENT

**********

BY AND AMONG

BNY WESTERN TRUST COMPANY, AS TRUSTEE
(Buyer)

AND

CDC FUNDING CORP.,
(Seller)

AND

BANKERS TRUST COMPANY
(Custodian)

THIS AGREEMENT is made and entered into as of the date written below by and among Buyer, Seller and Custodian.

## RECITALS:

WHEREAS, Buyer and Seller have entered into an agreement to engage from time to time in transactions pursuant to the Repurchase Agreement (as hereinafter defined); and

WHEREAS, Buyer and Seller have agreed to enter into this Agreement to facilitate the Transactions; and

WHEREAS, Custodian is authorized to hold and file securities and properties and to utilize agents, correspondent banks or affiliates where appropriate for the retention, safekeeping and processing of securities and properties, and to use other means available to it for retention, safekeeping and processing of securities and properties; and

WHEREAS, Custodian has agreed to act as custodian of certain monies and securities on behalf of Buyer and on behalf of Seller as described herein.

NOW, THEREFORE, in consideration of the mutual promises set forth herein and intending to be legally bound hereby, it is agreed as follows:

1. DEFINITIONS

**"Authorized Persons"**. A person described as provided in Paragraph 18(a).

**"Book-Entry Securities"**. Securities that are Book-Entry Treasury Securities (as defined in 31 C.F.R. Part 357.2, and any other securities transferable in the form of entries on the records of FRBNY.

**"BTCo"**. Bankers Trust Company, a New York banking corporation, with offices at 14 Wall Street, New York, New York 10005.

**"Business Day"**. Any day on which Custodian and Seller are open for business and, in the event on any day Securities consist of either Book-Entry Securities or Clearing Corporation Securities, any day on which the FRBNY and any relevant clearing corporation, as appropriate, are open for business.

**"Buyer's Account"**. The account or accounts described in Paragraph 4(a).

**"Clearing Corporation Securities"**. Securities that are credited to the account of a participant, on the records of a clearing corporation within the meaning of Section 8-102(5) of the UCC.

**"FRBNY"**. The Federal Reserve Bank of New York.

**"Margin Percentage"**. With respect to each type of Security, the percentage set

forth on **Schedule A** opposite each such Security in the column headed "Margin Percentage." Unless otherwise specified on **Schedule A**, the Margin Percentage for cash shall be 100%.

**"Margin Value"**. The meaning specified in Paragraph 6(c).

**"Market Value"**. The meaning specified in Paragraph 6(b).

**"Notice of Default"**. A written notice delivered by Buyer to Custodian and Seller, or by Seller to Custodian and Buyer, which written notice identifies the defaulting party, the Transaction, and the Event of Default.

**"Physical Security" or "Physical Securities"**. Securities issued in definitive form that are not Book-Entry Securities or Clearing Corporation Securities and, for the purposes of this Agreement, certified checks, bank checks and cash.

**"Repurchase Price"**. The Repurchase Price for a Transaction shall be an amount equal to the sum of (x) the then outstanding Purchase Price for the Purchased Securities for such Transaction plus (y) the accrued but unpaid Price Differential with respect to such Purchased Securities.

**"Security" or "Securities"**. Securities, financial instruments, or other property of the type set forth on one or more Schedules of Securities attached hereto and collectively constituting **Schedule A**. All Securities shall be issued in the United States by issuers located in the United States and shall be "securities" as such term is defined in Article 8 of the UCC. Securities shall always include cash.

**"Seller's Account"**. The accounts maintained by Custodian for Securities or cash held for the benefit of Seller or by Custodian's agent for the benefit of Seller, including Securities or cash held by Custodian in Seller's clearing account pursuant and subject to a separate clearance agreement between BTCo. and Seller.

**"Seller's Instructions"**. The instructions described in Paragraph 5(a) as "Seller's Instructions."

**"UCC"**. The Uniform Commercial Code as in effect from time to time in the State of New York. Unless otherwise stated, all references herein to statutory sections or articles are to sections and articles of UCC.

Any term not defined in this Agreement shall have the meaning set forth in the Bond Market Association Master Repurchase Agreement or the Annex thereto between the Buyer and Seller (the "Repurchase Agreement").

2. SERVICES OF CUSTODIAN

(a) Appointment of Custodian. Buyer hereby appoints Custodian as custodian to safekeep all Purchased Securities and cash at any time transferred or delivered to and held by Custodian for or on behalf of Buyer under this Agreement and as agent for the purposes set forth in this Agreement. Seller hereby appoints Custodian as custodian to safekeep all Securities and cash

transferred or delivered to or held by Custodian for or on behalf of Seller under this Agreement and as agent for the purposes set forth in this Agreement.

(b) Acceptance of Custodian. Custodian accepts the appointment and, subject to the terms and conditions of this Agreement, agrees to receive Purchased Securities and cash in the manner specified herein, for or on behalf of Buyer, to be held hereunder, and to hold, release or otherwise dispose of such Purchased Securities or cash as hereinafter provided. Custodian further agrees to receive cash and Securities for or on behalf of Seller for transfer to Seller's Account to be delivered hereunder, and to hold, release, or otherwise dispose of such cash and Securities as hereinafter provided.

(c) Scope of Custodian's Duties. Custodian's duties hereunder shall continue until altered in writing by the parties hereto or until the termination of this Agreement. Custodian undertakes to perform only those duties as are expressly set forth in the Agreement and no covenant or obligation shall be implied in this Agreement against Custodian. If a Transaction shall not be completed for any reason whatsoever, Custodian's duties to Buyer and Seller shall be limited to holding cash or Purchased Securities in Buyer's Account or transferring or delivering cash or Purchased Securities as hereinafter provided. Any reference herein to Custodian's holding of Securities in an account shall include the crediting of the same to such account by Custodian.

(d) Authorization: Agents. Subcustodians and Securities Custody. Buyer and Seller authorize Custodian to utilize agents, subcustodians, depositories, correspondent banks, and affiliates to process Transactions and to hold cash or Securities, and to use any other means legally available to it for the retention, processing, or maintenance of cash or Securities. References to "**Custodian**" hereunder shall be deemed to include any and all agents of Custodian to the extent that such entities perform Custodian's duties under this Agreement. Custodian will be liable for any acts or omissions of any agent, subcustodians, depositories, correspondent banks, and affiliates utilized by Custodian to the extent that Custodian would have been if it had performed the duties itself; provided, however, that this provision shall not apply to any act or omission of FRBNY or any entity that is a participant in the National Clearing and Settlement System and registered as a clearing agency pursuant to Sections 17A and 19(a)(1) of the Securities Exchange Act of 1934, as amended. Buyer further authorizes Custodian to file Purchased Securities in bulk, to hold Purchased Securities in bearer form, or to hold Purchased Securities registered in street name, in the name of Seller or in the name of Seller's nominee, in each case, in negotiable form, or in the name of Custodian's nominee or the nominee of its agents or affiliates. Notwithstanding anything else hereof, Custodian will not reregister any Physical Security in Buyer's name or in the name of Buyer's nominee, except as provided in Paragraph 17.

3. REPRESENTATIONS AND WARRANTIES

Buyer, Seller, and Custodian each represents and warrants to the others as of the date hereof, as of each Purchase Date and as of each Repurchase Date, the following:

(a) Representations of Buyer, Seller and Custodian.

(i) It is duly organized and existing under the laws of the jurisdiction of its organization with full power and authority to execute and deliver this Agreement and to perform all of the duties and obligations to be performed by it hereunder.

(ii) This Agreement and the performance of all transactions contemplated hereunder have been duly authorized, executed, and delivered in accordance with all requisite corporate or partnership action, and this Agreement constitutes a valid, legal and binding obligation enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws, or by equitable principles relating to or limiting creditors' rights generally.

(iii) The execution, delivery and performance of this Agreement and the transactions contemplated hereunder will not violate any agreement by which it is bound or by which any of its assets are affected, or its charter, or by-laws, or any statute, regulation, rule, order, or judgment applicable to it.

(b) Further Representations of Buyer and Seller.

(i) Each has the power and authority to enter into the Transactions and to deliver and transfer the Securities and cash delivered or transferred hereunder.

(ii) All Securities delivered or transferred by Seller to Custodian and all Securities delivered or transferred to Custodian by Buyer and all Purchased Securities transferred from Seller's Account to Buyer's Account or from Buyer's Account to Seller's Account will be delivered free, clear and unencumbered by any prior lien, security interest, charge, claim, or price right of any third party.

(iii) Buyer will be effecting Transactions hereunder for its customers on an agency basis and/or in a trust capacity. Attached Schedule C is a complete list of such customers of Buyer for which it is acting hereunder. Buyer agrees to indemnify and hold Custodian harmless in the event that any customer of Buyer should make any claim against Custodian based on a breach or alleged breach by Buyer of any representation or warranty set forth in Paragraph 3(b)(ii) above, including, without limitation, any claim that any action taken or not taken by Custodian with respect to any Transaction pursuant to an order, notice, instruction, or other communication from Buyer was unauthorized by such customer or by any agreement or indenture pursuant to which Buyer is acting. Custodian will not be required to recognize, follow or observe any instruction from any such customer of Buyer. Notwithstanding that it is acting on an agency basis, Buyer shall be liable as principal in respect of Buyer's indemnities of the Custodian included in this Agreement.

(iv) Seller is executing this Agreement solely on its own behalf and will be entering into this transaction as principal.

(c) Further Representations of Custodian (which shall be deemed to be made on each day on which a Transaction is outstanding.)

(i) Custodian is a New York banking corporation with an office at 14 Wall Street, New York, New York 10005. Custodian is a "securities intermediary" as defined in Section 8-102(14) of the UCC.

(ii) Custodian will maintain Buyer's Account as a custody account and shall administer Buyer's Account in the same manner it administers similar accounts established for the same purpose. Custodian shall create and maintain the books and records created in connection with Buyer's Account in the State of New York.

(iii) Custodian is a **"Participant"** in the book-entry system maintained by the United States Treasury and certain other agencies and instrumentalities of the United States through the Federal Reserve Banks as fiscal agents (within the meaning of 31 C.F.R. Part 357.2) and maintains a book-entry securities account with FRBNY and each clearing corporation through which it has a security entitlement in Securities.

(d) Continuing Warranties of Custodian. Custodian shall promptly notify Seller and Buyer in the event any of Custodian's representations hereunder shall be or become untrue or misleading in any material respect.

4. MAINTENANCE OF BUYER'S ACCOUNT

(a) Buyer's Account. Custodian shall maintain such records and establish such accounts as may be required from time to time to receive, hold and account for all Purchased Securities and cash to be held for and on behalf of Buyer pursuant to this Agreement.

(b) Transfer of Purchased Securities and Cash to Buyer's Account. All Purchased Securities and cash shall be maintained by Custodian in Buyer's Account as follows:

(i) Physical Securities. Custodian by book-entry shall transfer to Buyer's Account Securities that constitute or are part of a fungible bulk of Physical Securities or individual Securities held in Custodian's vaults or which are, or previously have been, otherwise delivered to Custodian as agreed by Custodian.

(ii) Book-Entry Securities. Custodian by book-entry shall transfer to Buyer's Account Securities that constitute or are a part of Book-Entry Securities credited to Custodian's securities account at FRBNY.

(iii) Clearing Corporation Securities. Custodian by book-entry shall transfer to Buyer's Account Securities that constitute or are a part of Clearing Corporation Securities credited to Custodian's account with Government Securities Clearing Corporation, The Depository Trust Company, or other clearing corporation.

(iv) Cash. Custodian shall maintain cash for Buyer's Account in immediately available funds.

(c) Segregation of Assets. Custodian shall segregate and separately account on its books and records for all securities held for Buyer. Custodian shall maintain and safekeep Purchased Securities held for Buyer until: (i) it shall receive Buyer's instructions to deliver or transfer to Buyer Purchased Securities, which instructions shall not conflict with any other provision of this Agreement; (ii) Seller shall substitute Securities as provided in Paragraph 7(d); (iii) Custodian shall deliver Purchased Securities to Seller as provided in Paragraph 7(c) or Paragraph 6(e); or (iv) this Agreement is

terminated.

(d) No Lien or Pledge by Custodian. Buyer's Account, including Purchased Securities and cash therein, shall not be subject to any security interest, lien or right of setoff by Custodian or any third party claiming through Custodian. Except as may be required by law or regulation, Custodian shall not pledge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party an interest in, any cash or Securities held by Custodian pursuant to this Agreement.

(e) Payment of Income. Until such time that Custodian shall receive a Notice of Default from Buyer pursuant to Paragraph 17, Custodian shall credit and pay to Seller any Income received by Custodian in respect of Purchased Securities held by Custodian for Buyer. Custodian shall have no duty to Buyer prior to receipt of Notice of Default from Buyer to account for Income in connection with any Purchased Security.

(f) Reregistration of Purchased Securities. To assist Seller's collection of Income in respect of registered Purchased Securities, on or prior to a record date for the payment of Income in respect of a registered Purchased Security held in Buyer's Account, Buyer hereby authorizes Custodian to place into transfer any such Purchased Security to be reregistered in Seller's name or in the name of Seller's nominee, as Seller may request, provided, however, that prior to any such transfer, Seller shall deliver to Custodian duly executed bond or stock powers and such other documents or instruments that Custodian may request to establish the negotiability of any reregistered Purchased Security. Custodian shall examine reregistered Purchased Securities upon receipt to verify their registration, description and quantity. Notwithstanding the foregoing, upon Custodian's receipt of a Notice of Default from Buyer under Paragraph 17(b) below, Buyer's authorization under this Paragraph 4(f) shall be withdrawn and Custodian shall reregister any registered Purchased Securities held in Buyer's Account in the name of Buyer.

5. RECEIPT OF INSTRUCTIONS; PAYMENT OF MONIES; DELIVERY OF SECURITIES

(a) Seller's Instructions. On any Business Day Seller and Buyer enter into a Transaction, Seller shall deliver to Custodian, prior to 2:00 p.m New York City time, instructions containing the following information:

(i) the Purchase Date; and the Purchase Price;
(ii) the Repurchase Date; and the Repurchase Price; and
(iii) the Buyer.

On each Purchase Date, Seller shall deliver to Custodian instructions identifying the Securities to be sold by Seller to Buyer, including a description which sets forth the face amount of each Security and, where applicable, the CUSIP number for each such Security. In the alternative, if Seller instructs Custodian to identify Securities on behalf of Seller, Custodian shall select Securities in Seller's Account to be transferred to Buyer's Account.

(b) Repurchase Instructions. The Repurchase Date or the Repurchase Price with respect to a Transaction shall not be altered or modified subsequent to its transmission to Custodian unless Custodian shall receive joint instructions from Seller and Buyer. Without such further instructions from Seller and Buyer, on the Repurchase Date, Custodian shall determine from its records which

Purchased Securities are to be redelivered to Seller in connection with a Transaction.

(c) Buyer's Purchase Price. Prior to the close of the FRBNY money wire on the Purchase Date, Buyer shall transfer, or cause to be transferred, to Custodian for credit to Buyer's Account sufficient cash such that the total cash balance to Buyer's Account after the transfer of cash equals or exceeds the aggregate Purchase Price contained in Seller's Instructions.

(d) Seller's Tender of Securities. Seller shall transfer, or cause to be transferred, to Seller's Account Securities described in Seller's Instructions, or sufficient Securities to permit Custodian to select on behalf of Seller Securities to be identified as Purchased Securities.

(e) Cash Accounts. All payments of cash to be credited to Buyer's Account or Seller's Account, as the case may be, shall be in immediately available funds and effected either by transfer from an account maintained by the paying party at Custodian or by wire transfer through FRBNY to Buyer's Account designated in **Schedule B**, or Seller's Account, as the case may be.

(f) Securities Accounts. All deliveries of Securities to be held in Seller's Account for transfer to Buyer's Account shall be effected by Seller's delivery of the same to the accounts specified by Custodian to Seller, and at the location and within the time periods as follows:

PHYSICAL SECURITIES

- Location: BTCo., 14 Wall St., New York, New York or as otherwise consented to in writing by Custodian

- Timing for deliveries: By 1:00 p.m. (New York time) , unless otherwise consented to in writing by Custodian

BOOK-ENTRY SECURITIES

- Location: FRBNY, or as otherwise consented to in writing by Custodian

- Timing for deliveries: From opening until close of FRBNY securities transfer wire

CLEARING CORPORATION SECURITIES

- Location: The clearing corporation, as appropriate, or as otherwise consented to in writing by Custodian

- Timing for deliveries: From opening until the close of transactions for the relevant clearing corporation

CASH

- Location: FRBNY

- Timing for deliveries: From opening until close of FRBNY money transfer wire

The account designations, locations, and time periods may be amended from time to time by mutual consent of Custodian, and Seller. All securities delivered to Custodian shall be in negotiable form and shall be Securities.

6. EFFECTING TRANSACTIONS

(a) Purchase Date. Subject to the terms of this Agreement, on the Purchase Date for any Transaction, Custodian shall transfer cash to Seller's Account from Buyer's Account in an amount equal to the Purchase Price and concurrently shall transfer from Seller's Account to Buyer's Account, Securities in accordance with Seller's Instructions with respect to such Transaction and the following provisions:

(i) Physical Securities. Custodian shall count and examine Physical Securities delivered by Seller and shall determine that the items received, or identified by Custodian on behalf of Seller, are (A) in negotiable form, (B) of the type, quantity, and otherwise on the face conform to those specified in Seller's Instructions, and (C) Securities. In the event the items are not in negotiable form (or otherwise transferable), do not conform to Seller's Instructions, or do not constitute Securities, Custodian shall promptly notify Seller.

(ii) Book-Entry Securities. Custodian shall verify the quantity and description of Book-Entry Securities specified in Seller's Instructions or identified by Custodian on behalf of Seller, and held in Seller's Account and shall determine that they are Securities.

(iii) Clearing Corporation Securities. Custodian shall verify the quantity and description of Clearing Corporation Securities specified in Seller's Instructions, or identified by Custodian on behalf of Seller, and held in Seller's Account and shall determine that they are Securities.

(iv) Exclusion of Securities. Custodian shall exclude from the determination of Margin Value items which are not in negotiable form or are not Securities. To the extent specified on Schedule A, Custodian shall rely on Seller's determination that securities, financial instruments, or other property are Securities. Custodian shall return to Seller any item that is not in negotiable form or is not a Security.

(v) Financial Assets. The parties agree that all Purchased Securities shall be treated as financial assets under UCC Article 8.

(b) Market Value of Securities and Purchased Securities. Custodian shall determine the Market Value of Securities by using the price of such Security quoted by a recognized pricing service not earlier than the close of business on the previous day, or, in the case of cash, bank acceptances, commercial paper, and certificates of deposit, the face amount shall be deemed the Market Value. If a pricing service fails to provide price information on any day, Custodian shall use the most current price information provided by such pricing service or, if no pricing is available, Custodian

shall determine the Market Value of such Security in its discretion based upon information furnished to Custodian by one or more brokers or dealers in such Security. In the event that Custodian is unable to obtain the price of a particular Security from such pricing service or based on information provided by such brokers or dealers, (i) Custodian shall notify Seller by telephone of Custodian's inability to obtain such price for such Security, (ii) Seller shall determine the Market Value of such Security in good faith in any commercially reasonable manner, (iii) Seller shall notify Custodian in writing of such Market Value, and (iv) with respect to any Security for which Market Value has been furnished by Seller as provided above, such Market Value shall be reflected on Custodian's records as the Market Value for the Security until the next determination of Market Value, at which time the Security will be re-valued in accordance with the provisions hereof.

(c) Determination of Margin Value. For purposes of this Agreement, Custodian shall determine the then aggregate Margin Value of all Securities to be transferred to Buyer's Account with respect to a Transaction by dividing the then aggregate Market Value of such Securities (determined under Paragraph 6(b)) by the Margin Percentages and then adding the accrued interest, except in the case of those Securities that in the normal course of business are traded without accrued interest. Such Margin Value of Securities shall equal or exceed the Purchase Price to be paid by Buyer as provided in Seller's Instructions.

(d) Payment of Purchase Price. Provided the aggregate Margin Value of all Securities to be transferred to Buyer's Account with respect to any Transaction equals or exceeds the Purchase Price with respect to such Transaction, Custodian shall transfer such Securities from Seller's Account to Buyer's Account and shall disburse from Buyer's Account to Seller's Account (or such other account which Seller shall direct) cash in an amount equal to the Purchase Price.

(e) Repurchase Date. On the Repurchase Date for any Transaction: Buyer hereby instructs Custodian to tender to Seller the Purchased Securities carried by Custodian in Buyer's Account with respect to such Transaction and to transfer the Purchased Securities from Buyer's Account to Seller's Account; Seller hereby instructs Custodian at the time Purchased Securities are transferred to Seller's Account to make payment to Buyer of the Repurchase Price by debiting cash from Seller's Account and crediting cash to Buyer's Account. All transfers of cash shall be in immediately available funds.

(f) Terms of Transactions. If Custodian is unable to complete a Transaction as provided in Paragraph 6(d) or 6(e) because Seller has failed to provide instructions as required by Paragraph 5(a) or either Buyer or Seller have failed to arrange for the credit of sufficient cash or Securities to its respective account, Custodian shall promptly notify Seller and await modification of Seller's Instructions or the receipt of further cash or Securities as Seller shall direct. If Custodian has not received modified Seller's Instructions by 6:00 p.m., New York City time, or, if applicable, prior to the extension of time by FRBNY for third party money transfer wires, additional Securities by the times required in Paragraph 5(f), Buyer and Seller irrevocably agree and instruct Custodian to effect a Transaction (or repurchase) as follows: (i) if the cash balance in Buyer's Account shall be less than the Purchase Price in Seller's Instructions, the cash balance in Buyer's Account shall be deemed to be the Purchase Price, the remaining terms of the Transaction shall be determined in accordance with Paragraph 5, and Seller shall provide Custodian with further instructions with respect to a recalculated Repurchase Price for such Transaction; (ii) if the aggregate Margin Value of Securities in Seller's Account is less than the Purchase Price, Custodian shall disburse to Seller from Buyer's Account cash in an amount equal to the Margin Value of the Securities available for transfer to Buyer's Account, and

the difference between the amount disbursed to Seller and the Purchase Price of the Transaction shall be held by Custodian in Buyer's Account and shall be designated cash held in substitution for Purchased Securities under Paragraph 7(d); and (iii) if Seller's Account does not have sufficient cash available to repurchase on the Repurchase Date all Purchased Securities in Buyer's Account with respect to any Transaction, the Custodian shall immediately notify Seller, and Seller shall give Custodian instructions identifying which, if any, Purchased Securities are to be repurchased and the Repurchase Price. In any event, Buyer and Seller shall remain obligated pursuant to the terms of the original agreement.

(g) Simultaneous Transactions. Buyer and Seller agree that transfers of cash and Securities are intended to be, and shall be deemed to be, simultaneous. During any period that cash and Securities are held by or for Buyer or Seller and payment has not been made therefor, until such time as payment shall be received therefor, the receiving party shall be deemed to hold the cash and Securities in trust for the delivering party and shall be obligated to return the cash and Securities upon the delivering party's request.

(h) Effect of Notice of Levy, etc. Notwithstanding anything in this Agreement to the contrary, Custodian shall not be required to deliver or transfer cash or Securities in contravention of any notice of levy, seizure, or similar notice or order, or judgment, issued or directed by a governmental agency or court, or officer thereof, having jurisdiction over Custodian or its agents or affiliates, which on its face affects such cash or Securities. Custodian shall give Buyer and Seller prompt notice of any such notice or order.

(i) Ownership of Purchased Securities. Until the Repurchase Date or until Custodian shall receive from Buyer a Notice of Default under Paragraph 17, Buyer hereby instructs Custodian to hold Purchased Securities in Buyer's Account and to refuse to act upon any instructions of Buyer or Seller to deliver Purchased Securities other than as expressly provided in this Agreement. Except as provided in Paragraph 17, Buyer further agrees that until Custodian shall receive the written consent of Seller, Buyer shall not sell, transfer, assign, pledge, or otherwise utilize or transfer Purchased Securities held in Buyer's Account with respect to any Transaction.

(j) Deliveries by Custodian Upon Seller's default, deliveries of Purchased Securities or cash from Buyer's Account shall be permitted under this Agreement by Custodian to the accounts designated in **Schedule B.**

7. VALUATION AND SUBSTITUTIONS OF SECURITIES

(a) Valuation of Purchased Securities. Promptly following the opening of business on each Tuesday (or if such Tuesday is not a Business Day, on the next following Business Day), Custodian shall determine the then Margin Value (in the manner provided in Paragraph 6(c)) of all Purchased Securities held in Buyer's Account with respect to all Transactions then outstanding.

(b) Margin Deficit. In the event the Repurchase Price of outstanding Transactions is greater than the aggregate Margin Value of all Purchased Securities held with respect to such Transactions determined under subparagraph (a), then prior to 12:00 noon (New York City time) on the next Business Day Custodian shall notify Seller. On the date of any such notice, Seller shall transfer to Custodian additional Securities such that, after transfer thereof to Buyer's Account, the then aggregate Margin Value of all Purchased Securities (including Additional Purchased Securities) held

with respect to outstanding Transactions equals or exceeds the Repurchase Price of outstanding Transactions. If Seller fails to transfer an appropriate amount of additional Securities on the date of any such notice, Custodian shall within one Business Day notify Buyer and Seller and await further instructions. All Additional Purchased Securities received by Custodian pursuant to this Paragraph shall be deemed to be Purchased Securities held by Custodian as of the Purchase Date of, and identified to, the applicable outstanding Transactions as determined by Custodian.

(c) Margin Excess. In the event the then aggregate Margin Value of Purchased Securities held with respect to outstanding Transactions shall exceed the Repurchase Price of such Transactions, Custodian shall notify Seller and, upon instructions from Seller, Custodian shall transfer Purchased Securities from Buyer's Account to Seller having a Market Value less than or equal to the margin excess. Buyer hereby irrevocably authorizes Custodian to accept the written instructions of Seller identifying the specific Purchased Securities to be released in accordance herewith. Upon transfer from Buyer's Account, released Securities shall cease to be Purchased Securities for all purposes hereunder.

(d) Substitutions of Purchased Securities. Buyer hereby authorizes Custodian from time to time to release to Seller Purchased Securities held in Buyer's Account in accordance with Seller's Instructions, provided, however, that Seller shall simultaneously deliver to Custodian for transfer to Buyer's Account Securities having an aggregate Margin Value equal to or greater than the then aggregate Margin Value of Purchased Securities released hereunder. The transfer of Securities shall be effected in the manner set forth in Paragraph 6(a), with the following exceptions: (i) Custodian shall calculate the aggregate Margin Value of the substitute Securities and determine that the aggregate Margin Value of the substitute Securities equals or exceeds the aggregate Margin Value of the Purchased Securities identified in Seller's release request; and (ii) Custodian shall transfer the identified Purchased Securities from Buyer's Account to Seller's Account and the substitute Securities from Seller's Account to Buyer's Account, such transfer of released Purchased Securities and substitute Securities to be deemed to occur as provided in Paragraph 6(g) and subject to the terms thereof. All substitute Securities received pursuant to this Paragraph shall be deemed to be Purchased Securities held by Custodian as of the Purchase Date of, and identified to, the applicable outstanding Transactions as determined by Custodian.

## 8. CUSTODIAN STATEMENTS

Custodian shall provide each of Buyer and Seller with monthly information statements reflecting the cash and Purchased Securities positions in Buyer's and Seller's Accounts, respectively. Buyer and Seller shall promptly review all such information statements and shall promptly advise Custodian of any error, omission, or inaccuracy in the cash transactions, cash balances, or Purchased Securities positions reported. Custodian shall undertake to correct any errors, failures, or omissions that are reported to Custodian by Buyer or Seller. Any such corrections shall be reflected on subsequent information statements.

## 9. CUSTODIAN FEE

Seller shall pay Custodian's fees for services provided pursuant to this Agreement.

10. NO GUARANTY BY CUSTODIAN

BUYER AND SELLER SPECIFICALLY ACKNOWLEDGE AND AGREE THAT CUSTODIAN IS NOT GUARANTEEING PERFORMANCE OF THE OBLIGATIONS OF BUYER OR SELLER HEREUNDER, UNDER ANY REPURCHASE AGREEMENT OR WITH RESPECT TO ANY TRANSACTION OR ASSUMING ANY LIABILITY WITH RESPECT TO THE PERFORMANCE OF BUYER OR SELLER, NOR IS CUSTODIAN UNDERTAKING ANY CREDIT RISK ASSOCIATED WITH THE TRANSACTION WHICH LIABILITIES ARE THE RESPONSIBILITY OF BUYER AND SELLER, FURTHER, EXCEPT AS MAY BE ARRANGED BY A SEPARATE WRITTEN AGREEMENT, CUSTODIAN IS UNDER NO OBLIGATION TO UNDERTAKE TO MAKE ANY CREDIT AVAILABLE TO EITHER BUYER OR SELLER TC ENABLE EITHER OF THEM TO COMPLETE TRANSACTIONS.

11. FORCE MAJEURE

Custodian shall not be liable for any expense, loss, claim, or damage (including counsel fees) suffered by Buyer, Seller, or any third party arising out of or caused by any delay in, or failure of, performance by Custodian arising out of, or caused by circumstances beyond Custodian's control, including without limitation; acts of God; interruption, delay in, or loss (partial or complete) of electrical power or computer (hardware or software) communication services (including access to book-entry securities systems maintained by FRBNY and/or any clearing corporation); act of civil or military authority; terrorism or sabotage; natural emergency, epidemic, war or other government action; civil disturbance; flood, earthquake, fire, other catastrophe; strike or other labor disturbance by employees or nonaffiliates; government, judicial, or self-regulatory organization order, rule, or regulation; riot; or energy or natural resource difficulty or shortage.

12. CONCERNING THE CUSTODIAN

(a) Intermediary. In the performance of its duties hereunder in transferring Securities, the Custodian shall be deemed to be a "**securities intermediary**" within the meaning of Section 8-102 of the UCC, and Buyer and Seller agree that each transfer of Securities effected by Custodian to Buyer hereunder shall grant to Buyer a "security entitlement" as provided in Section 8-501 of the UCC and that Custodian shall treat the Securities as "financial assets" in accordance with Section 8-102 of the UCC. Custodian shall not pay any interest on any property held at any time in Buyer's Account. The parties intend that (i) Buyer's Account shall be a "securities account", (ii) all property in Buyer's Account shall be "financial assets", and (iii) all Securities (other than cash) shall be "investment property" (as such terms are defined in Articles 8 and 9 of the UCC).

(b) Delay in Receiving Cash or Securities. Custodian shall not be liable for any expense, loss, claim, or damage (including counsel fees) Buyer, Seller, or any third party may suffer by reason of any delay Buyer, Seller, or Custodian may experience in obtaining cash or Securities from, or by reason of any action or omission to act on the part of, any depository, clearing agent, transfer agent, issuer, securities broker or dealer, third party, clearing corporation, or FRBNY securities wire transfer system, or in obtaining cash from any bank, including FRBNY, clearing agent, or third party except to the extent Custodian has constituted such person its agent as otherwise provided herein. Custodian shall promptly notify Seller of any such delay.

(c) Forgery; False Data. Custodian shall not be liable for any expenses, loss, claim,

or damage (including counsel fees) Buyer, Seller, or any third party may suffer by reason of any failure of signature by an Authorized Person on, or forgery or wrongful alteration of, instructions or any other written instrument or inaccuracy, incompleteness, or falsity of data transmitted by computer tape or terminal or other computer facilities, if Custodian reasonably shall have believed that such instructions, instrument or data was for the account or benefit of Buyer of Seller or that the writing was signed by, or the data was transmitted by, an Authorized Person.

(d) No Duty of Inquiry. Without limiting the generality of the foregoing. Custodian shall be under no obligation to inquire into, and shall not be liable or responsible for:

(i) subject to Paragraph 6(a)(i), the title, validity or genuineness of any Security or document;

(ii) the legality of the purchase or delivery or transfer of any Security or the propriety of the price at which the same is acquired or sold under a Transaction;

(iii) the due authority of any Authorized Person to act on behalf of Buyer or Seller with respect to cash or Securities held in Seller's Account or cash or Purchased Securities held in Buyer's Account; or

(iv) the due authority of Buyer to purchase or hold any Purchased Security delivered to Custodian pursuant to this Agreement.

(e) Price Data. Custodian shall not be liable for any expense, loss, claim or damage (including counsel fees) Buyer, Seller, or any third party may suffer by reason of any error by, or inaccuracy of, any price received from any pricing source including any prices resulting from any formula used to obtain such prices except for the proper calculation of prices thereunder. Custodian shall have no duty to inquire into the appropriateness or relative change of any price nor shall Custodian be required to determine volatility factors with respect to any price.

(f) Other Delays. Custodian shall not be liable for delays or failure to carry out instructions due to circumstances beyond its reasonable control.

(g) Limitation of Liability.

(i) Custodian shall perform its duties with reasonable care and shall be deemed to have exercised reasonable care if it (A) takes such action for that purpose as the Seller shall reasonably request in writing and not in violation of this Agreement; or (B) in the absence of specific instruction from Seller, exercises at least the same degree of care as it would exercise with respect to a like transaction in which it alone is interested. Custodian shall be liable for the loss of Securities while in the possession or under the control of the Custodian resulting directly from the gross negligence or willful misconduct of Custodian, or loss of the same by reason of robbery, burglary, or theft by its employees, agents or delegates, except that in the event Custodian provides Buyer and Seller with prompt written notification thereof upon Custodian's discovery of such loss, Custodian's liability shall be for the Replacement Costs (as hereinafter defined) related thereto. "**Replacement Costs**" shall mean the cost to Buyer or Seller, as the case may be, for purchasing Securities of the same issuer, principal amount, interest

rate, maturity and other terms as such lost Securities, including the transaction costs associated therewith, which securities shall be purchased in a commercially reasonable manner by Buyer or Seller, as agreed between them, as promptly as practicable in accordance with good business practices after receiving notice of the loss. In the event Buyer or Seller, as the case may be, is unable to purchase replacement Securities due to their unavailability or other market conditions, Custodian shall be liable to Buyer or Seller, as the case may be, for such loss of Securities, provided that Custodian's liability shall be limited to direct damages resulting from such loss and in no event shall Custodian be liable for special or consequential damages incurred or suffered by Buyer, Seller or any third party, even if Custodian had been advised of the possibility of such damages.

(ii) The duties of Custodian are only such as are herein specifically provided, being purely ministerial in nature as herein provided, and so long as Custodian acts in good faith it shall incur no liability whatsoever, except for gross negligence or willful misconduct on its part or as provided in Paragraph 2(d) hereof. Custodian shall be under no responsibility to take any action in respect of any of the items deposited with it other than to fulfill the terms of this Agreement and to faithfully follow the instructions herein contained or provided for. It may consult with outside counsel of national reputation and shall be fully protected in any action taken in good faith in accordance with such advice. It shall not be required to institute or defend any legal proceedings in respect of the subject matter of this Agreement unless requested to do so by any of the other parties hereto and indemnified to its satisfaction against the cost and expense of such defense; provided, however, that Seller hereby covenants to indemnify Custodian for, and to hold it harmless against, any loss, liability or expense incurred by Custodian without negligence or bad faith on its part with respect to any such legal proceedings arising out of transactions related to or entered into pursuant to or in connection with this Agreement. Custodian shall be fully protected in acting in accordance with any written instructions given to it hereunder by any of the other parties hereto in accordance with the provisions hereof and believed by it to have been signed by such party or parties.

13. INDEMNIFICATION

(a) Seller's Release and Indemnity. Seller agrees to indemnify and hold harmless Custodian, its officers, directors, employees, agents, and affiliated persons (**"Indemnified Parties"**) for expenses, losses, claims, fines, penalties, or damages (including reasonable counsel fees or accountants' fees) (**"Covered Costs"**) suffered by any Indemnified Party, if such Covered Costs (i) relate to those areas of liability expressly disclaimed in this Agreement, or (ii) arise out of Custodian's or an Indemnified Party's performance of services in compliance with this Agreement or result from any actual or alleged breach by Seller or Buyer, of any provision of this Agreement, or failure in whole or part, or delay in performing any duty or obligation hereunder, other than by reason of gross negligence or willful misconduct of Custodian or the Indemnified Party or for loss or theft as provided in Paragraph 12 of this Agreement.

(b) Buyer's Release and Indemnity. Buyer agrees to indemnify and hold harmless the Indemnified Parties for Covered Costs suffered any Indemnified Party arising out of or related to those areas of liability expressly disclaimed in this Agreement, Custodian's execution of Buyer's

instructions or performance of services as provided in this Agreement or resulting from any actual or alleged breach of any provision of this Agreement by Buyer, or failure in whole or in part or delay in performing any duty or obligation hereunder, other than by reason of gross negligence or willful misconduct of Custodian or of the Indemnified Party or for loss or theft as provided in Paragraph 12 of this Agreement.

(c) Other Indemnity. Seller and Buyer further agree to indemnify and hold harmless (with right of contribution) the Indemnified Parties and to pay the reasonable costs and counsel fees in connection with an Indemnified Party's defense of, or participation in, any action, claim, investigation, or administrative proceeding arising out of Custodian's performance of services under this Agreement, other than by reason of gross negligence or willful misconduct of Custodian or of the Indemnified Party or for loss or theft as provided in Paragraph 12 of this Agreement.

(d) Releases. Seller and Buyer, respectively, hereby release the Indemnified Parties from any liability in respect of any matter as to which it has indemnified the Indemnified Parties hereunder.

(e) Insurance. Custodian may, at its option, insure itself against loss from any cause but shall not be under any obligation to insure for the benefit of Seller or Buyer.

## 14. CONTINUING DISPUTES

In the event of any dispute between or conflicting claims, except as provided in Paragraph 17, by Buyer and Seller and any other person with respect to cash or Securities or any other matter covered by this Agreement, Custodian shall promptly notify Seller and Buyer and shall either act on joint instructions or decline to comply with any and all claims, demands, or instructions with respect to such cash or Securities so long as such dispute or conflict shall continue, and Custodian shall not be liable for failure to act or comply with such claims, demands, or instructions. Custodian shall be entitled to refuse to act or comply until either (i) such conflicting or adverse claims or demands shall have been determined in a court of competent jurisdiction or settled by agreement between the conflicting parties and Custodian shall have received evidence satisfactory to it of the same, or (ii) Custodian shall have received security or an indemnity satisfactory to it and sufficient to hold it harmless from and against any and all losses or damages, including counsel fees and expenses, which it may incur by reason of taking any action, except Custodian shall accept cash in substitution of any Purchased Securities pursuant to Paragraph 7(d). The provisions contained in this Paragraph 14 shall not in any way be deemed to limit or restrict the rights and remedies of Buyer or Seller under Paragraph 17 below.

## 15. FORM OF INSTRUCTIONS

Notwithstanding that this Agreement may require written instructions, Custodian may in its discretion act on oral instructions of an Authorized Person if confirmed in writing, on instructions received over a data line from Seller to an account maintained by Custodian for Seller on the POLARIS System or on data instructions received over any other such system whereby the receiver is able to verify by code or otherwise with reasonable certainty the identity of the sender of such communications. In such event, if subsequent written instructions differ in any respect from oral instructions, oral instructions shall control. Failure to confirm in writing shall not affect the authority of any acts taken or omitted by Custodian pursuant to oral instructions. Instructions shall be effective from the time they are actually received by an Authorized Person of Custodian, from an Authorized Person of the instructing

party or from a person reasonably believed by Custodian to be an Authorized Person of the instructing party by telephone, by telecopy, or other facsimile machine, or any other means designated by Custodian.

16. TERMINATION

Any of the parties may terminate this Agreement by giving the other parties thirty (30) days' prior written notice specifying the date of such termination. Custodian shall deliver any cash or Purchased Securities remaining in Buyer's Account or Seller's Account on termination of this Agreement to a successor custodian located in the City of New York designated in written instructions from Buyer and Seller. If Buyer and Seller do not provide written instructions designating a successor custodian prior to the termination date, Custodian shall continue to hold Purchased Securities and cash in Buyer's Account or Seller's Account until the Repurchase Date with respect to each Transaction then outstanding, or until it has received a Notice of Default, in connection therewith, and instructions in accordance with Paragraph 17 or in its sole discretion Custodian may deliver such cash or Purchased Securities to Buyer or Seller, as the case may be.

17. NOTICE OF DEFAULT

(a) Delivery of Notice of Default. If either Buyer or Seller shall declare an Event of Default, it shall deliver a Notice of Default to Custodian. Custodian shall notify the defaulting party of the receipt of a Notice of Default but shall have no further obligation or duty to inquire into the nature or validity of the Event of Default set forth in the Notice of Default.

(b) Effect of Buyer's Notice of Default. At any time Custodian has received a Notice of Default from Buyer with respect to any Transaction, Custodian shall:

(i) give notice to Seller of such Notice of Default and (A) if Custodian does not receive a written notice ("**Notice of Dispute**") from Seller disputing the Notice of Default by the close of business on the day Custodian receives a copy of such Notice of Default (or by the close of business of the following Business Day if Seller receives a copy of such Notice of Default on a day other than a Business Day or after 12:00 noon New York time on a Business Day), hold all Purchased Securities and Income in Buyer's Account or transfer the same in accordance with Buyer's written instructions to Custodian, or (B) if Custodian receives such Notice of Dispute, continue to hold all Purchased Securities and Income in Buyer's Account until otherwise instructed in writing by Buyer and Seller jointly or ordered by an order or decree of a court of competent jurisdiction; and

(ii) cease placing Purchased Securities into transfer pursuant to Paragraph 4(f), determining the aggregate Margin Value of Purchased Securities pursuant to Paragraph 6(c), tendering the Purchased Securities pursuant to Paragraph 6(e), or releasing to Seller Purchased Securities pursuant to Paragraphs 7(c) and 7(d), except Custodian shall accept cash in substitution of any Purchased Security pursuant to Paragraph 7(d).

(c) Effect of Seller's Notice of Default. At any time Custodian has received a Notice of Default from Seller, with respect to any Transaction, Custodian shall:

(i) give notice to Buyer of such Notice of Default; and

(ii) cease placing Purchased Securities into transfer pursuant to Paragraph 4(f), determining the aggregate Margin Value of Purchased Securities pursuant to Paragraph 6(c), tendering the Purchased Securities pursuant to Paragraph 6(e), or releasing to Seller Purchased Securities pursuant to Paragraph 7(c) and 7(d), except that Custodian shall accept cash in substitution of any Purchased Securities pursuant to Paragraph 7(d).

(d) Further Assurances. In the event Custodian receives a Notice of Default from either party with respect to any Transaction, Custodian shall continue to provide safekeeping services with respect to Purchased Securities and cash held in Buyer's Account or Seller's Account for a period not to exceed 90 days but shall not be required to provide additional services unless Seller gives Custodian assurances that Seller shall pay Custodian's fees or Buyer undertakes to pay Custodian's fees for such additional services.

18. MISCELLANEOUS

(a) Authorized Personnel. **Schedule B** contains the names, titles, and specimen signatures of those individuals authorized to act on behalf of Buyer for the purposes for which each is authorized. Seller shall separately deliver to Custodian such information for Seller's Authorized Persons. It is understood that certain designated persons may be Authorized Persons for limited purposes set forth in such lists. Buyer and Seller each agree to furnish to Custodian a written notice in the event that any such authorized individual ceases to be authorized or in the event that other or additional authorized individuals are appointed and authorized. Upon receipt and acknowledgment of a notice from Buyer or Seller that an individual is no longer an Authorized Person, Custodian shall cease accepting instructions from such person as soon as practicable thereafter, but in no event later than one Business Day after such receipt and acknowledgment.

(b) Funds Transfers.

(i) Account Identification. In receiving funds transfers for Buyer or Seller, Custodian may rely solely on the account number or identifying number on the funds transfer to identifying the funds transfer as received for Buyer or Seller. Custodian shall rely solely on the account number specified on **Schedule B** in making a funds transfer to Buyer. Similarly, when Buyer sends a payment order identifying an intermediary bank (a bank other than the Custodian's or Buyer's originating bank) or a recipient bank for Custodian with an identifying number, the Custodian does not have to determine if the identifying number corresponds to the bank name provided by Buyer.

(ii) Transfer Procedure. Pursuant to UCC Article 4A, Custodian has determined the Facsimile/Designated Account/Call Back Service is a commercially reasonable security procedure for Buyer's funds transfer requirement. Custodian will accept a facsimile from Buyer's Authorized Person indicating the dollar amount to be transferred to the account designated on **Schedule B**. Custodian will confirm the facsimile funds transfer request with an Authorized Person designated on **Schedule B** as authorized to confirm funds transfer instructions. The Authorized Person issuing the

facsimile instruction and the Authorized Person confirming the instruction may not be the same person. Custodian will follow this procedure for all funds transfers unless Custodian otherwise elects to effect funds transfers upon written notice to Buyer.

Notices. Any notice authorized or required by this Agreement shall be sufficiently given if addressed to the receiving party and hand delivered or sent by mail, telecopy, or other facsimile machine to the individuals at the addresses specified herein or to such other person or persons as the receiving party may from time to time designate to the other parties in writing. Such notice shall be effective upon receipt or such later time as provided in this Agreement.

**TO SELLER:**

CDC Funding Corp.
9 West 57th Street
New York, New York 10019
Attention: Michael Frasco
Telephone: 212 891-6202
Facsimile: 212 891-3319

**TO BUYER:**

See **Schedule B.**

**TO CUSTODIAN:**

Bankers Trust Company
14 Wall Street
New York, New York 10005
Attention: Tom Fonte
B/D Clearance Group
Telephone: (212) 618-2101
Facsimile: (212) 618-2426

(d) Amendments. Except as otherwise expressly provided hereunder, this Agreement may not be amended or modified in any manner except by a written agreement executed by an Authorized Person of all the parties. No waiver or acceptance of performance other than as provided herein on the part of any party shall constitute a waiver or acceptance of such performance in the future.

(e) Binding Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior oral or written agreements concerning the same. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns (including any trustees, conservators or other officers of the court in any bankruptcy or insolvency proceeding); provided, however, that this Agreement shall not be assignable by any party without the written consent of the other parties hereto, and any such assignment shall be null and void, except that Buyer may assign its rights and obligations to a successor trustee appointed or succeeding in accordance with the terms of the Authorizing Document. In the event that any provision of this Agreement shall be inconsistent or conflict with any provision of

the Repurchase Agreement, with respect to Transactions to be processed under this Agreement, the provisions of this Agreement shall control.

(f) Waiver of Immunity, etc. To the extent that in any jurisdiction any party may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution or attachment (before or after judgment) or other legal process, each party irrevocably agrees not to claim, and it hereby waives, such immunity in connection with this Agreement. In no event shall Custodian have any duty to determine whether the Securities held or disposed by it in accordance with this Agreement comply with any statutory or regulatory requirements of any jurisdiction or governmental body or any rules governing investments of Buyer or Seller.

(g) Survival. All releases and indemnifications provided in this Agreement shall survive the termination of this Agreement.

(h) APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES.

(i) Heading and References. The headings and captions in this Agreement are for reference only and shall not affect the construction or interpretation of any of its provisions. Except as expressly provided herein, all references to Paragraphs, Subparagraphs, and Schedules refer to Paragraphs, Subparagraphs, and Schedules of this Agreement

(j) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one Agreement.

(k) WAIVER OF TRIAL BY JURY. THE PARTIES MUTUALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING RELATING TO THIS AGREEMENT OF ANY TRANSACTION REFERRED TO HEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective corporate officers, thereunto duly authorized, as of the 16th day of March, 2001.

**BNY WESTERN TRUST COMPANY, as Trustee**

By: _____

Title: ASSISTANT VICE PRESIDENT

**CDC FUNDING CORP.**

By: _____

Title: _____

By: _____

Title: _____

**BANKERS TRUST COMPANY, as Custodian**

By: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective corporate officers, thereunto duly authorized, as of the 15th day of March, 2001.

**BNY WESTERN TRUST COMPANY, as Trustee**

By:_____

Title:_____

**CDC FUNDING CORP.**

By: John J. Borgia

Title:_____

By: [illegible]

Title: VP

**BANKERS TRUST COMPANY, as Custodian**

By:_____

Title:_____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective corporate officers, thereunto duly authorized, as of the 16th day of March, 2001.

**BNY WESTERN TRUST COMPANY, as Trustee**

By:_____

Title:_____

**CDC FUNDING CORP.**

By:_____

Title:_____

By:_____

Title:_____

**BANKERS TRUST COMPANY, as Custodian**

By:_____

Title: Richard Fogarty
Vice President
Bankers Trust Company

## SCHEDULE A

| | |
|---|---|
| Securities: | a) Any bond or other obligations which as to principal and interest constitute direct general obligations of the United States of America, and obligations of, or fully guaranteed by, the Government National Mortgage Association. ("Government Obligations"). |
| | b) Bonds, debentures, notes, mortgage participation certificates, mortgage pass-through certificates, in physical or book-entry form, or other obligations issued by or the payment of which is guaranteed by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association ("Agency Obligations"). |
| Buyer's and Seller's Margin Percentages: | 104% for Government Obligations and 105% for Agency Obligations; provided, however, that Seller's Margin Percentage for cash shall be 100%. |

Seller will determine that the Securities meet the Buyer's credit rating guidelines.

## SCHEDULE B

### CASH

A. Buyer's Account
ABA #: 021001033
Name: BTCo.
DDA Account: 00-410-018
Polaris Account: 094466
Account Name: CDC/BNY Western Trust Co
A/T/F Fresno JPFA 2001
Taxpayer ID#: 95-3571558

B. Buyer's Delivery Instructions for Securities:

Buyer's Delivery Instructions for Cash:
THE BANK OF NEW YORK
ABA #: 021000018
A/C #: GLA/111-565
FURTHER CREDIT A/C# 124079
FRESNO JPFA 2001A RESERVE

### BUYER'S AUTHORIZED PERSONS

A. Authorized persons for all purposes, (except as specified), including issuing funds transfer instructions.

| Name | Specimen Signature |
|---|---|
| Jacqueline M. Nowak | |
| David A. Oeser | |
| | |

B. Authorized persons for the purpose of confirming funds transfer instructions.

Name and Title: Jacqueline M. Nowak, AVP
Telephone Number: (213) 630-6409

Name and Title: David A. Oeser, AVP
Telephone Number: (213) 630-6407

## NOTICE TO BUYER

**For Buyer:** BNY Western Trust Company
700 South Flower Street, Suite 500
Los Angeles, CA 90017

| | |
|---|---|
| Attention: | Jacqueline Nowak |
| Telephone No.: | (213) 630-6408 |
| Facsimile No.: | (213) 630-6210 |
| E-mail: | jnowak@bankofny.com |

## SCHEDULE C

### LIST OF BUYER'S CUSTOMERS

Fresno Joint Powers Financing Authority
c/o Fresno Redevlopment Agency
2344 Tulare Street, Suite 200
Fresno, California 93721

Attention: Dan Fitzpatrick, Executive Director
Telephone No.: (559) 498-1873
Facsimile No.: (559) 498-1870

# Master Repurchase Agreement

DATED AS OF MARCH 16, 2001

BETWEEN:

BNY WESTERN TRUST COMPANY ("TRUSTEE")

AND

CDC FUNDING CORP. ("CDCFC")

## 1. Applicability

From time to time the parties hereto may enter into transactions in which one party ("Seller") agrees to transfer to the other ("Buyer") securities or other assets ("Securities") against the transfer of funds by Buyer, with a simultaneous agreement by Buyer to transfer to Seller such Securities at a date certain or on demand, against the transfer of funds by Seller. Each such transaction shall be referred to herein as a "Transaction" and, unless otherwise agreed in writing, shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto and in any other annexes identified herein or therein as applicable hereunder.

## 2. Definitions

(a) "Act of Insolvency", with respect to any party, (i) the commencement by such party as debtor of any case or proceeding under any bankruptcy, insolvency, reorganization, liquidation, moratorium, dissolution, delinquency or similar law, or such party seeking the appointment or election of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property, or the convening of any meeting of creditors for purposes of commencing any such case or proceeding or seeking such an appointment or election, (ii) the commencement of any such case or proceeding against such party, or another seeking such an appointment or election, or the filing against a party of an application for a protective decree under the provisions of the Securities Investor Protection Act of 1970, which (A) is consented to or not timely contested by such party, (B) results in the entry of an order for relief, such an appointment or election, the issuance of such a protective decree or the entry of an order having a similar effect, or (C) is not dismissed within 15 days, (iii) the making by such party of a general assignment for the benefit of creditors, or (iv) the admission in writing by such party of such party's inability to pay such party's debts as they become due;

(b) "Additional Purchased Securities", Securities provided by Seller to Buyer pursuant to Paragraph 4(a) hereof;

(c) "Buyer's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Buyer's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(d) "Buyer's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Seller's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value

of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction;

(e) "Confirmation", the meaning specified in Paragraph 3(b) hereof;

(f) "Income", with respect to any Security at any time, any principal thereof and all interest, dividends or other distributions thereon;

(g) "Margin Deficit", the meaning specified in Paragraph 4(a) hereof;

(h) "Margin Excess", the meaning specified in Paragraph 4(b) hereof;

(i) "Margin Notice Deadline", the time agreed to by the parties in the relevant Confirmation, Annex I hereto or otherwise as the deadline for giving notice requiring same day satisfaction of margin maintenance obligations as provided in Paragraph 4 hereof (or, in the absence of any such agreement, the deadline for such purposes established in accordance with market practice);

(j) "Market Value", with respect to any Securities as of any date, the price for such Securities on such date obtained from a generally recognized source agreed to by the parties or the most recent closing bid quotation from such a source, plus accrued Income to the extent not included therein (other than any Income credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) as of such date (unless contrary to market practice for such Securities);

(k) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction on a 360-day-per-year basis for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of determination (reduced by any amount of such Price Differential previously paid by Seller to Buyer with respect to such Transaction);

(l) "Pricing Rate", the per annum percentage rate for determination of the Price Differential;

(m) "Prime Rate", the prime rate of U.S. commercial banks as published in The Wall Street Journal (or, if more than one such rate is published, the average of such rates);

(n) "Purchase Date", the date on which Purchased Securities are to be transferred by Seller to Buyer;

(o) "Purchase Price", (i) on the Purchase Date, the price at which Purchased Securities are transferred by Seller to Buyer, and (ii) thereafter, except where Buyer and Seller agree otherwise, such price increased by the amount of any cash transferred by Buyer to Seller pursuant to Paragraph 4(b) hereof and decreased by the amount of any cash transferred by Seller to Buyer pursuant to Paragraph 4(a) hereof or applied to reduce Seller's obligations under clause (ii) of Paragraph 5 hereof;

(p) "Purchased Securities", the Securities transferred by Seller to Buyer in a Transaction hereunder, and any Securities substituted therefor in accordance with Paragraph 9 hereof. The term "Purchased Securities" with respect to any Transaction at any time also shall include Additional Purchased Securities delivered pursuant to Paragraph 4(a) hereof and shall exclude Securities returned pursuant to Paragraph 4(b) hereof;

(q) "Repurchase Date", the date on which Seller is to repurchase the Purchased Securities from Buyer, including any date determined by application of the provisions of Paragraph 3(c) or 11 hereof;

(r) "Repurchase Price", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case (including Transactions terminable upon demand) as the sum of the Purchase Price and the Price Differential as of the date of such determination;

(s) "Seller's Margin Amount", with respect to any Transaction as of any date, the amount obtained by application of the Seller's Margin Percentage to the Repurchase Price for such Transaction as of such date;

(t) "Seller's Margin Percentage", with respect to any Transaction as of any date, a percentage (which may be equal to the Buyer's Margin Percentage) agreed to by Buyer and Seller or, in the absence of any such agreement, the percentage obtained by dividing the Market Value of the Purchased Securities on the Purchase Date by the Purchase Price on the Purchase Date for such Transaction.

## 3. Initiation; Confirmation; Termination

(a) An agreement to enter into a Transaction may be made orally or in writing at the initiation of either Buyer or Seller. On the Purchase Date for the Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the transfer of the Purchase Price to an account of Seller.

(b) Upon agreeing to enter into a Transaction hereunder, Buyer or Seller (or both), as shall be agreed, shall promptly deliver to the other party a written confirmation of each Transaction (a "Confirmation"). The Confirmation shall describe the Purchased Securities (including CUSIP number, if any), identify Buyer and Seller and set forth (i) the Purchase Date, (ii) the Purchase Price, (iii) the Repurchase Date, unless the Transaction is to be terminable on demand, (iv) the Pricing Rate or Repurchase Price applicable to the Transaction, and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement. The Confirmation, together with this Agreement, shall constitute conclusive evidence of the terms agreed between Buyer and Seller with respect to the Transaction to which the Confirmation relates, unless with respect to the Confirmation specific objection is made promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, this Agreement shall prevail.

(c) In the case of Transactions terminable upon demand, such demand shall be made by Buyer or Seller, no later than such time as is customary in accordance with market practice, by telephone or otherwise on or prior to the business day on which such termination will be effective. On the date specified in such demand, or on the date fixed for termination in the case of Transactions having a fixed term, termination of the Transaction will be effected by transfer to Seller or its agent of the Purchased Securities and any Income in respect thereof received by Buyer (and not previously credited or transferred to, or applied to the obligations of, Seller pursuant to Paragraph 5 hereof) against the transfer of the Repurchase Price to an account of Buyer.

## 4. Margin Maintenance

(a) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Buyer is less than the aggregate Buyer's Margin Amount for all such Transactions (a "Margin Deficit"), then Buyer may by notice to Seller require Seller in such Transactions, at Seller's option, to transfer to Buyer cash or additional Securities reasonably acceptable to Buyer ("Additional Purchased Securities"), so that the cash and aggregate Market Value of the Purchased Securities, including any such Additional Purchased Securities, will thereupon equal or exceed such

aggregate Buyer's Margin Amount (decreased by the amount of any Margin Deficit as of such date arising from any Transactions in which such Buyer is acting as Seller).

(b) If at any time the aggregate Market Value of all Purchased Securities subject to all Transactions in which a particular party hereto is acting as Seller exceeds the aggregate Seller's Margin Amount for all such Transactions at such time (a "Margin Excess"), then Seller may by notice to Buyer require Buyer in such Transactions, at Buyer's option, to transfer cash or Purchased Securities to Seller, so that the aggregate Market Value of the Purchased Securities, after deduction of any such cash or any Purchased Securities so transferred, will thereupon not exceed such aggregate Seller's Margin Amount (increased by the amount of any Margin Excess as of such date arising from any Transactions in which such Seller is acting as Buyer).

(c) If any notice is given by Buyer or Seller under subparagraph (a) or (b) of this Paragraph at or before the Margin Notice Deadline on any business day, the party receiving such notice shall transfer cash or Additional Purchased Securities as provided in such subparagraph no later than the close of business in the relevant market on such day. If any such notice is given after the Margin Notice Deadline, the party receiving such notice shall transfer such cash or Securities no later than the close of business in the relevant market on the next business day following such notice.

(d) Any cash transferred pursuant to this Paragraph shall be attributed to such Transactions as shall be agreed upon by Buyer and Seller.

(e) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer or Seller (or both) under subparagraphs (a) and (b) of this Paragraph may be exercised only where a Margin Deficit or a Margin Excess, as the case may be, exceeds a specified dollar amount or a specified percentage of the Repurchase Prices for such Transactions (which amount or percentage shall be agreed to by Buyer and Seller prior to entering into any such Transactions).

(f) Seller and Buyer may agree, with respect to any or all Transactions hereunder, that the respective rights of Buyer and Seller under subparagraphs (a) and (b) of this Paragraph to require the elimination of a Margin Deficit or a Margin Excess, as the case may be, may be exercised whenever such a Margin Deficit or a Margin Excess exists with respect to any single Transaction hereunder (calculated without regard to any other Transaction outstanding under this Agreement).

## 5. Income Payments

Seller shall be entitled to receive an amount equal to all Income paid or distributed on or in respect of the Securities that is not otherwise received by Seller, to the full extent it would be so entitled if the Securities had not been sold to Buyer. Buyer shall, as the parties may agree with respect to any Transaction (or, in the absence of any such agreement, as Buyer shall reasonably determine in its discretion), on the date such Income is paid or distributed either (i) transfer to or credit to the account of Seller such Income with respect to any Purchased Securities subject to such Transaction or (ii) with respect to Income paid in cash, apply the Income payment or payments to reduce the amount, if any, to be transferred to Buyer by Seller upon termination of such Transaction. Buyer shall not be obligated to take any action pursuant to the preceding sentence (A) to the extent that such action would result in the creation of a Margin Deficit, unless prior thereto or simultaneously therewith Seller transfers to Buyer cash or Additional Purchased Securities sufficient to eliminate such Margin Deficit, or (B) if an Event of Default with respect to Seller has occurred and is then continuing at the time such Income is paid or distributed.

## 6. Security Interest

Although the parties intend that all Transactions hereunder be sales and purchases and not loans, in the event any such Transactions are deemed to be loans, Seller shall be deemed to have pledged to Buyer as security for the performance by Seller of its obligations under each such Transaction, and shall be deemed to have granted to Buyer a security interest in, all of the Purchased Securities with respect to all Transactions hereunder and all Income thereon and other proceeds thereof.

## 7. Payment and Transfer

Unless otherwise mutually agreed, all transfers of funds hereunder shall be in immediately available funds. All Securities transferred by one party hereto to the other party (i) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (ii) shall be transferred on the book-entry system of a Federal Reserve Bank, or (iii) shall be transferred by any other method mutually acceptable to Seller and Buyer.

## 8. Segregation of Purchased Securities

To the extent required by applicable law, all Purchased Securities in the possession of Seller shall be segregated from other securities in its possession and shall be identified as subject to this Agreement. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial or securities intermediary or a clearing corporation. All of Seller's interest in the Purchased Securities shall pass to Buyer on the Purchase Date and, unless otherwise agreed by Buyer and Seller, nothing in this Agreement shall preclude Buyer from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or hypothecating the Purchased Securities, but no such transaction shall relieve Buyer of its obligations to transfer Purchased Securities to Seller pursuant to Paragraph 3, 4 or 11 hereof, or of Buyer's obligation to credit or pay Income to, or apply Income to the obligations of, Seller pursuant to Paragraph 5 hereof.

**Required Disclosure for Transactions in Which the Seller Retains Custody of the Purchased Securities**

Seller is not permitted to substitute other securities for those subject to this Agreement and therefore must keep Buyer's securities segregated at all times, unless in this Agreement Buyer grants Seller the right to substitute other securities. If Buyer grants the right to substitute, this means that Buyer's securities will likely be commingled with Seller's own securities during the trading day. Buyer is advised that, during any trading day that Buyer's securities are commingled with Seller's securities, they [will]* [may]** be subject to liens granted by Seller to [its clearing bank]* [third parties]** and may be used by Seller for deliveries on other securities transactions. Whenever the securities are commingled, Seller's ability to resegregate substitute securities for Buyer will be subject to Seller's ability to satisfy [the clearing]* [any]** lien or to obtain substitute securities.

*Language to be used under 17 C.F.R. §403.4(e) if Seller is a government securities broker or dealer other than a financial institution.

**Language to be used under 17 C.F.R. §403.5(d) if Seller is a financial institution.

## 9. Substitution

(a) Seller may, subject to agreement with and acceptance by Buyer, substitute other Securities for any Purchased Securities. Such substitution shall be made by transfer to Buyer of such other Securities and transfer to Seller of such Purchased Securities. After substitution, the substituted Securities shall be deemed to be Purchased Securities.

(b) In Transactions in which Seller retains custody of Purchased Securities, the parties expressly agree that Buyer shall be deemed, for purposes of subparagraph (a) of this Paragraph, to have agreed to and accepted in this Agreement substitution by Seller of other Securities for Purchased Securities; *provided, however*, that such other Securities shall have a Market Value at least equal to the Market Value of the Purchased Securities for which they are substituted.

## 10. Representations

Each of Buyer and Seller represents and warrants to the other that (i) it is duly authorized to execute and deliver this Agreement, to enter into Transactions contemplated hereunder and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance, (ii) it will engage in such Transactions as principal (or, if agreed in writing, in the form of an annex hereto or otherwise, in advance of any Transaction by the other party hereto, as agent for a disclosed principal), (iii) the person signing this Agreement on its behalf is duly authorized to do so on its behalf (or on behalf of any such disclosed principal), (iv) it has obtained all authorizations of any governmental body required in connection with this Agreement and the Transactions hereunder and such authorizations are in full force and effect and (v) the execution, delivery and performance of this Agreement and the Transactions hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. On the Purchase Date for any Transaction Buyer and Seller shall each be deemed to repeat all the foregoing representations made by it.

## 11. Events of Default

In the event that (i) Seller fails to transfer or Buyer fails to purchase Purchased Securities upon the applicable Purchase Date, (ii) Seller fails to repurchase or Buyer fails to transfer Purchased Securities upon the applicable Repurchase Date, (iii) Seller or Buyer fails to comply with Paragraph 4 hereof, (iv) Buyer fails, after one business day's notice, to comply with Paragraph 5 hereof, (v) an Act of Insolvency occurs with respect to Seller or Buyer, (vi) any representation made by Seller or Buyer shall have been incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, or (vii) Seller or Buyer shall admit to the other its inability to, or its intention not to, perform any of its obligations hereunder (each an "Event of Default"):

(a) The nondefaulting party may, at its option (which option shall be deemed to have been exercised immediately upon the occurrence of an Act of Insolvency), declare an Event of Default to have occurred hereunder and, upon the exercise or deemed exercise of such option, the Repurchase Date for each Transaction hereunder shall, if it has not already occurred, be deemed immediately to occur (except that, in the event that the Purchase Date for any Transaction has not yet occurred as of the date of such exercise or deemed exercise, such Transaction shall be deemed immediately canceled). The nondefaulting party shall (except upon the occurrence of an Act of Insolvency) give notice to the defaulting party of the exercise of such option as promptly as practicable.

(b) In all Transactions in which the defaulting party is acting as Seller, if the nondefaulting party exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, (i) the defaulting party's obligations in such Transactions to repurchase all Purchased Securities, at the Repurchase Price therefor on the Repurchase Date determined in accordance with subparagraph (a) of this Paragraph, shall thereupon become immediately due and payable, (ii) all Income paid after such exercise or deemed exercise shall be retained by the nondefaulting party and applied to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder, and (iii) the defaulting party shall immediately deliver to the nondefaulting party any Purchased Securities subject to such Transactions then in the defaulting party's possession or control.

(c) In all Transactions in which the defaulting party is acting as Buyer, upon tender by the nondefaulting party of payment of the aggregate Repurchase Prices for all such Transactions, all right, title and interest in and entitlement to all Purchased Securities subject to such Transactions shall be deemed transferred to the nondefaulting party, and the defaulting party shall deliver all such Purchased Securities to the nondefaulting party.

(d) If the nondefaulting party exercises or is deemed to have exercised the option referred to in sub-paragraph (a) of this Paragraph, the nondefaulting party, without prior notice to the defaulting party, may:

(i) as to Transactions in which the defaulting party is acting as Seller, (A) immediately sell, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, any or all Purchased Securities subject to such Transactions and apply the proceeds thereof to the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder or (B) in its sole discretion elect, in lieu of selling all or a portion of such Purchased Securities, to give the defaulting party credit for such Purchased Securities in an amount equal to the price therefor on such date, obtained from a generally recognized source or the most recent closing bid quotation from such a source, against the aggregate unpaid Repurchase Prices and any other amounts owing by the defaulting party hereunder; and

(ii) as to Transactions in which the defaulting party is acting as Buyer, (A) immediately purchase, in a recognized market (or otherwise in a commercially reasonable manner) at such price or prices as the nondefaulting party may reasonably deem satisfactory, securities ("Replacement Securities") of the same class and amount as any Purchased Securities that are not delivered by the defaulting party to the nondefaulting party as required hereunder or (B) in its sole discretion elect, in lieu of purchasing Replacement Securities, to be deemed to have purchased Replacement Securities at the price therefor on such date, obtained from a generally recognized source or the most recent closing offer quotation from such a source.

Unless otherwise provided in Annex I, the parties acknowledge and agree that (1) the Securities subject to any Transaction hereunder are instruments traded in a recognized market, (2) in the absence of a generally recognized source for prices or bid or offer quotations for any Security, the nondefaulting party may establish the source therefor in its sole discretion and (3) all prices, bids and offers shall be determined together with accrued Income (except to the extent contrary to market practice with respect to the relevant Securities).

(e) As to Transactions in which the defaulting party is acting as Buyer, the defaulting party shall be liable to the nondefaulting party for any excess of the price paid (or deemed paid) by the nondefaulting party for Replacement Securities over the Repurchase Price for the Purchased Securities replaced thereby and for any amounts payable by the defaulting party under Paragraph 5 hereof or otherwise hereunder.

(f) For purposes of this Paragraph 11, the Repurchase Price for each Transaction hereunder in respect of which the defaulting party is acting as Buyer shall not increase above the amount of such Repurchase Price for such Transaction determined as of the date of the exercise or deemed exercise by the nondefaulting party of the option referred to in subparagraph (a) of this Paragraph.

(g) The defaulting party shall be liable to the nondefaulting party for (i) the amount of all reasonable legal or other expenses incurred by the nondefaulting party in connection with or as a result of an Event of Default, (ii) damages in an amount equal to the cost (including all fees, expenses and commissions) of entering into replacement transactions and entering

into or terminating hedge transactions in connection with or as a result of an Event of Default, and (iii) any other loss, damage, cost or expense directly arising or resulting from the occurrence of an Event of Default in respect of a Transaction.

(h) To the extent permitted by applicable law, the defaulting party shall be liable to the nondefaulting party for interest on any amounts owing by the defaulting party hereunder, from the date the defaulting party becomes liable for such amounts hereunder until such amounts are (i) paid in full by the defaulting party or (ii) satisfied in full by the exercise of the nondefaulting party's rights hereunder. Interest on any sum payable by the defaulting party to the nondefaulting party under this Paragraph 11(h) shall be at a rate equal to the greater of the Pricing Rate for the relevant Transaction or the Prime Rate.

(i) The nondefaulting party shall have, in addition to its rights hereunder, any rights otherwise available to it under any other agreement or applicable law.

## 12. Single Agreement

Buyer and Seller acknowledge that, and have entered hereinto and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and have been made in consideration of each other. Accordingly, each of Buyer and Seller agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, (ii) that each of them shall be entitled to set off claims and apply property held by them in respect of any Transaction against obligations owing to them in respect of any other Transactions hereunder and (iii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder, and the obligations to make any such payments, deliveries and other transfers may be applied against each other and netted.

## 13. Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a party to the other by mail, facsimile, telegraph, messenger or otherwise to the address specified in Annex II hereto, or so sent to such party at any other place specified in a notice of change of address hereafter received by the other. All notices, demands and requests hereunder may be made orally, to be confirmed promptly in writing, or by other communication as specified in the preceding sentence.

## 14. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for repurchase transactions. Each provision and agreement herein shall be treated as separate and independent from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

## 15. Non-assignability; Termination

(a) The rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned by either party without the prior written consent of the other party, and any such assignment without the prior written consent of the other party shall be null and void. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. This Agreement may be terminated by either party upon giving written notice to

the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(b) Subparagraph (a) of this Paragraph 15 shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under Paragraph 11 hereof.

## 16. Governing Law

This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof.

## 17. No Waivers, Etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to Paragraph 4(a) or 4(b) hereof will not constitute a waiver of any right to do so at a later date.

## 18. Use of Employee Plan Assets

(a) If assets of an employee benefit plan subject to any provision of the Employee Retirement Income Security Act of 1974 ("ERISA") are intended to be used by either party hereto (the "Plan Party") in a Transaction, the Plan Party shall so notify the other party prior to the Transaction. The Plan Party shall represent in writing to the other party that the Transaction does not constitute a prohibited transaction under ERISA or is otherwise exempt therefrom, and the other party may proceed in reliance thereon but shall not be required so to proceed.

(b) Subject to the last sentence of subparagraph (a) of this Paragraph, any such Transaction shall proceed only if Seller furnishes or has furnished to Buyer its most recent available audited statement of its financial condition and its most recent subsequent unaudited statement of its financial condition.

(c) By entering into a Transaction pursuant to this Paragraph, Seller shall be deemed (i) to represent to Buyer that since the date of Seller's latest such financial statements, there has been no material adverse change in Seller's financial condition which Seller has not disclosed to Buyer, and (ii) to agree to provide Buyer with future audited and unaudited statements of its financial condition as they are issued, so long as it is a Seller in any outstanding Transaction involving a Plan Party.

## 19. Intent

(a) The parties recognize that each Transaction is a "repurchase agreement" as that term is defined in Section 101 of Title 11 of the United States Code, as amended (except insofar as the type of Securities subject to such Transaction or the term of such Transaction would render such definition inapplicable), and a "securities contract" as that term is defined in Section 741 of Title 11 of the United States Code, as amended (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(b) It is understood that either party's right to liquidate Securities delivered to it in connection with Transactions hereunder or to exercise any other remedies pursuant to Paragraph 11 hereof is a contractual right to liquidate such Transaction as described in Sections 555 and 559 of Title 11 of the United States Code, as amended.

(c) The parties agree and acknowledge that if a party hereto is an "insured depository institution," as such term is defined in the Federal Deposit Insurance Act, as amended ("FDIA"), then each Transaction hereunder is a "qualified financial contract," as that term is defined in FDIA and any rules, orders or policy statements thereunder (except insofar as the type of assets subject to such Transaction would render such definition inapplicable).

(d) It is understood that this Agreement constitutes a "netting contract" as defined in and subject to Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and each payment entitlement and payment obligation under any Transaction hereunder shall constitute a "covered contractual payment entitlement" or "covered contractual payment obligation", respectively, as defined in and subject to FDICIA (except insofar as one or both of the parties is not a "financial institution" as that term is defined in FDICIA).

## 20. Disclosure Relating to Certain Federal Protections

The parties acknowledge that they have been advised that:

(a) in the case of Transactions in which one of the parties is a broker or dealer registered with the Securities and Exchange Commission ("SEC") under Section 15 of the Securities Exchange Act of 1934 ("1934 Act"), the Securities Investor Protection Corporation has taken the position that the provisions of the Securities Investor Protection Act of 1970 ("SIPA") do not protect the other party with respect to any Transaction hereunder;

(b) in the case of Transactions in which one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15C of the 1934 Act, SIPA will not provide protection to the other party with respect to any Transaction hereunder; and

(c) in the case of Transactions in which one of the parties is a financial institution, funds held by the financial institution pursuant to a Transaction hereunder are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

IN WITNESS WHEREOF, the Buyer and Seller have caused this Master Repurchase Agreement to be duly executed and delivered as of March 16, 2001.

BNY WESTERN TRUST COMPANY, as Trustee

Name: JACQUELINE M. NOWAK
Title: ASSISTANT VICE PRESIDENT

Name:
Title:

CDC FUNDING CORP.

Name:
Title:

Name:
Title:

Acknowledged and Agreed to:

FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer

Name:
Title:

IN WITNESS WHEREOF, the Buyer and Seller have caused this Master Repurchase Agreement to be duly executed and delivered as of March 16, 2001.

**BNY WESTERN TRUST COMPANY, as Trustee**

Name:

Title:

Name:

Title:

**CDC FUNDING CORP.**

John J. Borgia

Name:

Title:

Name:

Title: VP

Acknowledged and Agreed to:

**FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer**

Name:

Title:

IN WITNESS WHEREOF, the Buyer and Seller have caused this ANNEX I to be duly executed and delivered as of the Initial Purchase Date.

BNY WESTERN TRUST COMPANY,
AS BUYER

By:_____
Title:
Date:

CDC FUNDING CORP., AS SELLER

By:_____
Title:
Date:

By:_____
Title:
Date:

Acknowledged and Agreed to:

FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer

By:_____
Name: RANDALL O. CARLTON
Title: CONTROLLER AND TREASURER

# ANNEX I

This ANNEX I (including any Annexes or Exhibits) forms a part of the Master Repurchase Agreement dated as of March 16, 2001 by and between CDC FUNDING CORP., a New York Corporation (the "Seller") and BNY WESTERN TRUST COMPANY, its successors and assigns (the "Buyer"), as trustee for Fresno Joint Powers Financing Authority (the "Issuer"), pursuant to a Trust Indenture, dated as of March 1, 2001, by and between the Trustee and the Issuer (the "Authorizing Document"), providing for the issuance of $10,000,000 Fresno Joint Powers Financing Authority Tax Allocation Revenue Bonds, Series 2001 (the "Bonds"). Capitalized terms used but not defined in this ANNEX I shall have the meanings ascribed to them in the Agreement.

WITNESSETH:

WHEREAS, the Bonds were issued by the Issuer pursuant to the Authorizing Document;

WHEREAS, the Authorizing Document establishes various trust funds and accounts for the receipt and disbursement of monies, all as more fully set forth in the Authorizing Document;

WHEREAS, pursuant to the Authorizing Document, the Issuer hereby directs the Buyer to invest certain monies held by the Buyer under the Authorizing Document with the Seller pursuant to the terms and provisions of this Agreement;

WHEREAS, the Seller is willing, on the terms and conditions set forth in this Agreement, to accept the investment of such monies by the Buyer; and

WHEREAS, the parties hereto intend this Agreement to constitute a contract

1. OTHER APPLICABLE ANNEXES AND EXHIBITS. In addition to this ANNEX I, the following Annexes and any Exhibits thereto shall form a part of the Agreement and shall be applicable thereunder:

ANNEX II (COMMUNICATIONS AND NOTICES)

EXHIBIT A (TERMS AND CONDITIONS)

EXHIBIT B (FORM OF REQUEST FOR REPURCHASE)

EXHIBIT C (PERMITTED SECURITIES)

2. DEFINITIONS

*"Affiliate"* means, with respect to a person or entity, any other person or entity that controls, is controlled by or under common control with such person or entity.

*"Agreement"* means, collectively, the Master Repurchase Agreement dated as of the Initial Purchase Date between Buyer and Seller, together with all Annexes thereto.

*"Bond Insurer"* means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, and its successors and assigns.

*"Business Day"* means any day (other than a Saturday or bank holiday) on which the commercial banks, the Buyer and the Seller have designated in the Custody Agreement to send and receive payments and deliveries on their behalf, are open for business in New York, New York or Los Angeles, California.

*"Custodian"* means Bankers Trust Company, pursuant to the Custody Agreement.

*"Custody Agreement"* means the Tri-Party Custody Agreement dated as of the Initial Purchase Date by and among Buyer, Seller and the Custodian.

*"Final Repurchase Date"* means, for a particular Fund, the Maturity Date with respect thereto as set forth on EXHIBIT A or, in each case, if earlier, the date on which (i) the Bonds are redeemed, repaid or called in whole or are refinanced through an advance or current refunding, or (ii) all of the Purchased Securities with respect to such Fund have been repurchased by Seller.

*"Guarantee"* means the Guarantee dated as of January 15, 1997 by the Guarantor which, among other things, guarantees the payment obligations of Seller hereunder.

*"Guarantor"* means Caisse des dépôts et consignations, a special national legislative public instrumentality (établissement public à statut légal spécial) governed by French administrative law.

*"Initial Purchase Date"* means, for a particular Fund, the date, as set forth on EXHIBIT A, on which the Initial Purchase is to be received by CDCFC.

*"Minimum Rating"* for a financial institution means a claims paying ability or long-term senior unsecured debt rating of at least AA by S&P and Aa2 by Moody's, respectively.

*"Moody's"* means Moody's Investors Service, Inc. or any successor thereto.

*"Ratings Event"* means, for a financial institution, the suspension, withdrawal or reduction in the rating assigned to such financial institution's claims paying ability or long-term senior unsecured debt obligations below AA- by S&P or below Aa3 by Moody's.

*"Replacement Guarantee"* means a financial guaranty insurance policy, surety bond, letter of credit or guarantee which replaces the Guarantee then in effect, issued by an Affiliate of the Guarantor or by an entity approved by Buyer, in favor of Buyer, guaranteeing the payment of amounts payable by Seller hereunder, the terms of which, in substance, are no less favorable to Buyer than the terms of the Guarantee.

*"S&P"* means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and any successor thereto.

In addition, the following terms shall have the meanings or expanded meaning given such terms in EXHIBIT A, EXHIBIT B and EXHIBIT C:

*"Additional Purchases"*
*"Buyer's Margin Percentage"*
*"Initial Purchase Price"*
*"Final Repurchase Date"*
*"Fund"*
*"Permitted Repurchase Purposes"*
*"Permitted Securities"*
*"Price Differential Payment Date"*
*"Pricing Rate"*
*"Repurchase Limitations"*

*"Securities"*
*"Seller's Margin Percentage"*

3. PURCHASES AND REPURCHASES

3.1. Initial Purchase. On the Initial Purchase Date, Seller shall sell and transfer to Custodian Purchased Securities against payment by Buyer to Seller of the aggregate Initial Purchase Prices for all Funds identified on EXHIBIT A. The Market Value of such Purchased Securities shall be not less than the product of (x) the aggregate Initial Purchase Prices for such Funds multiplied by (y) Buyer's Margin Percentage for such Purchased Securities. Seller shall allocate the aggregate amount received from Buyer among such Funds in proportion to their respective Initial Purchase Prices.

3.2. Additional Purchases. Buyer shall make Additional Purchases, provided such Additional Purchases are permitted by the Authorizing Document and EXHIBIT A, of Purchased Securities in the amount of any Price Differential payable by Seller to Buyer on any Price Differential Payment Date. With respect to the Reserve Account (if any) Buyer shall make additional purchases of Purchased Securities in amounts which are required to be deposited in such Fund pursuant to the Authorizing Document; provided, that the aggregate amount of the Repurchase Prices at any time with respect to the Purchased Securities allocable to the relevant Fund shall not exceed the Reserve Account Requirement with respect to the Bonds as set forth in the Authorizing Document and or EXHIBIT A. On the Purchase Date for any such Additional Purchase, Seller shall sell and transfer to Custodian, against payment by Buyer to Seller of the Purchase Price therefor, Purchased Securities with a Market Value of not less than the product of such Purchase Price multiplied by Buyer's Margin Percentage for such Purchased Securities.

3.3. Repurchases. Prior to the Final Repurchase Date and subject to the limitations set forth in Section 3.4 below and in EXHIBIT A, Seller shall repurchase all or part of the Purchased Securities allocable to the relevant Fund on the Repurchase Date and having a Repurchase Price as Buyer shall request by written notice to Seller and Custodian in the form of EXHIBIT B. On each Repurchase Date, Seller shall pay the Repurchase Price to Buyer against Seller's receipt from Custodian of the Purchased Securities being repurchased, which shall have a Market Value of not less than the product of such Repurchase Price multiplied by Buyer's Margin Percentage. Seller shall designate the Purchased Securities to be repurchased on each Repurchase Date.

3.4. Repurchase Limitations. For any Fund, Buyer shall have the right to make a request for repurchase hereunder only for Permitted Repurchase Purposes for that Fund as defined in the Authorizing Document and EXHIBIT A. Notwithstanding the foregoing, in no event shall Buyer make a request for repurchase for the direct or indirect purpose of reinvestment.

3.5. Final Repurchase Date. On the Final Repurchase Date for a Fund, Seller shall repurchase all remaining Purchased Securities allocable to such Fund and any Income held by Custodian or Buyer by payment to Buyer of the Repurchase Price for such Purchased Securities against the transfer to Seller of all such Purchased Securities and Income.

4. PRICE DIFFERENTIAL

For each Fund identified in EXHIBIT A, Price Differential shall be paid on the Price Differential Payment Date for such Fund. Price Differential payments shall be made, in cash, paid by Seller to Buyer.

5. CUSTODIAL MATTERS

5.1. Deliveries. Purchased Securities shall be delivered by Seller to Custodian in accordance with the Custody Agreement and this Agreement.

5.2. Valuation. The Market Value of Purchased Securities shall be determined by the Custodian weekly in accordance with the Custody Agreement.

5.3. Cure Period. A Margin Deficit or Margin Excess shall be cured within one (1) Business Day after the party obligated to cure receives notice (which may be by facsimile) of such Margin Deficit or Margin Excess.

5.4. Successor Custodian. If the Custodian elects to terminate the Custody Agreement and its rights and obligations thereunder pursuant to the terms thereof, Seller shall select a substitute financial institution qualifying as a "securities intermediary" (as such term is defined in Article 8 of the Uniform Commercial Code in effect in the State of New York) to assume the obligations of the Custodian under the Custody Agreement or another custodial agreement having terms and conditions similar to the Custody Agreement. Seller shall pay all service fees of any such substitute financial institution pursuant to the Custody Agreement or any such other custodial agreement. Any substitute custodian or substitute custody agreement shall be subject to the prior written consent of Buyer, which consent shall not be unreasonably withheld. If a replacement custodian cannot be obtained prior to the effective termination of the Custodian's obligations under the Custody Agreement, Seller shall thereafter, until a replacement custodian is appointed, deliver all Purchased Securities to an agent designated by Buyer, which agent shall be a securities intermediary located in New York, New York maintaining accounts with the Federal Reserve Bank of New York ("FRBNY"). Purchased Securities comprised of physical securities shall be delivered by Seller into possession of Buyer's agent. Book entry securities shall be transferred by Seller to the account maintained by Buyer's agent at FRBNY. Seller shall pay all reasonable service fees of Buyer's agent for the period in which such securities intermediary holds Purchased Securities hereunder. Until a replacement custodian is appointed, Seller shall determine the Market Value of the Purchased Securities in accordance with the Custody Agreement and shall give prompt notice to Buyer of each determination of Market Value made.

## 6. SUBSTITUTION

Seller may, from time to time, substitute other Securities for Purchased Securities upon notice to Custodian of the Purchased Securities being Substituted for, the other Securities being substituted and the date of substitution. Substitution shall be permitted only to the extent that a Margin Deficit is not created as a result of such substitution.

## 7. GUARANTEE

Buyer, in entering into this Agreement, is and will be relying on the Guarantee; provided, however, that, without limiting the terms of the Guarantee, Buyer acknowledges and agrees for purposes of this Agreement and the Guarantee that the Guarantor will be released from its obligations in respect of this Agreement if the Guarantor delivers a Replacement Guarantee provided that the claims-paying ability or the long-term, senior unsecured debt obligations of the Replacement Guarantor are rated "Aaa" by Moody's or "AAA" by S&P at the time of replacement.

## 8. RATINGS EVENT

8.1. Notice of Ratings Event. Seller shall notify Buyer and the Bond Insurer within five (5) Business Days upon the occurrence of a Ratings Event with respect to the Guarantor (at any time the Guarantee is in effect) or with respect to the Replacement Guarantor (at any time while the Replacement Guarantee is in effect).

8.2. Ratings Event Action. Upon the occurrence of a Ratings Event with respect to the Guarantor (at any time the Guarantee is in effect) or with respect to the Replacement Guarantor (at any time the Replacement Guarantee is in effect), Buyer shall have the right to, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer, require Seller, by written notice to Seller, to take one of the following actions within the ten (10) Business Days following receipt by Seller of such written notice:

(i) increase Buyer's Margin Percentage and Seller's Margin Percentage and deliver additional Purchased Securities to cure the resulting Margin Deficit, in any case to the level, as set forth in published S&P guidelines, necessary for an investment grade-rated collateralized transaction; or

(ii) terminate this Agreement, with the Repurchase Date to be specified in such notice to Seller on a date no earlier than the third Business Day following Seller's receipt of such notice, on which Repurchase

Date (subject to Seller's rights under clauses (x) and (y) below) Seller shall repurchase all remaining Purchased Securities and any Income held by Custodian or Buyer by payment to Buyer of the Repurchase Price for such Purchased Securities against the transfer to Seller of all such Purchased Securities and Income.

During such 10-Business Day period, Seller shall have the right (but not the obligation) to take either of the following actions in lieu of complying with a notice requiring Seller to take an action under clauses (i) or (ii) above:

(x) transfer this Agreement and the rights and obligations of Seller hereunder to an institution acceptable to the Bond Insurer, Buyer and Seller whose long-term senior unsecured debt obligations or claims paying ability, or whose guarantor's long-term senior unsecured debt obligations or claims paying ability, are rated not less than the Minimum Rating; or

(y) obtain a Replacement Guarantee of a Replacement Guarantor acceptable to Buyer and Seller whose long-term senior unsecured debt obligations or claims paying ability, are rated not less than the Minimum Rating.

In the event Seller fails to take any of the actions specified in clauses (i), (x) or (y) above within such ten (10) Business Days, and so long as the Ratings Event is then continuing, Buyer shall have the right to, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer, terminate this Agreement by written notice to Seller specifying a Repurchase Date therefor, which Repurchase Date shall not be less than the third Business Day following Seller's receipt of such written notice. On the Repurchase Date specified in Buyer's termination notice, Seller shall repurchase all remaining Purchased Securities and any Income held by Custodian or Buyer by payment to Buyer of the Repurchase Price for such Purchased Securities against the transfer to Seller of all such Purchased Securities and Income.

In addition, if the rating assigned to the claims paying ability or long-term senior unsecured debt obligations of the Guarantor (at any time the Guarantee is in effect) or the Replacement Guarantor (at any time the Replacement Guarantee is in effect) is suspended, withdrawn or falls below A- by S&P or below A3 by Moody's, then Buyer shall have the right to, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer, terminate this Agreement by written notice to Seller specifying a Repurchase Date therefor, which Repurchase Date shall be not less than the third Business Day following Seller's receipt of such written notice. On the Repurchase Date specified in Buyer's termination notice, Seller shall repurchase all remaining Purchased Securities and any Income held by Custodian or Buyer by payment to Buyer of the Repurchase Price for such Purchased Securities against the transfer to Seller of all Purchased Securities and Income.

## 9. ADDITIONAL REPRESENTATIONS

9.1. Buyer's Additional Representations. Buyer represents and warrants to Seller that (i) all funds used by Buyer to pay for the Purchased Securities are derived from duly authorized and approved funds and accounts established pursuant to the Authorizing Document; (ii) Buyer has received all required consents and direction necessary for it to enter into this Agreement and the Transactions contemplated hereby in accordance with the Authorizing Document and applicable law; and (iii) this Agreement qualifies as a permitted investment under the Authorizing Document.

9.2. Seller's Additional Representations. Seller represents and warrants to Buyer that, as of the Initial Purchase Date, the Guarantee is in full force and effect and has not been modified since its original execution and delivery on January 15, 1997.

## 10. ADDITIONAL COVENANTS

10.1. Covenants of Buyer. Buyer agrees that (i) it will deliver to Seller prior written notice of all proposed supplements, amendments and waivers with respect to the Authorizing Document that would affect the Transactions,

and such notice shall be accompanied by copies of such proposed supplements, amendments and waivers; (ii) it will deliver to Seller written notice of any proposed redemption, refunding, refinancing or restructuring of the Bonds (in whole or in part), with such notice to be delivered not less than 30 days nor more than 90 days before the date fixed for such redemption, refunding, refinancing or restructuring; and (iii) it will not consent to any proposed supplement, amendment to or waiver of any provision of the Authorizing Document or other action relating to the Transactions which has the effect of reducing Seller's expected benefits or increasing Seller's exposure or obligations pursuant to this Agreement or which has the effect of making the Transactions contemplated hereunder no longer permissible under the Authorizing Document or applicable law, without the prior written consent of Seller.

10.2. Covenants of Issuer. The Issuer covenants and agrees that it will not cause or consent to any amendment or waiver with respect to the Authorizing Document or take any other action that () causes the Agreement to fail to qualify as a permitted investment under the Authorizing Document or applicable law or (ii) might adversely affect the financial position of Seller, increase Seller's exposure or obligations or reduce Seller's expected economic benefits with respect to the Agreement. The Issuer further agrees that in any official statement, offering circular, information memorandum or other disclosure document prepared with respect to the Bonds, there shall not be included any information relating to Seller or the Guarantor, including the name of Seller or the Guarantor; provided, that in connection with disclosure regarding this Agreement, (i) the names of the Guarantor and Seller may be disclosed, but only if the Guarantor is identified as "Caisse des dépôts et consignations, a special national legislative public instrumentality (établissement public à statut légal spécial) governed by French administrative law," and Seller is identified as a subsidiary of the Guarantor, (ii) the Pricing Rate and Final Repurchase Date hereunder, and (iii) information set forth in the monthly reports delivered pursuant hereto, may be disclosed.

10.3. Covenants of Seller. Seller will provide monthly reports no later than the 15th Business Day of each month to Buyer, the Issuer and the Bond Insurer setting forth the amount and Market Value of Purchased Securities held by Buyer, any purchases and repurchases made by Seller during such period, and any Price Differential paid by Seller during such period.

11. ROLE OF SELLER

In performing its obligations, neither Seller nor any of its directors, officers, partners, employees, or agents (including directors, officers, employees or agents thereof) shall be liable or responsible for:

(a) the payment of any monies owing on or with respect to the Bonds;

(b) the use or application by Buyer of any monies payable to Buyer hereunder; and

(c) any acts or omissions of Buyer or the Issuer under or with respect to the Bonds or the Authorizing Document.

Without limiting the foregoing, regardless of whether Seller has reviewed the Authorizing Document or the laws of the Issuer's jurisdiction of organization or is generally familiar with provisions of a similar type, Seller shall have no duty to comply with or to ascertain whether Buyer or the Issuer are in compliance therewith.

12. EVENT OF DEFAULT

12.1 Notice of Event of Default. Seller shall immediately notify Buyer and the Bond Insurer of any Event of Default where Seller is the defaulting party.

12.2 Remedies Upon Event of Default. Notwithstanding anything in Paragraph 11 of this Agreement to the contrary, upon the occurrence and during the continuation of an Event of Default where Seller is the defaulting party, Buyer shall have the right to, with the consent of the Bond Issuer, and shall, at the direction of the Bond Insurer, exercise the remedies available to it pursuant to Paragraph 11 of this Agreement.

13. MISCELLANEOUS

13.1. No Set-Off. The obligations of Seller hereunder are unconditional with no right of recoupment, counterclaim, subrogation or set-off by Seller with respect to amounts owing to Seller by any other party, provided, that Buyer has complied with the terms and provisions of this Agreement.

13.2. Security Interest.

(a) Buyer and Seller agree that, if for any reason any Transaction hereunder shall be deemed to be other than a sale or purchase, Seller hereby grants a first priority security interest in and pledges, assigns and transfers to Buyer any and all right, title, and interest of Seller in and to the Purchased Securities or cash delivered or to be delivered to Buyer pursuant to the terms of the Transactions, to secure the prompt performance of all obligations of Seller under this Agreement, including, without limitation, the payment to Buyer of the liabilities, indebtedness and obligations of Seller to Buyer, and all claims of Buyer against Seller arising out of or by reason of any or all Transactions hereunder.

(b) It is the intention of Seller and Buyer that, if for any reason any Transaction shall be deemed other than a sale and purchase, Buyer's rights in and to the Purchased Securities and cash shall be those of a secured party holding collateral under the provisions of the Uniform Commercial Code as in effect in the State of New York.

13.3. No Rehypothecation. The third sentence of Paragraph 8 of this Agreement is hereby amended and restated in its entirety to read as follows: "Title to all Purchased Securities shall pass to Buyer on the relevant Purchase Date; provided, that Buyer shall not engage in repurchase transactions with the Purchased Securities or otherwise pledge or hypothecate the Purchased Securities."

13.4. Event of Default. Paragraph 11(i) of this Agreement is hereby amended and restated to read in its entirety as follows: "The non-defaulting party shall have any rights otherwise available to it under this Agreement or applicable law; provided, that for Transactions where the defaulting party is Seller, Buyer agrees it will first seek its remedies against the Purchased Securities, as set forth above."

13.5. Conflict of Terms. To the extent that the terms and conditions of this ANNEX I conflict with the terms and conditions of the form of Agreement (September 1996 Version – as published by PSA The Bond Market Trade Association) of which this ANNEX I forms a part, the terms and conditions of this ANNEX I shall prevail. Paragraph 3(b) of this Agreement is hereby amended by (i) deleting in the sixth line the comma after the word "Transaction"; (ii) deleting the words "and (v) any additional terms or conditions of the Transaction not inconsistent with this Agreement"; and (iii) deleting the last sentence of such Paragraph 3(b).

13.6. Acknowledgement as to Status.

(a) Each party signatory hereto is hereby advised and acknowledges that each other party has engaged in (or refrained from engaging in) substantial financial transactions and has taken (or refrained from taking) other material actions in reliance upon the entry by the parties into the Transactions to which this Agreement relates on the terms and conditions set forth herein.

(b) Each party signatory hereto represents to each other party that (i) it has not received and is not relying upon any legal, tax, regulatory, accounting or other advice (whether written or oral) of any other party regarding the Transactions, other than the representations expressly made by that other party in this Agreement and (ii) in respect of the Transactions, (A) it has the capacity to evaluate (internally or through independent professional advice) the Transactions and has made its own decision to enter into the Transactions and (B) it understands the terms, conditions and risks of the Transactions and is willing to assume (financially and otherwise) those risks. Each of the Issuer and Buyer acknowledges that Seller (i) has advised Buyer and the Issuer to consult their own professional advisors in connection with the Transactions and that such parties have done so; (ii) is not acting as a fiduciary or financial investment or commodity trading advisor for Buyer or the Issuer; and (iii) has not given to Buyer or the Issuer (directly or indirectly through any person) any assurance or guaranty of the merits of the Transactions.

13.7. Amendments. This Agreement shall not be modified or amended except in writing, duly executed by each of the parties hereto and consented to by the Bond Insurer.

13.8. Successors and Assigns. This Agreement and all obligations and rights arising hereunder shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and beneficiaries. Notwithstanding the foregoing, neither this Agreement, the obligations and rights arising under this Agreement, nor any part hereof, may be sold, pledged or assigned or otherwise transferred by Seller, Buyer or the Issuer without the prior written consent of the other parties hereto and consented to in writing by the Bond Insurer and any such attempted sale, pledge, assignment or transfer shall be void ab initio; provided, however, that Seller may transfer this Agreement or any of its rights, interests or obligations hereunder (i) to any Affiliate of Seller if from and after such transfer, the obligations of the transferee hereunder shall be guaranteed by the Guarantor under the same terms or terms at least as favorable to Buyer as the terms of the Guarantee or shall be rated not less than AAA by S&P or Aaa by Moody's or (ii) as provided in Section 8.2 hereof.

13.9. Counterparts. This Agreement may be executed in one or more original or facsimile counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the Buyer and Seller have caused this ANNEX I to be duly executed and delivered as of the Initial Purchase Date.

BNY WESTERN TRUST COMPANY,
AS BUYER

By: [signature]
Title: ASSISTANT VICE PRESIDENT
Date: March 16, 2001

CDC FUNDING CORP., AS SELLER

By:_____
Title:
Date:

By:_____
Title:
Date:

Acknowledged and Agreed to:

FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer

By:_____
Name:
Title:

IN WITNESS WHEREOF, the Buyer and Seller have caused this ANNEX I to be duly executed and delivered as of the Initial Purchase Date.

BNY WESTERN TRUST COMPANY,
AS BUYER

By:_____
Title:
Date:

CDC FUNDING CORP., AS SELLER

By: John J Borgia
Title:
Date:

By: [illegible]
Title: VP
Date:

Acknowledged and Agreed to:

FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer

By:_____
Name:
Title:

IN WITNESS WHEREOF, the Buyer and Seller have caused this ANNEX I to be duly executed and delivered as of the Initial Purchase Date.

BNY WESTERN TRUST COMPANY,
AS BUYER

By:_____
Title:
Date:

CDC FUNDING CORP., AS SELLER

By:_____
Title:
Date:

By:_____
Title:
Date:

Acknowledged and Agreed to:

FRESNO JOINT POWERS FINANCING AUTHORITY, as Issuer

By:_____
Name: RANDALL O. CARLTON
Title: CONTROLLER AND TREASURER

## EXHIBIT A

## TERMS AND CONDITIONS

1. **Listed below are further economic and supplemental terms and conditions of the Investment under the Agreement.**

2. **The Reserve Fund established under the Authorizing Document (herein, the "Reserve Fund").**

| | |
|---|---|
| *a. Initial Purchase Price:* | $899,227.50 |
| *b. Initial Purchase Date:* | March 16, 2001 |
| *c. Maturity Date:* | One Business Day prior to August 1, 2018. |
| *d. Pricing Rate:* | 4.95% per annum, calculated on a 30/360 day basis. |
| *e. Price Differential Payment Date:* | The one (1) Business Day prior to each February 1 and August 1, commencing one (1) Business Day prior to August 1, 2001. |
| *f. Additional Purchases:* | As permitted under the Authorizing Document, provided such Additional Purchases shall be made (i) on no earlier than seven (7) and not less than one (1) Business Days' prior written notice to Seller and Custodian, which notice shall specify the Purchase Price of the Purchased Securities to be purchased, the Purchase Date therefor, and that such purchase relates to the Fund hereunder; (ii) Buyer shall make not more than one additional purchase for any Fund during any calendar week; and (iii) in no event shall the investment hereunder at any time exceed the Reserve Account Requirement (as defined in the Authorizing Document). |
| *g. Permitted Repurchase Purposes:* | Repurchases shall be made as permitted by the Authorizing Document. The Permitted Repurchase Purpose shall be specified, on a repurchase request delivered to CDCFC, in the form of EXHIBIT B. |
| *h. Repurchase Limitations:* | With respect to any Repurchases hereunder, (i) the Repurchase Date set forth in such written request shall be not earlier than the second Business Day after Seller's receipt from Buyer of such written request (it being agreed that any such written request shall only be deemed effective on a Business Day if received at or before 1:00 p.m. New York City time on such Business Day); (ii) any Repurchase Date designated by Buyer shall be not earlier than one (1) Business Day prior to the date on which the Repurchase Price to be received by Buyer is expected to be applied pursuant to the Authorizing Document; (iii) the Repurchase Price requested by Buyer shall not exceed of the amount expected to be so applied by Buyer; (iv) for any Fund, Buyer shall not request more than one repurchase during any calendar week; and (v) replenishment of the Fund is permitted up to twelve (12) months following a Repurchase made to supplement a debt service payment. |

**EXHIBIT B**

**FORM OF REQUEST FOR REPURCHASE**

(FOR FLEX DATES THAT ARE NOT
ALREADY SCHEDULED IN THE REPURCHASE AGREEMENT)

[Letterhead of Trustee]

[Date]

CDC FUNDING CORP.
9 West 57th Street
New York, New York 10019
Attention: Helen Tellas
Fax: (212) 891-6290
Phone: (212) 891-6161

Re: Master Repurchase Agreement, dated as of March 16, 2001 by and between BNY WESTERN TRUST COMPANY, as Trustee, and CDC FUNDING CORP.

The undersigned hereby requests a repurchase pursuant to the above-referenced Master Repurchase Agreement as set forth below:

CDCFC REFERENCE: FRESNO JPFA 2001
G-00678-001 (DSR Fund)
FUND FOR WHICH REPURCHASE REQUESTED:
REQUEST DATE:
NOTICE DAYS:
AMOUNT:
PURPOSE OF REPURCHASE REQUEST:

Payment instructions, including bank, ABA#, account number, account name and reference:

_____
_____
_____
Telephone Number of Trustee: _____

The above request has been reviewed against the terms contained in the above-referenced Master Repurchase Agreement, including the applicable notice period for repurchases and is in accordance with the terms and conditions thereof.

Name: _____
Title: _____

Please confirm receipt of this [fax] by CDC FUNDING CORP at telephone number (212) 891-6161.

## EXHIBIT C

### PERMITTED SECURITIES

| 3. | Securities | Buyer's and Seller's Margin Percentages |
|---|---|---|
| (a) | Any bond or other obligations which as to principal and interest constitute direct general obligations of the United States of America, and obligations of, or fully guaranteed by, the by the Government National Mortgage Association. | 104% |
| (b) | Bonds, debentures, notes, mortgage participation certificates, mortgage pass-through certificates, in physical or book-entry form, or other obligations issued by or the payment of which is guaranteed Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association or other government sponsored agencies backed by the full faith and credit of the United States of America. | 105% |
| (c) | Cash | 100% |

ANNEX II

COMMUNICATIONS AND NOTICES

If to Seller send to:

CDC Funding Corp.
9 West 57th Street, 36th Floor
New York, New York 10019

Attention: Michael P. Frasco
Telephone No.: (212) 891-6202
Facsimile No.: (212) 891-3319

If to the Issuer send to:

Fresno Joint Powers Financing Authority
c/o Fresno Redevelopment Agency
2344 Tulare Street, Suite 200
Fresno, CA 93721

Attention: Dan Fitzpatrick
Telephone No.: (559) 498-1873
Facsimile No.: (559) 498-1870
E-mail: Dan.Fitzpatrick@ci.fresno.ca.us

If to Buyer send to:

BNY Western Trust Company
700 South Flower Street, Suite 500
Los Angeles, CA 90017

Attention: Jacqueline Nowak
Telephone No.: (213) 630-6408
Facsimile No.: (213) 630-6210
E-mail: jnowak@bankofny.com

If to the Bond Insurer send to:

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

Attention: Susanne Amodeo
Telephone No.: (212) 208-3268
Facsimile No.: (212) 480-3682
E-mail: samodeo@ambac.com

## CERTIFICATE OF REPURCHASE AGREEMENT PROVIDER

I, the undersigned, do hereby certify that I am an Officer of CDC Funding Corp. (the "*Provider*"), and as such am authorized to execute and deliver this certificate on behalf of the Provider. As such officer, I do further certify as follows:

1. The Provider and BNY Western Trust Company as Buyer (the "*Buyer*"), as Buyer under that certain Trust Indenture, dated as of March 1, 2001, between the Buyer and Fresno Joint Powers Financing Authority (the "*Issuer*"), entered into an Repurchase Agreement (the "*Repurchase Agreement*") on the date hereof, concerning the funds by the Issuer created under the above referenced document.

2. No payments will be made by or on behalf of the Provider to or for the benefit of the Issuer other than as specifically indicated in the Repurchase Agreement.

3. Except as provided in paragraph 2, no payments will be made by or on behalf of the Provider to any person, other than fees being paid and expected to be paid to Fieldman, Rolapp Financial Services, LLC (the "*Broker*") as follows:

| Fund Name | Amount |
|---|---|
| ***Debt Service Reserve Fund*** | $3,324 |

The Provider used a taxable discount to compute this fee. This rate is a reasonable taxable rate for the computation of such fees.

4. In addition to the fee being paid to the Broker, there are no administrative costs (including costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire such investments, such as brokerage or selling commissions, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and similar costs and expenses) to be paid to third parties in connection with the Repurchase Agreement.

5. The yield on the Repurchase Agreement (determined net of the Broker's fee) was not less than the yield available from the Provider at the time the Provider bid for the Repurchase Agreement on reasonably comparable investment contracts offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds.

6. The Provider acknowledges that this Certificate is given as a basis for certain opinions of the law firm of Orrick, Herrington & Sutcliffe, with regard to the exclusion of interest on certain bonds of the Issuer from gross income for federal income tax purposes, and such firm is hereby authorized to rely on this Certificate.

Date: 3/16/01

**PROVIDER**

By: Julie Daher

Name: Julie Daher
Title: Vice President

CDC NORTH AMERICA INC.

ALBERT P. ZAKES
General Counsel

March 16, 2001

BNY Western Trust Company
700 South Flower Street, Suite 500
Los Angeles, CA 90017

Fresno Joint Powers Financing Authority
c/o Fresno Redevelopment Agency
2344 Tulare Street, Suite 200
Fresno, CA 93721

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004

Ladies and Gentlemen:

I am General Counsel to CDC North America Inc. and have acted as counsel to its affiliate, CDC Funding Corp., a corporation organized under the laws of New York ("CDC Funding") in connection with the entering into of the Investment Agreement dated March 16, 2001, (the "Agreement") by and between CDC Funding and BNY Western Trust Company (the "Trustee"), acknowledged and accepted by Fresno Joint Powers Financing Authority (the "Issuer").

I have also acted as United States counsel to Caisse des Dépôts et Consignations, a special national legislative public instrumentality *(établissement public à statut légal spécial)* governed by French administrative law (the "Guarantor") in connection with its issuance of a Guarantee, dated as of January 15, 1997 of the obligations of CDC Funding arising out of the Agreement (the "Guarantee").

In so acting, I have examined and relied upon originals, or copies certified or otherwise identified to my satisfaction, of the Agreement; the Guarantee; and such other records, documents, certificates and other instruments as in my judgment are necessary or appropriate to enable me to render the opinion expressed below. In rendering this opinion, with your consent I have relied without independent investigation upon the opinion of Alain Stinnakre and Alice Pezard, French in-house counsel to the Guarantor dated May 3rd, 2000 as to all matters included herein governed by or involving conclusions under the laws of the French Republic. I have also assumed the capacity and authority of the Trustee to enter into the Agreement and I have assumed the due authorization, execution and delivery of the Agreement on behalf of the Issuer, and the due authorization of the individuals acting on behalf of the Trustee. Finally I have assumed that the Agreement constitutes the legal, valid and binding agreement of each of the other parties thereto.