This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2022

NEW ISSUE—BOOK-ENTRY ONLY

S&P: "__"
See "RATINGS"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, interest on the Series 2022 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2022 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds. See "TAX MATTERS" herein.

$__________*

CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

Dated: Date of Delivery **Due:** January 15, as shown on inside cover

The City of Richmond (the "City") is issuing its Taxable Pension Refunding Bonds, Series 2022 (the "Series 2022 Bonds") under an Indenture, dated November 1, 2005, as supplemented by the First Supplemental Indenture, dated as of September 1, 2022 (collectively, the "Indenture"), both by and between the City and U.S. Bank Trust Company National Association, as trustee (the "Trustee"), to (i) advance refund all of the City's outstanding Taxable Pension Funding Bonds, Series 2005 B-1 Bonds (the "Series 2005 B-1 Bonds") and Taxable Pension Funding Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds," together with the Series 2005 B-1 Bonds, the "Series 2005B Bonds"), (ii) finance interest rate swap termination fees as described herein, and (iii) pay the costs of issuance related to the Series 2022 Bonds.

The Series 2005B Bonds were issued to refinance the City's statutory obligation to appropriate and make payments to California Public Employee's Retirement System ("CalPERS") for certain amounts arising as a result of retirement benefits accruing to members of CalPERS. The obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, premium, if any, and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Additionally, the Series 2022 Bonds, and any additional bonds issued on parity therewith in the future, are secured by a first pledge of and security interest in Pension Tax Override Revenues (as defined herein) up to the Secured Annual Debt Service (as defined herein) applicable to the Series 2022 Bonds and each series of Additional Bonds, and certain amounts on deposit in the Bond Fund established under the Indenture. See "PLAN OF FINANCING" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

The Series 2022 Bonds will be issued as current interest bonds. The Series 2022 Bonds accrue interest from the date of delivery thereof and are payable semiannually on July 15 and January 15 of each year, commencing [January 15, 2023].

The Series 2022 Bonds are being issued in fully registered form, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") in the United States. DTC will act as Securities Depository for the Series 2022 Bonds. Individual purchases of Series 2022 Bonds will be made in book-entry form only in denominations of $5,000 principal amount, or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2022 Bonds purchased. See "APPENDIX C — BOOK-ENTRY-ONLY SYSTEM."

The Series 2022 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2022 BONDS — Redemption Provisions" herein.

EXCEPT FOR THE CITY'S PENSION TAX OVERRIDE REVENUES AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined will have the meanings set forth herein.

The Series 2022 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, Bond Counsel, and certain other conditions. NHA Advisors, LLC is serving as Municipal Advisor to the City in connection with the issuance of the Series 2022 Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California and for the City by Best Best & Krieger LLP, Los Angeles, California, Disclosure Counsel, and by Aleshire & Wynder, LLP, as City Attorney. It is anticipated that the Series 2022 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about [September __], 2022.

Loop Capital Markets

HilltopSecurities
A Hilltop Holdings Company.

Dated: ___________, 2022

* Preliminary, subject to change.

$__________*
CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

MATURITY SCHEDULE

Base CUSIP†: ________

Serial Current Interest Bonds

Maturity (January 15)	Principal Amount	Coupon	Yield	CUSIP†

$_________ _____% Term Current Interest Bonds due January 15, 20__ - Yield _____% CUSIP† ___

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* Preliminary, subject to change.

† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriters, the Municipal Advisor or their agents or counsel are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2022 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.*

CITY OF RICHMOND

City Council

Tom Butt, Mayor
Eduardo Martinez, Vice Mayor
Demnlus Johnson, III, Councilmember
Nathaniel Bates, Councilmember
Claudia Jimenez, Councilmember
Gayle McLaughlin, Councilmember
Melvin Willis, Councilmember

City Officials

Shasa Curl, City Manager
David Aleshire, City Attorney
Pamela Christian, City Clerk

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Walnut Creek, California

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Actuarial Consultant

Bartel Associates, LLC
San Mateo, California

Trustee

U.S. Bank Trust Company National Association
San Francisco, California

Verification Agent

[TO COME]

This Official Statement is delivered for use in connection with the issuance, sale and delivery of the Series 2022 Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the Series 2022 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

This Official Statement is not to be construed as a contract with the purchasers of the Series 2022 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website. The City also maintains a website. In addition, certain information and reports found on other websites are referred to in this Official Statement. However, the information and reports available at the City's or such other websites are not incorporated by reference herein and must not be relied upon in making an investment decision with respect to the Series 2022 Bonds.

The issuance and sale of the Series 2022 Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption provided thereunder by Section 3(a)(2) for the issuance and sale of municipal securities.

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OFFICIAL STATEMENT
$__________*
CITY OF RICHMOND
TAXABLE PENSION REFUNDING BONDS,
SERIES 2022

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2022 Bonds to potential investors is made only by means of the entire Official Statement. Terms used in this Introduction and not otherwise defined will have the respective meanings assigned to them elsewhere in this Official Statement.

General

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the issuance and sale by the City of Richmond (the "City") of $_________* aggregate principal amount of its Taxable Pension Refunding Bonds, Series 2022, issued as current interest bonds (the "Series 2022 Bonds").

Authority for the Series 2022 Bonds

The Series 2022 Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "State") and an Indenture, dated as of November 1, 2005 (the "Original Indenture"), as supplemented by a First Supplemental Indenture, dated as of September 1, 2022 (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"), both by and between the City and U.S. Bank Trust Company National Association, as trustee (the "Trustee").

Purpose

The City has entered into a contract with PERS dated January 1, 1954, as amended effective, October 16, 1964, January 1, 1966, July 1, 1966, August 1,1966, May 1, 1968, October 1, 1968, April 1, 1972, October 1, 1972, July 1, 1973, May 1, 1975, March 1, 1976, July 1, 1978, September 1, 1978, July 1, 1979, September 28, 1979, December 1, 1979, September 1, 1980, February 23, 1982, November 1, 1988, July 1, 1992, August 11, 1992, November 3, 1993, January 14, 2000, October 1, 2002, January 1, 2003 and March 1, 2003, as heretofore and hereafter amended from time to time (the "PERS Contract"), evidencing the City's obligation to pay CalPERS the City's unfunded accrued actuarial liability; and

The City is issuing the Series 2022 Bonds to (i) advance refund the City's outstanding Taxable Pension Funding Bonds, Series 2005 B-1 Bonds in the principal amount of $6,306,000 (the "Series 2005 B-1 Bonds") and Taxable Pension Funding Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds," together with the Series 2005 B-1 Bonds, the "2005B Bonds") with a full accretion date of August 1, 2023, at which time the full accreted principal amount thereof will be $127,968,000, (ii) pay an interest rate swap termination fee, as described herein, and (iii) pay the costs of issuance related to the Series 2022 Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The City previously issued its Taxable Limited Obligation Bonds, 1999 Series A (the "Series 1999 Bonds"). In connection with the issuance of the Series 2022 Bonds, the City will use cash on hand to fund an escrow to defease all of the outstanding Series 1999 Bonds in the principal amount of $2,105,000. No proceeds of the Series 2022 Bonds will be used for such purpose. See "PLAN OF FINANCING."

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* Preliminary, subject to change.

Security and Sources of Payment for the Series 2022 Bonds

The Series 2005B Bonds were issued to refinance the City's statutory obligation to appropriate and make payments to California Public Employee's Retirement System ("CalPERS") for certain amounts arising as a result of retirement benefits accruing to members of CalPERS. The obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, as applicable, premium, if any, and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Series 2022 Bonds, and any Additional Bonds issued in the future, are secured by a first pledge of and lien on, and a security interest in the Pledged Pension Tax Override Revenues (as defined herein), but only to the extent of the Secured Annual Debt Service (as defined herein) applicable to the Series 2022 Bonds and for such series of Additional Bonds (each term as defined herein) as set forth in the Supplemental Indenture for such series of Additional Bonds, and certain money on deposit in the Bond Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

EXCEPT FOR THE PENSION TAX OVERRIDE REVENUES AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, COUNTY OF CONTRA COSTA (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City has not established a debt service reserve fund for the Series 2022 Bonds.

The assets of CalPERS will not secure or be available to pay principal, premium, if any, and interest on, the Series 2022 Bonds.

Validation

The authorization by the City of the issuance of the Series 2005 Bonds and any Additional Bonds (which include the Series 2022 Bonds) under the Indenture as obligations of the City imposed by law, and as to the validity and conformity of the Series 2005 Bonds and Additional Bonds with all applicable provisions of law, were validated by a judgment of the Superior Court of the State in and for the County entered on May 31, 2005. The time period for the filing of appeals with respect to the judgment has expired. No appeals were filed and therefore, the judgment is final. See "VALIDATION" herein.

Redemption

The Series 2022 Bonds are subject to redemption as described herein. See "THE SERIES 2022 BONDS — Redemption Provisions" herein.

Continuing Disclosure

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board certain annual financial information and operating data and, in a timely manner, notice of certain listed events for purposes of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission. These covenants have been made in order to assist the Underwriters (as defined herein) in complying with the Rule. See "CONTINUING DISCLOSURE" herein and "APPENDIX F — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Professionals Involved in the Offering

Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Bond Counsel with respect to the Series 2022 Bonds. Certain legal matters will be passed upon for the City by Aleshire & Wynder, LLP, City Attorney and by Best Best & Krieger LLP, Walnut Creek, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriters' Counsel. NHA Advisors, LLC, San Rafael, California, is acting as the Municipal Advisor with respect to the Series 2022 Bonds. All of the fees of Bond Counsel, Disclosure Counsel, Underwriters' Counsel and the Municipal Advisor with respect to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 Bonds.

Verification of Mathematical Computations

_________________, as verification agent (the "Verification Agent"), will examine the arithmetical accuracy and sufficiency of certain computations included in the schedules provided by the City relating to the defeasance of the Series 1999 Bonds and the Series 2005B Bonds. See "PLAN OF FINANCE." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Summaries Not Definitive

Brief descriptions of the Series 2022 Bonds, the City and the Indenture are included in this Official Statement and appendices related thereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Series 2022 Bonds and the Indenture are qualified in their entirety by reference to the actual documents, or with respect to the Series 2022 Bonds, the forms thereof included in the Indenture, copies of all of which are available for inspection by written request mailed to the City of Richmond, Richmond City Hall, 450 Civic Center Plaza, Richmond, California 94804 and will be available upon request and payment of duplication costs from the Trustee. Capitalized terms used but not defined in this Official Statement have the meanings given to such terms in the Indenture. A copy of the Original Indenture and a form of First Supplemental Indenture are attached hereto as Appendix D.

PLAN OF FINANCING

General. The Series 2022 Bonds are being issued as Additional Bonds under the Indenture (see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS — Additional Bonds" and "VALIDATION" herein) to: (i) advance refund the City's outstanding Series 2005 B-1 Bonds to their next call optional redemption date on November 1, 2022, (ii) and advance refund the City's outstanding Series 2005 B-2 to their date of conversion on August 1, 2023, (iii) pay the Termination Fee (described below), and (iv) pay the costs of issuance related to the Series 2022 Bonds.

In May 2005, the Superior Court of the State of California in and for the City entered a default judgment to the effect, among other things, that the CalPERS Contract, interest rate swap agreements (which include the 2016 Swap Agreement described below), the Original Indenture, the Series 2005B Bonds and any Additional Bonds (which include the Series 2022 Bonds) issued under the Indenture, are valid, legal and binding obligations of the City and that the CalPERS Contract, the 2016 Swap Agreement, the Indenture, the Series 2005 Bonds and any Additional Bonds (which include the Series 2022 Bonds) issued under the Indenture, are valid and in conformity with all applicable provisions of law and all applicable provisions of the Retirement Law and the California Constitution. See the caption "VALIDATION."

The City's obligations under the CalPERS Contract are, and the City's obligations with respect to the Series 2022 Bonds upon issuance, including the obligation to make all payments of principal, premium, if any, and interest on, when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. Except with respect to the Pension Tax Override and only to the extent set forth in the Indenture, the Series 2022 Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Series 2022 Bonds nor the obligation of the City to make payments on the Series 2022 Bonds constitute an indebtedness of the City, the State, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein

Termination of 2016 Swap Agreement. The Series 2005 B-1 Bonds are payable quarterly on February 1, May 1, August 1 and November 1 of each year outstanding in the principal amount of $17,899,000, callable on any such interest payment date, have a final maturity date of August 1, 2023, and bear interest at a variable rate. The Series 2005 B-2 Bonds were issued as Convertible Auction Rate Securities, are accreting interest (with a full accretion date of August 1, 2023, at which time the full accreted principal amount thereof will be $127,968,000), and have a final maturity date of August 1, 2034. In 2007, the City entered into an interest rate swap agreement in connection with the Series 2005B Bonds (the "2007 Swap Agreement") with JPMorgan Chase Bank, NA ("JPM"). Subsequent to the City's entry into the 2007 Swap Agreement, Moody's downgrade the City's issuer rating to "Ba1," which resulted JPM declaring an event of termination under the 2007 Swap Agreement and exercised its right to demand immediate payment of an approximately $31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 Swap Agreement. In an effort to hedge future higher interest rates relating to the Series 2005B Bonds and in compliance with Section 5922 of the California Government Code, the City entered into interest rate swaps pursuant to an ISDA Master Agreement, together with the schedules and confirmations thereto (collectively, the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"), in order to replace the 2007 Swap Agreement. Pursuant to the 2016 Swap Agreement the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest. The portion of the 2016 Swap Agreement relating to the Series 2005 B-2 Bonds is subject to mandatory termination on August 1, 2023 in the amount of $_________. On the date the Series 2022 Bonds are issued, the City will use portion of the proceeds of the Series 2022 Bonds in the amount of $__________ to pay for amounts due to RBC as a result of the termination of the 2016 Swap Agreement (collectively, the "Termination Fee").

The Indenture provides that the City may at any time issue Additional Bonds on a parity with the Series 2005B Bonds for the purpose, among others, of refunding any outstanding Series 2005 Bonds and the Termination Payment, including payment of all costs incidental to or connected with such refunding, upon compliance with the procedures set forth therein.

[suggest moving up]

Refunding and Deasance of 2005 Bonds. On the date the Series 2022 Bonds are issued, pursuant to an Escrow Deposit and Trust Agreement, dated [as of September 1], 2022 (the "2005 Escrow Agreement"), between the City and U.S. Bank Trust Company, National Association, as escrow agent (in such capacity, the "2005 Escrow Agent") and as Trustee of the 2005 Bonds, the City will cause a portion of the proceeds of the Series 2022 Bonds to be delivered to the 2005 Escrow Agent which, together with other moneys, will be deposited by the 2005 Escrow Agent in (i) an escrow account established under the 2005 Escrow Agreement (the "2005B-1 Escrow Account"), on behalf of the City and for the benefit of the owners of the outstanding Series 2005 B-1 Bonds, and (ii) an escrow account established under the 2005 Escrow Agreement (the "2005B-2 Escrow Account"), on behalf of the City and for the benefit of the owners of the outstanding Series 2005 B-2 Bonds

The Escrow Agent will invest a portion of the funds on deposit in the 2005B-1 Escrow Account and 2005B-2 Escrow Account in federal securities and will hold the remainder in cash, uninvested. On November 1, 2022, from the moneys on deposit in the 2005B-1 Escrow Account and the investment earnings thereon, the 2005 Escrow Agent will pay the principal of the outstanding 2005B-1 Bonds, plus interest with respect thereto accrued through such date, without premium. On August 1, 2023, from the moneys on deposit in the 2005B-2 Escrow

Account and the investment earnings thereon, the 2005 Escrow Agent will pay the full accreted principal amount of the outstanding 2005 B-2 Bonds, without premium.

The outstanding 2005 B-1 Bonds and the 2005 B-2 Bonds are described below:

	Maturity Date	Par/ Accreted Value	Coupon	Redemption/ Payment Date	CUSIP
Series 2005 B-1 Bonds	08/01/2023	$ 6,306,000	Variable	11/01/2022	764464AB9
Series 2005 B-2 Bonds	08/01/2034	127,968,000		08/01/2023	764464AC7

Upon delivery of the Series 2022 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of the anticipated receipts from the uninvested moneys deposited with the 2005 Escrow Agent in the 2005B-1 Escrow Account and 2005B-2 Escrow Account to pay the principal and interest (if any) of the outstanding the 2005 B-1 Bonds and 2005 B-2 Bonds as described above.

Defeasance of 1999 Bonds. The City previously issued the Series 1999 Bonds pursuant to a Trust Agreement dated November 1, 1999 by and between the City and U.S. Bank Trust Company, National Association (the "1999 Indenture"). The Series 1999 Bonds are outstanding in the principal amount of $2,105,000, have a final maturity date of August 1, 2029, bear interest at a fixed rate and are not subject to optional redemption prior to maturity. The City intends to defease the Series 1999 Bonds concurrently with the issuance of the Series 2022 Bonds by irrevocably depositing monies into an escrow fund (the "1999 Escrow Fund") established pursuant to the Escrow Deposit and Trust Agreement dated [September 1], 2022 by and between the City and U.S. Bank Trust Company, National Association.

The 1999 Escrow Agent will invest a portion of the funds on deposit in the 1999 Escrow Fund in federal securities and will hold the remainder in cash, uninvested. From the moneys on deposit in the 1999 Escrow Fund and the investment earnings thereon, the 1999 Escrow Agent will make the scheduled payments of principal and interest due on the Series 1999 Bonds through and including August 1, 2023.

The outstanding Series 1999 Bonds are described below:

	Maturity Date	Par	Coupon	CUSIP
Series 1999 Bonds	08/01/2029	$ 2,105,000	7.620%	764411BH6

Upon delivery of the Series 2022 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the City, relating to the sufficiency of the anticipated receipts from the uninvested moneys deposited with the 1999 Escrow Agent in the 1999 Escrow Fund to pay the principal and interest of the outstanding the Series 1999 Bonds as described above.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2022 Bonds are set forth below:

Sources	**Series 2022 Bonds**
Principal Amount of Series 2022 Bonds[1]	$_________
City Contributions[2]	_________
Funds on Hand Under Series 2005B Indenture[1]	_________
Total Sources	_________
Uses	
Refunding of Series 2005 B-1	$_________
Refunding of Series 2005 B-2	
2016 Swap Termination Payment	
Defeasance of Series 1999 Bonds	
Costs of Issuance Fund[3]	_________
Total Uses	_________

(1) Amounts to be applied to refund the Series 2005B Bonds and make the Termination Payment.
(2) Amounts to be applied to defeasance of the Series 1999 Bonds.
(2) Includes Underwriters' discount, legal fees, fees of the municipal advisor, the Trustee, the actuary and the rating agencies, printing costs and certain miscellaneous expenses.

THE SERIES 2022 BONDS

Terms of the Series 2022 Bonds

The Series 2022 Bonds will be dated their date of delivery, will be issued only in fully registered form, in denominations of $5,000 principal amount or any integral multiple thereof and will mature on the dates and in the amounts and bear interest at the rates (based on a 360-day year of twelve 30-day months) set forth on the inside front cover hereof. Interest on the Series 2022 Bonds will be payable semiannually on January 15 and July 15 of each year, commencing January 15, 2023 (each, a "Interest Payment Date").

The Series 2022 Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) a Series 2022 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) a Series 2022 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Series 2022 Closing Date; provided, however, that is at the time of authentication of any Series 2022 Bond interest is then in default on the Outstanding Series 2022 Bonds, such Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2022 Bonds. Payment of interest on the Series 2022 Bonds due on or before the maturity or prior redemption thereof shall be made to the person whose name appears in the registration books kept by the Trustee pursuant to the Indenture as the holder of a Series 2022 Bond (the "Holder") thereof as of the close of business on the Record Date for an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date by first-class mail to such Holder at the address as it appears in such books; provided that upon the written request of a Holder of $1,000,000 or more in aggregate Principal Amount of Series 2022 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Holder.

The Record Date with respect to the Series 2022 Bonds is the first day (whether or not such day is a Business Day) of the month of each Interest Payment Date.

The Series 2022 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2022 Bonds. Ownership interests in the Series 2022 Bonds may be purchased in book-entry form only. Purchasers will not receive securities certificates representing their interests in the Series 2022 Bonds purchased. Payments of principal or premium, if any, and interest on the Series 2022 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal or premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Series 2022 Bonds. See "APPENDIX C — BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption*. The Series 2022 Bonds maturing on and after January 15, 2033, shall be subject to optional redemption, in whole or in part on any date on or after January 15, 2032, at the option of the City, from any source of legally available funds, at a redemption price equal to the principal amount of the Series 2022 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2022 Bonds maturing on January 15, 20___ shall be subject to mandatory sinking fund redemption, in part on January 15 in each year, commencing January 15, 20___, at a redemption price equal to the principal amount of such Series 2022 Bonds to be redeemed, without premium,

* Preliminary, subject to change.

plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (<u>January 15</u>)	**Principal Amount <u>to be Redeemed</u>**

(Maturity)

If some but not all of the Series 2022 Bonds maturing on January 15, 20___ are redeemed as the result of an optional redemption, the Principal Amount of Series 2022 Bonds maturing on January 15, 20__ to be subsequently redeemed pursuant to this subsection shall be reduced by the aggregate Principal Amount of the Series 2022 Bonds maturing on January 15, 20___ so redeemed as the result of an optional redemption, such reduction to be allocated among redemption dates in Authorized Denominations, as designated by the City in a Written Certificate of the City filed with the Trustee.

Notice of Redemption. The Trustee shall mail notice of redemption of the Series 2022 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Holders of any Series 2022 Bonds designated for redemption at their addresses appearing on the registration books maintained by the Trustee pursuant to the Indenture and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Series 2022 Bonds (or all Series 2022 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Series 2022 Bonds within a maturity are called for redemption) Bond numbers of the Series 2022 Bonds to be redeemed and the maturity or maturities of the Series 2022 Bonds to be redeemed, and in the case of Series 2022 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Series 2022 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2022 Bonds be then surrendered to the Trustee. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Series 2022 Bonds shall be given by the Trustee, at the expense of the City, for and on behalf of the City.

Conditional Redemption Notice. The City has the right to rescind any notice of the redemption of Series 2022 Bonds by written notice to the Trustee on or prior to the dated fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2022 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The City and the Trustee have no liability to the Holders of Series 2022 Bonds or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent. In the event Series 2022 Bonds that are subject to mandatory sinking fund payments are redeemed in part, the City shall deliver a revised sinking fund schedule to the Trustee.

If less than all of the Series 2022 Bonds of a maturity are to be redeemed prior to maturity, including by Mandatory Sinking Account Payments as described above, then:

(a) If the Series 2022 Bonds are registered in book-entry only form and so long as DTC or a successor Securities Depository is the sole registered owner of the Series 2022 Bonds, the particular Series 2022 Bonds shall be redeemed on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with the process described below. The Trustee will send notice to DTC or a successor Securities Depository to effect a pro rata reduction of principal of all applicable Series 2022 Bonds to accomplish the optional and mandatory sinking fund redemptions pursuant to the Indenture through a pass-through distribution of principal. In connection with each such redemption, the Trustee will include in the written notice of redemption described above the dollar amount per $1,000 original principal amount payable on account of principal and accrued interest to effect a pro rata reduction through a pass-through distribution of principal on the related redemption date, as well as the pro rata method factors applicable to such redemption. DTC or a successor Securities Depository will be responsible for distributing the principal and accrued interest among its direct participants, as applicable, based upon the Series 2022 Bonds being redeemed to the beneficial interests of the direct participant that DTC or a successor Securities Depository records list as owned by each direct participant of DTC or a successor Securities Depository as of the record date for such payment. If less than all of the Series 2022 Bonds are called for redemption, the Trustee will direct that the accrued interest due on the portion of the Series 2022 Bonds being redeemed be calculated and paid based on the amount of principal being redeemed on such redemption date. After the date fixed for redemption no further interest will accrue on the principal amount being called for redemption.

(b) If the operational arrangements of DTC or a successor Securities Depository do not allow for allocation of such redemption on a pro rata pass-through distribution of principal basis, the portion of the Series 2022 Bonds to be redeemed on such dates will be selected in accordance with the Depository's then existing rules and procedures and may be by lot.

(c) If the Series 2022 Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee may select the Series 2022 Bonds for redemption pro rata within a maturity. The Trustee will select such portions of Series 2022 Bonds to be redeemed in such manner as the Trustee may deem to be fair and appropriate.

Effect of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of From and after the date fixed for redemption of any Series 2022 Bonds or any portions thereof, if notice of such redemption shall have been duly given and funds available for the payment of such redemption price of the Series 2022 Bonds or such portions thereof so called for redemption shall have been duly provided, no interest shall accrue on such Series 2022 Bonds or such portions thereof from and after the redemption date specified in such notice.

Book-Entry System

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2020 Bond will be issued for each maturity of the Series 2022 Bonds. See "APPENDIX F — BOOK-ENTRY ONLY SYSTEM." The City and the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal or premium, if any, and interest on the Series 2022 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the beneficial owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City and the Trustee are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to beneficial owner with respect to the Series 2022 Bonds or an error of delay relating thereto.

Transfer and Exchange of Series 2022 Bonds

Transfer. Any Series 2022 Bond may, in accordance with its terms, be transferred in the books required to be kept by the Trustee by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Series 2022 Bond for cancellation at the corporate trust offices of the Trustee accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee; provided, that the Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege; and provided further, that the Trustee may refuse to transfer any Bonds during the fifteen (15) day period prior to the date established by the Trustee for the selection of Bonds for redemption, or to transfer any

Bonds selected by the Trustee for redemption. Whenever any Series 2022 Bond shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Series 2022 Bond(s) of the same maturity and equal to the principal amount of the Bond surrendered.

The City and the Trustee may deem and treat the Holder of any Series 2022 Bond as the absolute owner of such Series 2022 Bond for the purpose of receiving payment thereof and for all other purposes, whether such Series 2022 Bond shall be overdue or not, and neither the City nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the principal, or redemption price of and the interest due on such Series 2022 Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge liability on such Series 2022 Bond to the extent of the sum or sums so paid.

The cost of preparing the Series 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of the Series 2022 Bonds shall be paid by the City.

Exchange. Any Series 2022 Bond may, in accordance with its terms, be exchanged at the Corporate Trust Office of the Trustee for a new Series 2022 Bond or Series 2022 Bonds of the same series of bonds and maturity of authorized denominations equal to the principal amount of the Series 2022 Bond surrendered; provided, however, that the Trustee will require the payment by the owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege; and provided, further, that the Trustee may refuse to exchange any Series 2022 Bonds during the 15 day period prior to the date established by the Trustee for the selection of Series 2022 Bonds for redemption, or to exchange any Series 2022 Bonds selected by the Trustee for redemption.

The cost of preparing the Series 2022 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange of the Series 2022 Bonds will be paid by the City.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

Sources of Payment

The obligations of the City under the Series 2002 Bonds and Additional Bonds, including the obligation to make all payments of principal of and interest on the Bonds when due and the obligation of the City to the deposits required under the Indenture for the security of the Bonds, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City has agreed pursuant to the Indenture to pay all amounts due and owing under the Indenture with respect to the Series 2022 Bonds and Additional Bonds from any legally available source of revenues of the City, including amounts on deposit in the General Fund of the City.

In addition, subject to the provisions of Indenture regarding the application of Pledged Tax Override Revenues (as defined below) for the payment of debt service on the Bonds as described below, the City has Pledged Tax Override Revenues for the payment of debt service on the Bonds, for the security of the Series 2022 Bonds and any Additional Bonds; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service (as defined below) applicable to the Series 2022 Bonds and each series of Additional Bonds. See "–Pledge of Pension Tax Override Revenues" below.

In addition, the Series 2022 Bonds and any Additional Bonds are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Bond Fund; provided, however, that such pledge, lien and security interest shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

Neither the Series 2022 Bonds nor the obligations of the City to make payments on the Series 2022 Bonds, constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Pledge of Pension Tax Override Revenues

Pension Tax Override. For the security of the Series 2022 Bonds and any Additional Bonds issued in the future, the City, pursuant to the Indenture, has granted a first pledge of and lien on, and a security interest in the Pledged Pension Tax Override Revenues; provided, however, that such pledge, lien and security interest for any Bond Year shall under no circumstances exceed the Secured Annual Debt Service applicable to the Series 2022 Bonds and each series of Additional Bonds.

"Pledged Pension Tax Override Revenues" is defined in the Indenture to mean, for each Bond Year, with respect to each Series of Bonds, the portion of the Pension Tax Override Revenues pledged therefor under the Indenture determined by multiplying (x) the Pension Tax Override Revenues, by (y) the Applicable Percentage for such Series of Bonds.

"Pension Tax Override Revenues" means all of the revenues received by or payable to the City from the *ad valorem* tax override annually levied at the rate of 0.14% of the assessed value of all taxable property within the City pursuant to Article XIIIA, Section 1(b)(1) of the California Constitution. See "- Pension Tax Override Revenues."

"Secured Annual Debt Service" is defined in the Indenture to mean, for each Series of Bonds, with respect to any Bond Year, the product obtained by multiplying (x) the aggregate amount required to pay principal of and interest on and the redemption price of such Series of Bonds during such Bond Year, by (y) the Applicable Percentage for such Series of Bonds for such Bond Year, in each case as set forth in the Supplemental Indenture for such Series of Bonds.

"Applicable Percentage" is defined in the Indenture to mean, for each Series of Bonds, the percentage of the then outstanding unfunded accrued actuarial liability of the City to the System to be funded from such Series of Bonds relating to City pension benefits at the levels in existence on June 30, 1978 (the "Pre-1978 Benefits"), and, in the case of Additional Bonds issued to refund Bonds then Outstanding, the percentage of the Pre-1978 Benefits allocable thereto as determined by the City.

The Secured Annual Debt Service for the Series 2022 Bonds is set forth in the following table.[Discuss inserting table with preliminary numbers; applicable percent will change bond year to bond year].

Generally, State law limits the amount of *ad valorem* tax levied on real property to 1% of the full cash value of the property. See "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS–Property Tax Collection Procedures." However, there are provisions in State law that allow a taxing agency to levy additional *ad valorem* taxes to raise revenues for certain purposes. The property taxes generated from such levy by a taxing agency is commonly referred to as an "override." Specifically Revenue and Taxation Code Section 96.31(a)(4) authorizes a taxing agency to levy additional *ad valorem* property tax to make payments in support of pension programs approved by the voters before July 1, 1978, provided that the local agency imposed the property tax rate in the 1982-83 or 1983-84 fiscal year. Since Fiscal Year 1982-83, $0.140 of the overall tax rate (i.e. $0.14 per $100 of assessed value of taxable property) has been levied within the City pursuant to Article XI of the City Charter and Ordinance No. 9-99 adopted by the City Council on March 30, 1999 and approved by voters for the purpose of paying certain pension obligations of the City (the "Pension Override"), including pension obligation bonds issued by the City. The rate of Pension Override cannot exceed $0.14 per $100 of assessed value of taxable property in the City.

Pursuant to the Section 34183(a)(1)(B) of the California Health and Safety Code, the property tax rate approved by the voters to make payments in support of pension programs or capital projects and programs related to the State Water Project (as defined in the Health and Safety Code provisions), and levied in addition to the 1% *ad valorem* tax, are allocated to, and when collected are paid into the fund of that taxing entity, unless the amounts are pledged as security for any indebtedness obligation to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by a former redevelopment agency and needed for repayment thereof. In connection with the issuance of the Successor Agency to the Richmond Community Redevelopment Agency's ("Successor Agency") issuance of its Refunding Bonds, Series 2014A (Tax Exempt), Refunding Bonds, Series 2014B (Taxable), Refunding Bonds, Series 2021A and Series 2021B, Pension Override Revenues generated in the former redevelopment project areas are included in the Redevelopment Property Tax Trust Fund ("RPTTF") and are available to the repayment of such bonds. In Fiscal Year 2021-22 the Successor Agency received approximately $5 million of the Pension Tax Override Revenues, which were deposited into the RPTTF and then released to the City. In 2021, the Successor Agency issued its refunding bonds and projected that tax increment (excluding the Pension Tax Override Revenues) received by the Successor Agency would exceed debt service in each fiscal year ranging from 3.2x in Fiscal Year ending 2023 to 24.3x in Fiscal Year 2037. The final maturity of the Successor Agency's 2014 bonds is in Fiscal Year 2026 and the final maturity of the 2021 bonds is in Fiscal Year 2037. Accordingly, the Successor Agency has not needed Pension Tax Override Revenues to meet its debt service obligations in Fiscal Year 2021-22 and the Successor Agency does not anticipate that the Pension Tax Override Revenues will be needed in futures years to pay debt service on any of its outstanding bonds.

In addition, the Series 2022 Bonds and any series of Additional Bonds are secured by a first pledge of and lien on, and a security interest in, all of the moneys on deposit in the Bond Fund but only to the extent of the Series 2022 Bonds Applicable Percentage and Applicable Percentage for each such series of Additional Bonds as set forth in the Supplemental Indenture for such Additional Bonds. Additionally, the Series 2022 Bonds are payable from all legally available revenues of the City.

Tax Override Pension Fund. The City has established the Tax Override Pension Fund, which is held by the City. Pursuant to the Indenture, the City shall deposit all of the Pension Tax Override Revenues received with respect to any Bond Year into the Override Pension Fund promptly upon receipt thereof by the City.

All Pledged Pension Tax Override Revenues received by the City during any Bond Year in excess of the Annual Secured Debt Service shall be released from the pledge, security interest and lien under this Indenture for security of the Series 2022 Bonds and any series of Additional Bonds and may be applied by the City for any lawful purpose of the City.

Bond Fund. Trustee shall establish and maintain a special fund designated as the "Bond Fund" and within the Bond Fund an account designated as the "Retirement Tax Special Revenue Account," which fund and account are hereby created and shall be held in trust by the Trustee.

On or before the 5th Business Day preceding each Payment Date, the City shall transfer to the Trustee for deposit in the Bond Fund (and, at the direction of the City, the Retirement Tax Special Revenue Account as described in the following sentence) an amount which, when added to the amount then on deposit in the Bond Fund (and the Retirement Tax Special Revenue Account), when added with amounts on deposit in the Interest Account and the Principal Account, equals the aggregate amount of the interest and principal coming due and payable on the Outstanding Bonds on the immediately following Payment Date. Without limiting the foregoing, the Trustee shall deposit all of the Pledged Pension Tax Override Revenues received from, and designated as such by, the City with respect to any Bond Year into the Retirement Tax Special Revenue Account promptly upon receipt thereof by the Trustee. All money in the Retirement Tax Special Revenue Account shall be transferred by the Trustee to the Interest Account and the Principal Account solely for the purpose of paying interest and principal as provided therein on the Series 2022 Bonds and any Additional Bonds in an amount not to exceed the applicable Annual Secured Debt Service for the Series 2022 Bonds and any Additional Bonds. The table below shows a schedule of Pledged Pension Tax Override Revenues for the Series 2002 Bonds.

SCHEDULE OF PLEDGED PENSION TAX OVERRIDE REVENUES FOR SERIES 2022 BONDS

	Debt Service Attributable to Refunding B-1s/B-2s			Debt Service Attributable to Refunding B-1s/B-2s			Total Debt Service	Secured Annual Debt Service* (Payable from PTORs)
Payment Date	Interest (A)	Interest (A)	Total (C)= (A) + (B)	Interest (D)	Interest (E)	Total (F)= (D) + (E)	(G)= (C) + (F)	(H) = (G) Allocable %
7/15/23								
1/15/24								
7/15/24								
1/15/25								
7/15/25								
1/15/26								
7/15/26								
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1/15/36								
7/15/36								
1/15/37								
7/15/37								
1/15/38								

The Series 2022 Bonds will be issued on parity with Additional Bonds that may be issued by the City in the future. See "INTRODUCTION — Security and Sources of Payment for the Series 2022 Bonds" for a description of the Series 2022 Bonds and see "—Additional Bonds" below for information regarding future Additional Bonds that may be issued on a parity with the Series 2022 Bonds.

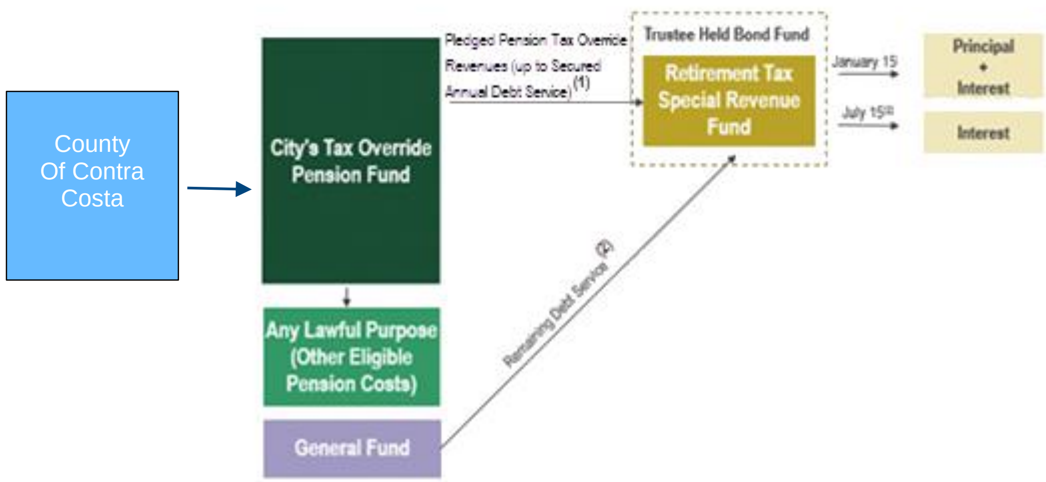
For more information regarding the Bond Fund and additional funds established under the Indenture, see "APPENDIX D — THE INDENTURE AND FIRST SUPPLEMENT — Pledge; Funds."

EXCEPT WITH RESPECT TO THE PENSION TAX OVERRIDE AND ONLY TO THE EXTENT SET FORTH IN THE INDENTURE, THE SERIES 2022 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. NEITHER THE SERIES 2022 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE SERIES 2022 BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Pension Tax Override Revenues

For Fiscal Year 2022-23, the Pension Tax Override has been set at a rate not to exceed 14 cents per $100 of assessed valuation. In accordance with the Indenture, all Pension Tax Override Revenues, together with any interest earned thereon, when and as received by the City, will be immediately deposited and held in the Tax Override Pension Fund. The City further agrees and covenants that all such Pension Tax Override Revenues shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City. In Fiscal Year 2021-22, the City received approximately $___ million of Pension Tax Override Revenues.

The diagram below shows the flow of funds of the revenue and funds pledged for repayment of the Series 2022 Bonds and Additional Bonds.



(1) Applied to the payment of debt service on the Series 2022 Bonds and Additional Bonds in the amount of the Applicable Percentages. Excludes debt service attributable to the Termination Payment.

(2) To be applied to debt service on the Series 2022 Bonds and Additional Bonds attributable to the City's post-Proposition 13 Pension Liability, the Termination Payment and all amounts not paid from the Pension Tax Override Revenues.

California courts have held that Proposition 13, discussed below under the heading "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS," permits additional property taxation to pay for pension plans prior to July 1, 1978; provided the imposition of such tax is limited to the funding of employee retirement benefits at a level not in excess of the retirement benefits in existence prior to July 1, 1978 (the "Pre-Proposition 13 Pension Liability"), see Carman v. Alvord, 31 Cal.3d 318. Among other matters, the City's validation action with respect to this financing judicially validated the application of the revenues generated by the Pension Tax Override toward the payment of debt service on the Series 2005B Bonds as well as Additional Bonds to the extent the Series 2022 Bonds fund Pre-Proposition 13 Pension Liability under the CalPERS Contract. An independent actuary, Bartel Associates, LLC ("Bartel") has certified that 86.13% of the Series 2022 Bonds debt service, excluding debt service attributable to the Termination Payment, is eligible to be paid from the Pension Tax Override Revenues.

The City's Fiscal Year 2022-23 unfunded liability payments for its Miscellaneous and Safety plans are projected to be $11,299,000 and $17,906,000, respectively. Under the Indenture, the Pledged Pension Tax Override Revenues will be available to pay a portion of the debt service on the Series 2022 Bonds but only to the extent of the Series 2022 Bonds Applicable Percentage (86.13%). The Pension Tax Override Revenues may only be utilized to pay debt service on the portion of the Series 2022 Bonds attributable to the refunding of the Series 2005B Bonds. It may not be used towards the payment of debt service attributable to the Termination Payment.

No Reserve Fund

The City has not established a debt service reserve fund for the Series 2022 Bonds.

Additional Bonds

The City has covenanted in the Indenture that, so long as the Series 2022 Bonds or any Additional Bonds are Outstanding, the City shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness (collectively, "Indebtedness"), which is in any case payable from all or any part of the Pension Tax Override Revenues, except (i) the Series 2022 Bonds, (ii) Additional Bonds issued or incurred pursuant to the Indenture, (iii) indebtedness payable from, but not secured by a pledge of or lien upon Pension Tax Override Revenues, and (iv) indebtedness secured by a pledge of or lien on any Pension Tax Override Revenues which is subordinate to the pledge and lien which secures the Series 2022 Bonds and any Additional Bonds. See "APPENDIX D - SUMMARY OF THE INDENTURE AND FIRST SUPPLEMENT - Additional Bonds."

Pension Tax Override Levy. The City has covenanted in the Indenture that, so long as any Series 2022 Bonds or any Additional Bonds are Outstanding under the Indenture, the City shall levy the Pension Tax Override (in an amount not to exceed the maximum tax permitted by law) in each Fiscal Year, whether or not the accrued unfunded actuarial liability of the City to the System is amortized prior to the final maturity of any Series 2022 Bonds or any Additional Bonds issued pursuant to the Indenture. The Pension Tax Override shall be levied in amounts that the City expects will be sufficient, when aggregated with any Pension Tax Revenues available to the City and on hand, to pay principal of and interest on and redemption price, if any, of the Series 2022 Bonds and Additional Bonds in an amount not to exceed the Series 2022 Bonds Applicable Percentage and the Applicable Percentage for each such Additional Bonds as set forth in the Supplemental Indenture for such Additional Bonds, respectively.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Series 2022 Bonds (assuming no optional redemptions).

	Series 2022 Bonds		
Fiscal Year Ending June 30	Principal	Interest	Total Fiscal Year Debt Service

____
Source: The Underwriters

THE CITY

The City is located 16 miles northeast of San Francisco on the western shore of the County, occupies 33.7 square miles of land area on a peninsula that separates the San Francisco Bay from San Pablo Bay, and spans 32 miles of shoreline. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. Redevelopment in the downtown and waterfront areas and commercial expansion in the City's Hilltop area, along the Interstate 80 and Interstate 580 corridors, and along the Richmond Parkway have added to the tax base of the City in recent years.

Economic, demographic and financial information regarding the City of Richmond is contained herein in "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND" and "APPENDIX B - CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021" herein. Each contains important information concerning the City and should be read in its entirety.

COVID-19 Outbreak

The spread of the novel strain of coronavirus called COVID-19 ("COVID-19") has significant negative impacts throughout the world, including in the City. From March 2020 through June 2021, the State undertook various efforts to reduce the spread of the virus, including temporary closures and/or reductions in the operations of, among others, schools, dine-in restaurants, bars, retail stores, gyms, certain government buildings, and generally outlawing large gatherings. Currently there are no State mandated restrictions in place.

COVID-19 pandemic is still having significant impacts on the City of Richmond's tax revenues. Revenue reduction reflected in Transient Occupancy Tax (TOT), and fees and rentals collected by both the Police Department and Community Services. The TOT decreased 43% in Fiscal Year 2020-21 compared to Fiscal Year 2019-20. However, in Fiscal Year 2021-22, the TOT [increased] by ____%. When compared to Fiscal Year 2018-19, a full year of pre-pandemic activity, the decrease is 56%. Due to facility closures and changes to other activities, some departments saw significant decreases to revenue collected for either services provided or rental of facilities. For example, community services saw a decrease of 60% for recreation program fees collected in Fiscal Year 2020-21, compared to Fiscal Year 2019-20. When compared to Fiscal Year 2018-19, the decrease is 70%. Revenue collection and projections for Fiscal Year 2022-23 have been budgeted conservatively and will require close monitoring and review. The General Fund revenue category most impacted dollar wise was Sales Tax which saw a total decrease of over $3 million in Fiscal Year 2019-20 or 6.6%. By Fiscal Year 2020-21, the Sales Tax category had recovered and surpassed pre-pandemic levels.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021. The City's allocated amount was $27.7 million. The City received the first installment in the amount of $13.8 million in August 2021, and the second installment is scheduled to be received in July 2023.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. While the City experienced declines in sales tax, transient occupancy tax and property transfer tax revenues in Fiscal Year 2019-20 as a result of COVID-19, the long-term impact of COVID-19 on the operations and finances of the City is unknown.

Regardless of the financial challenges caused by COVID-19, the obligations of the City under the Series 2022 Bonds, including the obligation to make all payments of the principal, premium, if any, and interest when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

State Audit

California Government Code Section 8546.10 permits the California State Auditor ("State Auditor") to develop a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency, including a city, county, special district, or other publicly created entity, that the State Auditor identifies as being high risk for the potential of waste, fraud, abuse or mismanagement, or that has major challenges associated with its economy, efficiency, or effectiveness.

The City was contacted by the State Auditor on April 4, 2022. According to the State Auditor, the City exhibits certain risk factors including reliance on one-time revenues, upcoming challenges relating to high pension costs, and financial issues at the Richmond Housing Authority. The audit is to determine whether the City should be identified as a high risk local agency and, if so, what actions should be taken to overcome its difficulties. If the City is designated as high risk as a result of the audit, then it must submit a corrective action plan and provide updates every six months regarding its progress in implementing the corrective action plan.

RISK FACTORS

The following information should be considered by potential investors in evaluating the Series 2022 Bonds. However, it does not purport to be an exhaustive list of the risks or other considerations which may be relevant to an investment in the Series 2022 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the Series 2022 Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the City's debt without the consent of the Trustee or all of the Owners of the Series 2022 Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Past bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on San Bernardino's pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system (CalPERS). A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the Series 2022 Bonds in the event the City files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal, as applicable, and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the Series 2022 Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

City System Pension Benefit Liability

Many factors influence the amount of the City's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of the Retirement Law, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment performance of CalPERS. Any of these factors could give rise to additional liability of the City to CalPERS as a result of which the City would be obligated to make additional payments to CalPERS over the amortization schedule for full funding of the City's obligation to CalPERS. Currently, the City is estimated to owe PERS approximately $380 million. In addition, bankruptcy courts have allowed for the payment of amounts due to CalPERS prior to other creditors, including bondholders. See "PENSION PLAN" herein and "APPENDIX A—INFORMATION REGARDING THE CITY OF RICHMOND – FINANCIAL OPERATIONS – Retirement Program."

Infectious Disease Outbreak and Potential Impact of Coronavirus

The City's operations and financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the ongoing COVID-19 pandemic. The City cannot predict any costs associated with the potential treatment of an infectious disease outbreak or preparation for such treatment.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The City experienced declines in sales tax, transient occupancy tax and property transfer tax revenues in Fiscal Year 2019-20 as a result of COVID-19. The long-term impact of COVID-19 on the operations and finances of the City is unknown.

The spread of COVID-19 is altering the behavior of businesses and the public in a manner that is having negative effects on global and local economies. There can be no assurances that the spread of COVID-19 will not have a longer-term material adverse impact on the economy and the financial condition of the City. The degree to which any such impacts to the operations of the City is extremely difficult to predict due to the evolving nature of COVID-19 transmission, including uncertainties relating to (i) the duration of the outbreak, (ii) the severity of the outbreak, and (iii) the ultimate geographic spread of the outbreak, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. See "THE CITY – COVID-19 Outbreak."

Seismic, Topographic and Climatic Conditions

Seismic Risks. There are several geological faults in the greater San Francisco Bay Area that have the potential to cause serious earthquakes which could result in damage to buildings, roads, bridges. and property within the City.

The City and the Bay Area are generally located in a zone 4 seismic hazard area. Seismic zones aid in identifying and characterizing certain geological conditions and the risk of seismic damage at a particular location, and are used in establishing budding codes to minimize seismic damage. The five seismic zones are: zone 0 (no measurable damage), zone 1 (minor damage), zone 2 (moderate damage), zone 3 (major damage) and zone 4 (major damage and greater proximity than zone 3 to certain major fault systems).

The City is located in the Hayward Fault Zone. Past experiences, including the 1989 Loma Prieta earthquake on the San Andreas fault, with a magnitude of 7.1 on the Richter scale and with the epicenter located in Santa Cruz, approximately 65 miles south of the City, have resulted in minimal damage to the infrastructure and property within the City.

The nearest active fault to the City is the Hayward fault, which is a northwest-southeast trending fault approximately 3.7 miles to the east of the City. The West Napa fault lies approximately 17 miles to the northeast. The Concord-Green Valley fault lies approximately 18 miles to the east. The Rogers Creek fault lies approximately 15 miles to the north. The San Andreas fault lies approximately 14 miles to the west. The northern pan of the Calaveras fault lies approximately 20 miles to the southeast. All of these faults are considered active.

In 2009, the City completed substantial renovations to the facilities throughout the City, including seismic upgrades. However. the City cannot provide any assurance that such seismic upgrades will be sufficient to withstand a severe seismic event. Any damage or destruction due to seismic activity to the City facilities may impact the operations of the City. Additionally, any or destruction could impact value of property within the City. Reduction in the value of property in the City could reduce property tax revenues, including the Pension Tax Override Revenues which are pledged, received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to make payments on the Series 2022 Bonds.

Climate Change. In 2005, the Governor signed Executive Order S-3-05 (the "Executive Order") setting the stage for multiple legislative actions to reduce greenhouse gas emissions ("GHG") to 80% below 1990 levels by 2050. The adoption of the California Global Warming Solutions Act of 2006 ("AB 32") and subsequent companion bills, including but not limited to the Sustainable Communities and Climate Protection Act of 2008 ("SB 375") that builds upon AB 32 to reduce GHG emissions by linking transportation funding to land use planning, demonstrate the commitment by the State to take action and reduce GHG to 1990 levels by 2020 and to 80% below 1990 levels by 2050. In 2008, the City Council adopted Resolution No. 108-08 committing to the GHG emissions targets established by AB 32. Additionally, the State adopted Senate Bill No. 32, which established a revised statewide GHG emission reduction target of 40% below 1990 levels by 2030.

In 2009, the California Natural Resources Agency released the Climate Adaptation Strategy, as updated in 2010, 2013, and 2018. California Climate Adaptation Strategy summarizes the best known science on climate change impacts in the State to assess vulnerability and outlines possible solutions that can be implemented within and across State agencies to promote resiliency.

In October 2016, the City adopted a Climate Action Plan (the "CAP") to outline the goals and strategies to reduce GHG emissions, create local jobs, and prepare for the impacts of climate change on public health.

Infrastructure, ecosystems, and public spaces within the City. The CAP is a multi-objective plan that addresses environmental, social and economic issues related to climate change. The CAP builds on the goals and policies in the City's General Plan 2030 (the comprehensive framework adopted by the City Council in April 2012 for developing a healthy City and healthy neighborhoods) and other planning documents and policies, including the Health in All Policies Strategy (to further the City's efforts to build health equity through the reduction of local GHG emissions), to ensure that the City is prepared for the impacts of climate change, and to fulfill the requirements of AB 32 and SB 375.

The CAP included a Climate Change Adaptation Study (the "Adaptation Study") that evaluated the climate change impacts at the local scale and a vulnerability and risk assessment of the City's most important assets to rising temperatures, rising seas, extreme weather events, and more extreme droughts.

The Adaptation Study concluded that that greatest risks to the City related to climate change are a product of its bayside setting, the sensitivities of its Mediterranean climate, and its dependence on imported water from the Sierra Nevada Mountains as the primary water supply. Some of the mast critical City assets where risk of damage or disruption from sea level rise is significant include a treatment plant, residential neighborhoods, the Chevron Refinery and other industrial areas including the Port of Richmond, highways, rail lines, tire stations, and law enforcement facilities. The Adaptation Study summarizes a broad range of climate change vulnerabilities to the functional, information, and management systems of the City and identifies potential consequences to the economy, public health, citizens, and environment. The City is engaged in multiple planning efforts to address some or all of these risks, however, the City cannot guarantee that these efforts will be completely successful in mitigating every risk associated with climate change.

Local impacts of climate change are not definitive, but include changes to local and regional weather patterns; rising bay water levels, increased risk of flooding; changes in salinity and tidal patterns of San Francisco and San Pablo bays; coastal erosion, water restrictions; and vegetation changes.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. The City is unable to predict the impact such laws and regulations, if adopted, will have on the economy and finances of the City. The effects. however, could be material.

Wildfires. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Such areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes and other property. In the past five year, the County has experienced numerous wildfires which including three wildfires between May and June 2022 which destroyed 238 acres within the County and surrounding areas. In 2020, one of the largest fires on record in California, the SCU Lighting Fires Complex, destroyed approximately 400,000 acres and 222 structures within the County and surrounding counties of Alameda, San Joaquin Santa Clara, Stanislaus and Merced. Despite nearby significant damage from wildfire, the City did not experience any significant closure of businesses or loss of property.

Flood and Rising Sea Level. Sea-level rise is expected to increase the risk of coastal erosion and flooding along the California coast, and higher water levels due to sea-level rise could magnify the adverse impact of storm surges and high waves. Impacts to assets in the City from extreme high tides in addition to net increases in sea level will likely result in increased inundation frequency, extents, and depths leading to catastrophic flooding and coastal erosion. In 2016, the City implemented a Climate Action Plan. The Climate Action Plan identified that flooding could place hundreds of Richmond homes at risk as well as critical infrastructure including roads, railways, and wastewater treatment plants and recreational areas at Point Isabel Recreational Shoreline, Miller Knox Regional Shoreline, and Point Pinole Regional Shoreline. In October 2021, parts of the Bay Area experienced an atmospheric river event which brought historic rainfall levels to the region and causing flooding throughout the region, including the County. Additionally, another impact of rising sea levels is the potential for groundwater and surface area contamination. As sea-levels rise, such events of flooding are projected to increase.

Drought. On May 24, 2022, the California State Water Resources Control Board announced emergency drought restrictions resulting from Governor Newsom's Executive Order N-7-22. The regulations are the latest in a series of attempts by the state to deal with the ongoing severe drought. The regulations cover two areas: a ban on irrigating non-functional turf and a requirement that urban water suppliers implement the Level 2 demand reduction actions in their water shortage contingency plan. Additionally, the County is currently affected by significant drought conditions. According to the National Integrated Drought Information System (NIDIS), 2022 is currently the driest year in the County over the past 128 years within nearly a decrease of 9.88 inches of rain as of May 2022 of the past year. On April 26, 2022, East Bay Municipal Utility District, which provides water services within the City, declared a stage 2 emergency and asked consumers to voluntarily reduce water usage by 10%. Drought conditions may exacerbate the risk of wildfire impacts within the County and have other negative impacts. The City cannot predict what operational or financial impacts the drought may have on the City in the future.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. The City and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attacks on the computer systems of the City. No assurances can be given that the security and operational control measures of the City will be successful in guarding against any and each cyber threat and attack. The results of any attack on the computer and information technology systems could have a material adverse impact the operations of the City and damage the digital networks and systems. The resulting costs and/or impacts on operations of the City could be material.

Hazardous Substances

The discovery of hazardous substances on parcels of property within the City may limit the beneficial use of taxable property within the City and may result in the reduction in the assessed value of such property. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. Reduction in the value of property in the City could reduce property tax revenues received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to make payments on the Series 2022 Bonds.

Articles XIIIC and XIIID of the California Constitution

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Articles XIIIC and XIIID of the State Constitution," for information about certain risks to General Fund revenues under Articles XIIIC and Article XIIID of the California Constitution.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to make debt service payments on the Series 2022 Bonds may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of its counties by decreasing its own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIB of the State Constitution."

Impact of State Budget on City Revenues

The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address future State budget deficits, if any. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget, which could adversely affect the ability of the City to make payments on the Series 2022 Bonds. See "STATE BUDGET INFORMATION."

Assessed Value of Taxable Property

Property taxes account for a significant portion of General Fund revenues Pension Tax Override Revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. In addition to seismic, topographic and climatic conditions, other natural or manmade disasters, such as flood, fire, ongoing drought, toxic dumping or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Proposition 8, which was passed in November 1978, amended Proposition 13 to allow assessed values to reflect declines in value. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations" in the forepart of this Official Statement. As a result, the County Assessor is required to enroll a property's fair market value, as of January 1, if that value is less than the base year value plus inflationary adjustment. The County Assessor may initiate the Proposition 8 reduction process without a request from a property owner. Property owners are notified at the beginning of the tax year and may file an assessment appeal to challenge the determined value. Although the values of many properties may suffer a significant decline during a recession, not all may qualify for a reduction under Proposition 8. The current fair market value of such property must fall below the base year value plus inflationary adjustment before it will affect the assessed value. If the fair market value of the property increases above its base year value plus inflationary adjustment, the County Assessor will re-enroll the property at the value of its base year value plus inflationary adjustment.

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for taxes. Additionally, as a matter of regular business practice, large property tax payers regularly appeal the assessed value of the property of the City. Section 2(b) of Article XIIIA of the California Constitution and Section 51 of the Revenue and Taxation Code, which follow from "Proposition 8," require the County assessor to annually enroll either a property's adjusted base year value (its "Proposition 13 Value") or its current market value, whichever is less. Occasionally, such adjustment has in the past and can in the future result in reduction. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, that lower value is referred to as its "Proposition 8 Value." Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds its Proposition 13 Value attributable to a piece of property (adjusted for inflation), does the County assessor reinstates the Proposition 13 Value.

Decreases in the aggregate value of taxable property within the City resulting from natural disaster or other calamity, reclassification by ownership or use, or as a result of the operation of Proposition 8 all may have an adverse impact on the General Fund revenues available to make debt service payments on the Series 2022 Bonds.

In addition, failure by large property owners to pay property taxes when due may also cause a decrease in General Fund revenues available to make debt service payments on the Series 2022 Bonds.

See "- Seismic, Topographic and Climatic Calamities" and "APPENDIX A – INFORMATION REGARDING THE CITY OF RICHMOND– FINANCIAL OPERATIONS – *Ad Valorem* Property Taxes."

Changes in Law

The State Legislature may in the future enact legislation that will amend or create laws resulting in a reduction of moneys securing or available to pay the Series 2022 Bonds. Similarly, the State electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys securing or available to pay the Series 2022 Bonds. Subject to overriding federal constitutional principles, such initiatives or legislation could have the effect of reducing Pledged Pension Tax Override Revenues available to pay the Series 2022 Bonds. The City is not aware of any pending or proposed initiatives to amend or repeal the Tax Override..

Secondary Market for Series 2022 Bonds

There can be no guarantee that there will be a secondary market for the Series 2022 Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

STATE BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the interest or principal due on the Series 2022 Bonds is payable from any funds of the State.

The City relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2021-22, approximately 0.17% of the City's General Fund budget revenues consist of payments from the State. For Fiscal Year 2022-23, the City projects that approximately 0.15% of its General Fund budget revenues will consist of payments from the State.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2019-20 State Budget (as defined herein) and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Underwriter, and the City and the Underwriter take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

For a description of certain potential impacts of the State budget on the finances and operations of the City, see "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND - FINANCIAL OPERATIONS - Impacts of State Budget."

2022-23 State Budget. On January 10, 2022, the Governor released his proposed State budget for State fiscal year 2022-23 (the "Proposed Budget"), which was revised on May 13, 2022 (the "May Revision") and adopted on June 30, 2022 (the "Final 2022-23 Budget"). The following information is drawn from the DOF and LAO overviews of the Proposed 2022-23 Budget.

The Proposed 2022-23 Budget reports that, since the passage of the prior fiscal year's budgetary legislation, the State's economy has continued to recover from the recession occasioned by the COVID-19 pandemic. Before accounting for certain required transfers (such as those to the Budget Stabilization Account (BSA)), State revenues are higher than the projections included in the 2021-22 Budget by almost $28.7 billion over a three-year span from State fiscal years 2020-21 through 2022-23. The Proposed 2022-23 Budget attributes this increase to four main factors: (1) a more robust economic recovery; (2) a greater share of wage gains going to high-wage sectors; (3) a stronger than forecast stock market; and (4) higher inflation. The Proposed 2022-23 Budget identifies several risk factors that could affect the current economic and revenue forecasts, including the impact of the COVID-19 Omicron variant or other potential future COVID-19 variants, persistent supply chain issues, increased inflation, stock market volatility and the lack of affordable housing.

For State fiscal year 2021-22, the Final 2022-23 Budget projects total general fund revenues and transfers of $227 billion and authorizes expenditures of $242.9 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $37.2 billion, including $18.7 billion in the traditional general fund reserve, $20.3 billion in the BSA, $7.3 billion in the Public School System Stabilization Account (the "PSSSA") and $900 million in the Safety Net Reserve Fund. For the State's fiscal year 2022-23, the May Revision projects total general fund revenues and transfers of $219.6 billion and authorizes expenditures of $227.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $37.1 billion, including $3.4 billion in the traditional general fund reserve, $23.3 billion in the BSA, $9.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund.

To address rising prices and return tax proceeds to residents, the Final 2022-23 Budget proposes a broad-based relief package that includes a rebate to households based on registered vehicles, a temporary reduction to the diesel sales tax rate, funding for rental assistance, payments for outstanding utility arrearages built up during COVID-19 and coverage for all family fees for subsidized child care programs. The package also continues health care subsidies for the middle class, if federal subsidies expire, and includes retention bonus payments to approximately 600,000 workers in hospitals and nursing homes.

The Final 2022-23 Budget provides $17.2 billion of assistance and relief to millions of California families and small businesses facing elevated costs of living and continued economic pressures from the COVID-19 Pandemic. This includes $449 million for relief and support of small businesses as described in the Economic Growth, Job Creation, and Expanded Opportunity Chapter.

Additionally, the Better for Families tax refund will return an estimated $9.5 billion to taxpayers by providing payments to over 17 million California families to help offset the rising price of gas, food, and many other goods and services. The tax refund is broad-based, with payments going to 97.5 percent of tax returns for individuals who are not claimed as dependents on another return

The Final 2022-23 Budget allocates $47 billion in state infrastructure to enhance the state's transportation system, promote energy innovation and reliability, advance statewide housing goals, support the Pre-K-12 and higher education segments, and to make the state more resilient to climate change.

The Final 2022-23 Budget includes $38.8 billion over five years, for a total $53.9 billion under a climate and opportunity agenda to deliver community resilience, affordable housing, and expanded access to health care and education while advancing equity and expanding the number of Californians that share in the state's economic growth.

The Final 2022-23 Budget includes an additional $6.1 billion ($3.5 billion General Fund, $1.5 billion Proposition 98, $676 million Greenhouse Gas Reduction Fund, and $383 million Federal Funds) one-time over five years to accelerate the state's transition to ZEVs.

The Final Budget includes $13.8 billion one-time General Fund and bond funds over two years for transportation programs and projects that align with climate goals, advance public health and equity, and improve access to opportunity.

Additionally, Building on the over $15 billion in multi-year climate resilience investments in the 2021 Budget, the Final 2022-23 Budget advances programs to protect communities from the imminent climate threats of wildfire and drought. The Final 2022-23 Budget includes an additional $2.8 billion one-time General Fund over multiple years to support drought resilience and response, which includes $1.5 billion, The Final 2022-23 Budget includes an additional $1.2 billion over two years to support wildfire and forest resilience which includes $530 billion. The Final 2022-23 Budget includes $768 million General Fund over two years for nature based solutions; $300 million over two years for extreme heat; and $3.1 billion over four years to support various other investments that support climate and energy activities, including climate-related grants to companies headquartered in California. Additionally, the Final 2022-23 Budget includes $8.1 billion one-time General Fund over five years to support energy reliability, relief, and clean energy investments.

The Final 2022-23 Budget includes over $200 million in investments to protect the right to safe and accessible reproductive health care, $290 million one-time General Fund investments over three years to implement a multi-pronged approach to address the urgent youth mental health crisis, $2.9 billion for affordable housing production and homeownership opportunities, and $10.2 billion over two years to address homelessness.

In 1979, California voters approved Proposition 4, a constitutional amendment to limit State and local spending that became known as the "Gann Limit." The Gann Limit restricts the State's ability to use revenues that exceed the spending cap. If the State exceeds the Gann Limit over a two-year period, the Legislature must spend the revenue over the limit in specific ways — providing half to taxpayers and the other half to k-12 schools and community colleges. State policymakers have limited options to structure budgets to avoid exceeding the spending cap. While the Final 2022-23 Budget is within the Gann Limit, the State is likely to face large and growing Gann Limit requirements in the next few years if revenues keep growing substantially. For example, the Legislative Analyst's Office estimates that under the Governor's revenue assumptions and spending proposals, the State would face Gann Limit obligations exceeding $20 billion in 2023-24. In future years, this could impact the amount of revenues the State is able to allocate to cities which may adversely impact the City's revenues. See, "Constitutional and Statutory Limitations on Taxes and Appropriations - Article XIIIBb of the State Constitution."

The complete 2022-23 State Budget is available from the California Department of Finance website at www.dof.ca.gov. Neither the City nor the Underwriters can take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future State Budgets. No prediction can be made by the City as to whether the State will encounter budgetary problems in future fiscal years, and if this occurs, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIIIA to the State Constitution. Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment” subject to exemptions in certain circumstances of property transfer or reconstruction. The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIIIB of the State Constitution

In addition to the limits that Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIIIB which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the State Constitution and contains a number of interrelated provisions affecting the ability of local agencies (including the City) to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires a reduction of *ad valorem* property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62. On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.*, 74 Cal.App.4th 707 (1999) (the "La Habra" case). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the City is currently pending, or to the knowledge of the City, proposed.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 200405 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2007-08, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Proposition 22

Proposition 22, approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties and special districts to schools, temporarily increase a school and community college districts' share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increases in pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Proposition 26

On November 2, 2010, the voters passed Proposition 26, which amends the State Constitution to require that certain state and local fees be approved by two-thirds of each house of the Legislature instead of a simple majority, or by local voters. The change in law affects regulatory fees and charges such as oil recycling fees, hazardous materials fees and fees on alcohol containers.

Proposition 26 provides that the local government bears the burden of proving by a preponderance of evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues, including the repeal of the Pension Tax Override. The nature and impact of these measures cannot be anticipated by the City.

ERISA CONSIDERATIONS

Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code, as amended (the "Code"), prohibit employee benefit plans as well as individual retirement accounts and some types of Keogh plans ("Plans") subject to ERISA or Section 4975 of the Code from engaging in certain transactions involving "plan assets" with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "Parties in Interest") with respect to the Plan. ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of such Plan (subject to certain exceptions not relevant here). A violation of these "prohibited transaction" rules may generate excise tax and other liabilities under ERISA and the Code for fiduciaries and Parties in Interest.

The Underwriters, as a result of their own activities or because of the activities of their respective affiliate, may be considered Parties in Interest, with respect to certain Plans. Prohibited transactions may arise under Section 406 of ERISA and Section 4975 of the Code if Series 2022 Bonds are acquired by a Plan with respect to which the Underwriters or any of their respective affiliates are Parties in Interest. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Plan fiduciary making the decision to acquire a Series 2022 Bond and the circumstances under which such decision is made. Included among these exemptions are those transactions regarding securities purchased during the existence of an underwriting, investments by insurance company pooled separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by "qualified professional asset managers," and transactions affected by certain "in-house asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA or Section 4975 of the Code will take place in connection with the acquisition of a Series 2022 Bond by or on behalf of a Plan, each prospective purchaser of a Series 2022 Bond that is a Plan or is acquiring on behalf of a Plan will be required to represent that either (i) no prohibited transactions under ERISA or Section 4975 of the Code will occur in connection with the acquisition of such Series 2022 Bond or (ii) the acquisition of such Series 2022 Bond is subject to a statutory or administrative exemption.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA and some church plans (as defined in Section 3(33) of ERISA) are not subject to ERISA requirements nor to Section 4975 of the Code. However, governmental plans and church plans that are "qualified" under Section 401(a) of the Code are subject to restrictions with respect to prohibited transactions under Section 503(a)(1)(B) of the Code, the sanction for violation being the loss of "qualified" status. Governmental plans may also be subject to state and local laws imposing restrictions on investments.

Any Plan fiduciary who proposes to cause a Plan to purchase Series 2022 Bonds should (i) consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and (ii) determine on its own whether all conditions have been satisfied. Moreover, each Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Series 2022 Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio, and whether such investment is authorized by the terms of such Plan.

VALIDATION

In 2005, the City, acting pursuant to the provisions of Section 860 *et seq*. of the California Code of Civil Procedure and Section 53511 *et seq.* of the California Government Code, filed a complaint in the Superior Court of the State of California for the County of Contra Costa seeking judicial validation of the Series 2005B Bonds and all Additional Bonds (which include the Series 2022 Bonds) and certain other matters, including the Indenture and swap agreements. On May 31, 2005, the court entered a default judgment to the effect that, among other things, the City's Series 2005 Bonds and all Additional Bonds (which include the Series 2022 Bonds) are valid, legal and binding obligations of the City not subject to the debt limitation provided in Article XVI, Section 18 of the State Constitution and that the City's Series 2005 Bonds and all Additional Bonds (which include the Series 2022 Bonds) are valid and in conformity with all applicable provisions of law. The Indenture was also the subject of the default judgment. The time period for the filing of appeals with respect to the judgment has expired. No appeals were filed and therefore, the judgment is final. In issuing its opinion as to the validity of the Series 2022 Bonds, Bond Counsel will rely upon the entry of the foregoing default judgment.

PENSION PLANS

The City contributes to CalPERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Courts have determined that cities are authorized to make payments in the event of a bankruptcy to satisfy their obligations under CalPERS prior to payment to due to bond owners. Additionally, the City administers three pension plans.

Additional information on the City's Retirement Program is described in more detail in "APPENDIX A INFORMATION REGARDING THE CITY OF RICHMOND - FINANCIAL OPERATIONS – Retirement Program." See also, "PLAN OF FINANCING" herein.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, interest on the Series 2022 Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2022 Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds.

The proposed form of opinion of Bond Counsel with respect to the Series 2022 Bonds to be delivered on the date of issuance of the Series 2022 Bonds is set forth in Appendix E.

Owners of the Series 2022 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2022 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2022 Bonds, the ownership, sale or disposition of the Series 2022 Bonds, or the amount, accrual or receipt of interest on the Series 2022 Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the City of the Series 2022 Bonds are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Best Best & Krieger LLP, Walnut Creek, California, is acting as Disclosure Counsel for the City. Certain legal matters will be passed upon for the City by Aleshire & Wynder, LLP, Los Angeles, California, as City Attorney and the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Series 2022 Bonds are contingent upon the issuance and delivery of the Series 2022 Bonds.

VERIFICATION AGENT

The Verification Agent, will examine the arithmetical accuracy of certain computations included in the schedules provided by the City relating to the defeasance of the Series 1999 Bonds and refunding of the Series 2005B Bonds. See "PLAN OF FINANCE." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners and beneficial owners of the Series 2022 Bonds to comply with the Rule and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide certain financial information and other operating data on an annual basis not later 60 days after the City normally receives its audited financial statements from its auditors in each year but in no event later than July 15 (commencing with the audited financial statements for the 2021-22 Fiscal Year), and information regarding certain listed events, if any such events should occur, to the owners of the Series 2022 Bonds and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, or any successor thereto, during the term of the Series 2022 Bonds. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

The City has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Series 2022 Bonds by not later than 270 days following the end of the Fiscal Year of the City (which currently would be June 30) commencing with the report for Fiscal Year 2021-22 (the "Annual Report"), and to provide notices of the occurrence of certain significant events. The Annual Report and notices of significant events will be filed by the Successor Agency or the Dissemination Agent, if any, through the EMMA site maintained by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of significant events is contained within APPENDIX E - "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

City staff undertakes continuing disclosure responsibilities for its bond issues, as well as for the bond issues of the Successor Agency of the Richmond Community Redevelopment Agency and City of Richmond Financing Authority. In the preceding five years, the City failed: (i) to associate the Fiscal Year 2015-16 and Fiscal Year 2018-19 operating and financial data that was due to be filed on March 27, 2017 and March 26, 2020, respectively, with the CUSIP numbers for the outstanding Redevelopment Agency Harbour Redevelopment Project Tax Allocation Refunding Bonds, 1998 Series A – Capital Appreciation Bonds (the "1998 Capital Appreciation Bonds") and (ii) to file the Fiscal Year 2016-17 summary of revenues and expenditures, and net revenues and coverage related to the City of Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A and Wastewater Revenue Refunding Bonds, Series 2017A (together, the "Wastewater Bonds") by the March 27, 2018 due date. Remedial filings were made on EMMA with respect to the 1998 Capital Appreciation Bonds on March 27, 2018 and December 22, 2020 and with respect to the Wastewater Bonds on May 21, 2018.

The City established procedures, including the appointment of Willdan Financial Services, as the Dissemination Agent, and adoption of a Debt Policy, including continuing disclosure procedures, intended to ensure compliance with the continuing disclosure undertakings by the City and by other entities under the jurisdiction of the Finance Department. In addition, the City designated its Treasury Division as the department responsible for monitoring and making the required filings.

MUNICIPAL ADVISOR

The City has retained the services of NHA Advisors, LLC, San Rafael, California, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Series 2022 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

FINANCIAL STATEMENTS OF THE CITY

The general purpose financial statements of the City, which are included in Appendix B to this Official Statement, have been audited by Badawi & Associates, CPAs, independent certified public accountants (the "Auditor"), as stated in their report appearing in Appendix B. The Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed the Auditor, with respect to any event subsequent to its report dated December 31, 2021.

ABSENCE OF LITIGATION

To the best knowledge of the City, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2022 Bonds or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

Although the City may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the City that any currently-pending or known threatened proceedings will not materially affect the City's finances or impair its ability to meet its obligations. For a discussion of certain matters that may result in significant financial obligations of the City, see "APPENDIX A - INFORMATION REGARDING THE CITY OF RICHMOND FINANCIAL OPERATIONS - Litigation."

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned the Series 2022 Bonds ratings of "___." Such rating reflects only the views of S&P and any explanation of the meaning and significance of such rating, including the methodology used and any outlook thereon, should be obtained from S&P furnishing the same, at the following addresses, which are current as of the date of this Official Statement: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The ratings are not a recommendation to buy, sell or hold the Series 2022 Bonds. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of the respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2022 Bonds.

UNDERWRITING

The Series 2022 Bonds are being purchased by Loop Capital Markets LLC and Hilltop Securities Inc. (collectively, the "Underwriters"). The Underwriters will purchase the Series 2022 Bonds from the City at an aggregate purchase price of $___________ (representing the principal amount of the Series 2022 Bonds and less $_________ of Underwriters' discount).

The Series 2022 Bonds are offered for sale at the initial prices stated on the inside cover page of this Official Statement, which may be changed from time to time by the Underwriters. The Series 2022 Bonds may be offered and sold to certain dealers at prices lower than the public offering prices.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Owners of any of the Series 2022 Bonds.

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

CITY OF RICHMOND

By: ____

City Manager

APPENDIX A

INFORMATION REGARDING THE CITY OF RICHMOND

The City of Richmond, California (the "City"), is located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the "County"), occupies 33.7 square miles of land area on a peninsula that separates the San Francisco Bay from San Pablo Bay, and spans 32 miles of shoreline. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. Redevelopment in the downtown and waterfront areas and commercial expansion in the City's Hilltop area, along the Interstate 80 and Interstate 580 corridors, and along the Richmond Parkway have added to the tax base of the City in recent years.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Introduction

The demographic and economic information provided below has been collected from sources that the City has determined to be reliable. Because it is difficult to obtain complete and timely regional economic and demographic information, the City's economic condition may not be fully apparent in all of the publicly available regional economic statistics provided herein.

Population

City residents account for approximately 10% of the population of the County. Table A-1 below shows the population of the City, the County, and the State according to the U.S. Census for the years 2010 and as estimated by the California Department of Finance for 2018 through 2022.

Table A-1
City, County and State Population Statistics
(As of January 1)

Year	City of Richmond	Contra Costa County	State of California
2010	103,764	1,047,948	37,253,956
2018	110,128	1,147,879	39,740,508
2019	110,436	1,155,897	39,927,315
2020	110,288	1,149,853	39,648,938
2021	114,643	1,161,324	39,303,157
2022	114,489	1,156,555	39,185,605

Sources: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 and 2021-2022.

Economy

Overview. The economy of the City includes oil refining operations, heavy and light manufacturing, distribution facilities, service industries, commercial centers, and a multi-terminal shipping port on San Francisco Bay. Richmond also serves as a government center for western portions of Contra Costa County.

The economy of the City has experienced growth in light industrial and high technology companies and new business parks that accommodate both light industrial and "office/flex" type commercial buildings. Growth in these sectors is adding diversity to the City's historically heavy industrial base. At the same time, major manufacturers continue to upgrade their facilities, making major investments in modernization and expansion.

The City is continuing its efforts to attract developers, builders, manufacturers and commercial activity to all areas of the City. Economic development program efforts are being expanded to increase private sector investment, job, and housing and recreational activities in the City.

Industrial Activity. Historically, the City has been viewed as an industrial and distribution center, largely due to the visible presence of a major oil refinery operated by Chevron USA Inc. ("Chevron") and the bulk liquid terminals in the Port of Richmond.

Impact of Chevron Refinery. Chevron operates a major oil refinery (the "Refinery") in the City and is the largest employer and taxpayer in the City. See "–Employment." Chevron also owns and operates a liquid bulk cargo facility at its terminal on San Francisco Bay.

Over the years, Chevron has had disputes with the City involving tax matters, including the applicability of certain taxes and such matters as assessed valuation for property tax purposes. Of current significance, the City is receiving annual payments of Utility Users Tax from Chevron in partial settlement of a dispute regarding Measure T, a business license tax imposed beginning in 2009. Payments from this settlement will decline in future years and terminate in Fiscal Year 2024-25. In addition, there has been environmental litigation among Chevron, the City, and other parties.

Despite announcing plans in July 2022 to relocate its corporate headquarters to Texas, Chevron is expected to continue to be a major property owner, taxpayer, and employer in the City and, as a result, a significant source of revenues to the City as well as a substantial part of the City's economy generally. Other disputes involving Chevron may arise from time to time in the future.

On July 29, 2014, the City Council approved certification of the final environmental impact report and applications submitted by Chevron Products Company for a Conditional Use Permit ("CUP") and Design Review Permit ("DRP"), as well as an Environmental and Community Investment Agreement (the "ECIA") to allow an approximately $1.0 billion replacement of the existing hydrogen plant, and various new equipment improvements designed to remove naturally occurring sulfur contained in feedstocks processed at the facility, including modifications to the Refinery's existing sulfur recovery units ("SRUs") (collectively, the "Chevron Modernization Project"). The equipment is designed to improve the ability of the Refinery to process higher-sulfur feedstocks, increase reliability, energy efficiency, and add environmental controls. Pursuant to the ECIA, Chevron will invest $80 million dollars in the City from Fiscal Year 2015-16 through Fiscal Year 2024-25 for community programs, including, but not limited to, competitive community grants, a scholarship program, community-based greenhouse gas reduction programs, and a photovoltaic solar farm. Chevron made initial payments to the City totaling $12 million between 2014 and 2015, of which $8 million was deposited into a dedicated fund for the "Richmond Promise," a college scholarship program established by the City Council for students graduating from public, charter, and private high schools located in the West Contra Costa Unified School District. In accordance with the ECIA, Chevron has contributed $56 million of the total required amount through December 2020. According to the terms of the ECIA, over the 10-year period ending June 30, 2025, the $80 million will be applied as follows: (i) $35 million will be used to fund "Richmond Promise," a scholarship program for high school graduates, (ii) $15 million will be spent on other community-based programs, and (iii) $30 million will be utilized for community-based greenhouse gas reduction programs. As part of the ECIA, Chevron also partnered with MCE, a nonprofit renewable energy provider, to construct Solar One, a 12 megawatt solar power generating facility, with an estimated value of $10 million.

On April 13, 2015, the Contra Costa County Superior Court lifted the injunction that had halted construction of the Chevron Modernization Project since 2009. The injunction had been granted due to lawsuits being filed arguing that the project could increase pollution and challenging the sufficiency of the environmental impact report. In addition, the Bay Area Air Quality Management District reissued the authority-to-construct permit for the modified project.

The field construction of the Chevron Modernization Project restarted in June 2016. A new hydrogen plant became operational on April 17, 2019, and completion of three SRU improvements followed on May 30, 2019, June 1, 2019, and September 3, 2019. Additionally, construction of the project design feature tank dome on the second of three tank domes required to be installed within three years of commencement of operations of the Chevron Modernization Project are complete, and Chevron is in the process of decommissioning and planning the demolition of the old hydrogen plant.

Remaining components of the Chevron Modernization Project include construction of the third and last tank dome, completion of a mitigation project for construction-related GHG emissions, demolition of the old hydrogen plant, construction work associated with placing new processing plants and equipment in service, and modifications for constructing and installing a final SRU and a fluid catalytic cracker feed hydrotreater.

High Technology and Biotechnology. "High-tech" light industrial firms, research and development companies, biotechnology, and business park developments are growing industrial sectors in the City. Biotechnology, medical instruments, and computer software in particular are emerging sectors in the City's economy.

A number of factors appear to be attracting the new high-tech firms to the City:

- The ongoing development and leasing of light industrial/business park property at Hilltop and in the Marina District along Richmond's South Shoreline and the Richmond Parkway;
- Availability of fairly extensive vacant or underutilized land areas zoned for industrial use;
- Relatively lower land costs than elsewhere in the Bay Area;
- Richmond's central location in western Contra Costa County and the greater Bay Area, within a short distance of San Francisco, Oakland, Marin County, and a relatively easy commute to the State's capitol, Sacramento;
- Proximity to the University of California at Berkeley ("UC Berkeley"), one of the major scientific universities and library systems in the world;
- Good access and transportation (two Interstate freeways Interstate 80 and Interstate 580 are located within the City, the Richmond Parkway, Amtrak, the Bay Area Rapid Transit District ("BART") System and AC Transit, as well as heavy rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond);
- Availability of affordable housing in a variety of neighborhoods, housing types and price ranges; and
- The Richmond Ferry connects the San Francisco Ferry Terminal and the newly constructed ferry terminal at Richmond's Ford Point. This new route takes 35 minutes.

Among the high tech companies located within the City is Dicon Fiberoptics ("Dicon"), a manufacturer of fiberoptic components, modules and test instruments. Dicon is located in an approximately 201,000 square foot corporate headquarters building, of which a portion is leased to the City to house the City's Police Department. An approximately 130,000 square foot research facility is located on an approximately 28-acre campus located in the Marina District of the City.

Biotechnology companies located in the City include Analytical Scientific Instruments (ASI), Bio-Rad, Ekso Bionics, Kaiser Laboratories, Sangamo Biosciences, and Transcept Pharmaceuticals.

- ASI, a manufacturer of medical equipment instruments and components, purchased a building within the City and relocated from neighboring El Sobrante. ASI brought 25 existing employees with them and expects to hire 10 additional employees.

- Bio-Rad, a manufacturer of products for life science research and clinical diagnostics, leases 116,250 square feet of space in Richmond's Pinole Point Business Park near Atlas Road on the Richmond Parkway.

- Ekso Bionics, originally named Berkeley Bionics, was founded in Berkeley, California in 2005. Ekso, a pioneer in exoskeleton bionic devices that enhance and augment strength mobility and endurance of people with lower extremity paralysis or weakness, relocated to the City in April 2012 with 80 employees. Since inception Ekso Bionics has forged partnerships with world-class institutions like UC Berkeley, received research grants from the Department of Defense, and licensed technology to the Lockheed Martin Corporation. Ekso Bionics occupies space in the 520,000 square foot Ford Building in the Marina District.

- Kaiser Laboratories handles more than 25,000 lab specimens daily in a 50,000 square foot facility located on Marina Way South in Richmond's Marina District.

- Sangamo Biosciences, a worldwide leader in the design and development of engineered zinc finger DNA-binding proteins for gene regulation and gene modification, is located in a 127,500 square foot facility in the Point Richmond area of the City.

Additionally, the State Department of Health Services operates a Public Health Laboratory in a state-of-of-the-art facility comprised of five buildings encompassing approximately 700,000 square feet in the Marina District.

Green Technology. Green-technology companies located in the City include Alion Energy, Inc., Heliodyne and SunPower Systems.

- Heliodyne, Inc., a manufacturer of solar water heating equipment, has been located in the City since 1976, and occupies 4,298 square feet in the Southern Gateway area of the City off of Interstate-580.

- SunPower Systems, an international leader in design and manufacturing and distributor of high efficiency solar electric technology, has been operating in the City since 2007. SunPower System occupies 175,000 square feet in the refurbished, historic 520,000 square foot Ford Point Building in the Marina District.

Future Development. Completion of the John T. Knox Freeway in the early 1990's (Interstate 580 extension from Interstate 80 at Albany to the Richmond/San Rafael Bridge) spurred new industrial and commercial development along the freeway corridor throughout the South Shoreline area of the City.

Richmond Bay Specific Plan. The City was awarded a Priority Development Area Planning Grant from the Metropolitan Transportation Commission and the Association of Bay Area Governments to develop a Specific Plan for an approximately 220-acre area located in the City. In December 2016, the City Council adopted the Richmond Bay Specific Plan (the "Plan") and certified an environmental impact report for the Plan. The Plan articulates a clear vision for the area as a series of distinct, walkable, mixed-use neighborhoods that can accommodate over 5.6 million square feet of research and development uses, 720,000 square feet of retail and services, over 4,000 housing units, and 84 acres of public and natural open space. The City Council approved a Development Agreement, EIR Addendum, and Vesting Tentative Map in December 2020for an approximately 90 acre site, that would include a minimum of 2,000-4,000 housing units and up to 50,000 square feet of retail space, of which approximately 20,000 square feet is planned for a grocery store use, and open spaces uses, including parks and trails.

Industrial Development. Development along the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (Interstate 580) and the Richmond San Rafael Bridge, opened a large tract of industrially zoned area in the northwest area of the City. Development in Fiscal Year 2019-20 includes (the projects listed below have been completed unless indicated otherwise):

- Chevron Modernization Project – a $1 billion project to modernize and replace the oldest processing equipment with safer modern technology. See "–Impact of Chevron Refinery."

- Hello Fresh, Inc. is located at 2041 Factory Street, and the building is approximately 108,784 SF with approx. 100 employees.

- Ex Steel Scape site – a 700,000 square foot distribution center is a 707,280 square foot distribution center located at 2995 Atlas Road. Amazon moved into the building in May 2020. It is estimated that 200 employees work at the site.

- Pinole Point Distribution Center is Point Pinole Distribution Center – a 643,000 square foot warehouse and distribution center that includes:

    - Whole Foods Market Distribution Center located at 6035 Giant Road is a 118,000 SF building. It is estimated that 100 employees work at this facility.

    - Williams Sonoma Distribution Warehouse, located at 6000 Giant Road, is approximately a 247,908 SF building. About 56 employees are employed at this location.

    - Restoration Hardware is no longer in Point Pinole Business Park.

    - Amazon occupies one of the Point Pinole distribution buildings at 6015 Giant Road, and the building is approx.247,900 SF and has an estimated 350 employees.

- Planned development includes Power Plant Park, approximately 147,000 square feet of rentable canopy space for cannabis cultivation to be constructed on an approximately 11-acre site on the Richmond North Shoreline. Phase 1 is expected to commence in September 2022.

<u>Residential and Commercial Development</u>.

As the economy continues to improve, the City anticipates that shoreline area of the City will be in stronger demand for residential and commercial development. As of June 2022, 795 residences are under construction, 281 units are entitled, and 767 units are under review. The above numbers do not account for the units anticipated in the Campus Bay and Point Molate Development Agreements, described below. In addition, approximately 417,500 square feet of industrial/commercial space is under construction, 557,000 square feet is entitled, and one hotel project has been approved. Below is a list of projects completed in Fiscal Year 2019-20, on-going, and entitled projects together with projects under review:

Project Description	**Status**
Residential	
12th Street and Macdonald Avenue mixed-use project – an eight-story, 347-unit development, of which 278 are market-rate units, and 69 are affordable low-income units, with approximately 56,000 square feet of commercial space	Under Review
Artisan Cove (Phase 3), 51 Live/Work Units and 13 Work Spaces	Construction complete

Project Description	Status
Brickyard Cove Residential - – a 94-unit project, of which 85 are market-rate units, and 9 are affordable moderate-income units	Under Review
Campus Bay Project – a minimum of 2,000 units and a maximum of 4,000 units, with approximately 50,000 square feet of commercial/retail space of which approximately 20,000 square feet is expected to be a grocery store	Approved
Central SB35 – a 388-unit development, of which 349 are market-rate units, and 39 are affordable very-low income units	Under review.
Cherry Blossom Row Residential Project (City Ventures) – 100 units townhome development with 10% moderate income units at Dali Lama and Colombia Avenue	Approved
Garrity Way Apartments – a 98 market rate unit condominium development	Approved
Hacienda Apartments - major rehabilitation of a 150-unit building, including construction of a new entry	Under Construction
Harbour View Senior Apartments – 80-unit affordable apartment development	Construction Complete
Hilltop Apartments – a 180 unit market rate/affordable apartment complex	Approved
Miraflores – an 80 unit affordable senior housing development	Construction Complete
Miraflores Residential Condominium Project – 190 for-sale condominium units of which 20% will be moderate income condominium units	Approved
Nevin Plaza Rehabilitation - major rehabilitation of a 150-unit senior and disabled affordable housing development	Approved
Nevin Plaza New Construction – 92-unit development, of which 90 are affordable low-income units, and 2 are market-rate units	Under Review
Nystrom Village – a 403-unit project, of which 303 are market-rate units, and 100 are affordable very-low-income units	Under Review
Point Molate Mixed Use Development – a 1,260-unit mixed use project, of which 1193 are market-rate units, and 67 are affordable moderate-income units	Approved
The Point – a 27 unit market rate townhome development.	Construction Complete
Quarry Residential Project – 76-unit detached single family residential project, of which 68 are market-rate units, and 8 are affordable moderate-income units	Under Review
Richmond Country Club Residential Development – 94-unit market-rate single-family detached development at Markovich Lane	Approved
Metrowalk Phase II, 400-500 rental units, 25%-30% of which will be affordable to moderate income households	Under Review
Shea Homes Waterline Project – a 60-unit luxury condominium development	Construction Complete
Supportive and Family Apartments (100 38th Street) – a 135-unit project, of which 95 are affordable very-low income units, 38 are affordable low-income units, and 2 are market-rate units	Under Review
Terminal One – a 316-unit market rate residential community on the Richmond shoreline comprised of 295 luxury condominium units and 21 single-family homes. This property is owned by the City and is under a contract for sale to a developer for a purchase price of $10 million, of which the developer has paid the City $500,000 in a non-refundable deposit	Approved
Terraces at Nevin Apartment Complex – a 271-unit affordable apartment development, with 268 affordable units	Construction Complete
TBV: Villas at Renaissance Apartments – a 105-unit affordable apartment complex, of which 98 are affordable low-income units, and 7 are affordable very-low-income units	Approved
Westridge Apartments Modernization and Expansion –rehabilitation of 401 affordable units and construction of 62 affordable units.	Construction Complete

Project Description	Status
Taylor Morrison (formerly William Lyons Homes NOMA) – a 193-unit market rate mixed use live/work and townhome development at Marina Way South and Wright Avenue	Construction Complete
Commercial	
912 Harbour Way South Industrial Project – a 182,000 square foot warehouse/ distribution space.	Construction Complete
3190 Klose Way – a 7,000 square foot speculative retail building.	Approved
Hilltop Charter School – 6th – 12th grade Charter School. 2 classroom buildings totaling 61,147 square feet with a 12,081 square foot gym.	Construction Complete
Home2Suites Hotel – a four-story, 104-room hotel	Approved
Life Long Medical Facility – a 33,742 square foot medical office.	Construction Complete
Lumber Barron – a 32,000 square foot light industrial warehouse.	Construction Complete
Making Waves Academy Expansion – Renovation of three existing classroom buildings, and construction of three new classroom buildings, two new gymnasiums, outdoor student space, associated parking and infrastructure improvements on six adjacent/nearby parcels. Phases 1 and 2, consisting of the renovation of three classroom buildings, construction of three additional classroom buildings and a gymnasium, and related site work are complete. Phase 3, consisting of construction of a second gymnasium, an outdoor track, and related site work	Construction Complete
Parkway Commerce Center – an approximately 110,000 square foot warehouse.	Approved
Point Pinole Business Park, Phase III – a 162,000 square foot speculation warehouse building.	Construction Complete
Canal Blvd Warehouse & Office – a 144,802 square feet warehouse building with 9,000 SF of office space	Approved
Mini-storage at Chesley – 250,000 SF mini-storage facility, including a 98,000 SF 3 story-building, and 10 one-story nonconditioned mini-storage buildings totaling 152,000 SF	Approved

Employment

Table A-2 provides a listing of principal employers located in the City, as of Fiscal Year 2021-22.

Table A-2
Principal Employers in the City
Fiscal Year 2021-22

Employer Name	Product/Service	Estimated Number of Employees
Chevron Refinery Facility	Oil Refiner/Research	3,264
West Contra Costa Unified School District	Education	1,658
Kaiser Foundation Hospitals	Healthcare Services	1,596
United Parcel Service	Postal Services	1,332
Social Security Administration	Governmental Services	1,259
Amazon.com Services	Warehouse	1,055
The Permanente Medical Group	Healthcare Services	1,051
U.S. Postal Service	Governmental Services	1,047
Richmond	Governmental Services	860
Contra Costa County	Governmental Services	844

Source: California Municipal Statistics, Inc.

The following Table A-3 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2018 through 2021 (the most recent annual data available). The State Employment Development Department data for May 2022 (preliminary) indicates that the unemployment rate (not seasonally adjusted) for the City was 3.80%.

Table A-3
Civilian Labor Force, Employment and Unemployment
Annual Average for Calendar Years 2018 through 2022
(Not Seasonally Adjusted)

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2022[(1)]				
City	51,700	49,800	2,000	3.800%
County	n/a	n/a	n/a	n/a
State	19,304,200	19,304,200	835,100	4.300
United States	16,409,000	158,458,000	5,952,000	3.600
2021[(2)]				
City	51,200	46,100	5,000	9.900
County	542,400	507,900	34,500	6.400
State	18,923,200	17,541,900	1,381,200	7.300
United States				
2020[(2)]				
City	52,900	51,000	1,900	3.600
County	545,500	495,900	49,600	9.100
State	18,931,100	16,996,700	1,934,500	10.200
United States				
2019[(2)]				
City	52,900	50,600	2,300	4.300
County	560,700	543,100	17,600	3.100
State	19,409,400	18,612,600	796,800	4.100
United States				
2018[(2)]				
City	52,900	51,000	2,000	3.700
County	560,900	542,800	18,100	3.200
State	19,281,000	18,460,400	820,700	4.300
United States	162,075,000	155,761,000	6,314,000	3.900

(1) Preliminary.
(2) Revised.
Sources: State of California Employment Development and Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Personal Income

General. The United States Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Minimum Wage Ordinance. In 2014, the City adopted a Minimum Wage Ordinance requiring that beginning January 1, 2015 (subject to certain exceptions), employees working within the geographic boundaries of the City be paid an hourly rate equal to $9.60, subject to a reduction equal to $1.50 per hour if the employer pays at least that amount per hour per employee towards an employee medical benefit plan. Thereafter, the minimum wage within the City increased each January 1 until reaching $13.00 per hour effective January 1, 2018. Beginning January 1, 2019, and each year thereafter, the City Minimum Wage will increase by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose, California Metropolitan Statistical Area, or any successor index published by the U.S. Department of Labor or its successor agency. As of January 1, 2022, the minimum wage in the City is $15.54 per hour**.**

Table A-4 presents the latest available total personal income and per capita personal income for the City, the County, the State and the United States for the calendar years 2016 through 2020 (the most current annual data available).

Table A-4
City of Richmond, Contra Costa County, State of California and United States
Total Personal Income
Calendar Years 2016 Through 2020†

Year and Area	Total Personal Income (millions of dollars)	Per Capita Personal Income (dollars)
2020†		
City	$ 3,416,146	$31,019
County	106,318	92,264
State	2,763,311	70,192
United States	19,607,447	59,510
2019		
City	$ 3,240,034	$29,132
County	97,550	84,614
State	2,544,234	64,513
United States	18,402,004	56,047
2018		
City	$ 3,027,471	$27,413
County	91,653	79,641
State	2,431,821	61,663
United States	17,681,159	54,098
2017		
City	$ 2,920	$26,124
County	87,810	76,527
State	2,364,129	60,004
United States	16,820,250	51,640
2016		
City	$ 2,797	$25,024
County	82,204	72,195
State	2,259,414	57,625
United States	16,115,630	49,831

† Most current annual data available.
Sources: U.S. Department of Commerce, Bureau of Economic Analysis and City of Richmond Annual Comprehensive Financial Report for Fiscal Year 2020-21.

Construction Activity

Table A-5 sets forth a five-year summary of building permit valuations and new dwelling units within the City.

Table A-5
City of Richmond
Building Permit Valuations
Calendar Years 2017 through 2021
($ in 000's)
Residential

	Single Family		Multifamily		Value of Alterations	Total Residential	Nonresidential	Valuation
Year	**Units**	**Valuation**	**Units**	**Valuation**	**and Additions**	**Valuation**	**Valuation**	**Total†**
2017	62	$ 2,460	98	$21,658	$19,891	$ 44,009	$155,382	$199,391
2018	135	32,942	413	77,743	16,425	127,110	108,626	235,736
2019	55	2,307	34	636	28,668	31,611	65,373	96,984
2020	112	18,764	2	250	24,384	43,698	121,070	164,468
2021	93	12,385	169	39,300	33,778	85,463	141,520	226,983

† Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent
rounding.
Source: California Homebuilding Foundation/Construction Industry Research Board.

Transportation

The City is a central transportation hub in the Bay Area, offering convenient access throughout the region and well into central California. The City's port facilities, railroads and proximity to international airports are complemented by a network of freeways and public transportation services.

Freeways. Existing and new highways have made travel to and through the City more efficient and convenient. Interstate 80, which passes through the City, is a direct route to Oakland, San Francisco, Vallejo, Fairfield and Sacramento. Interstate 580 provides continuous freeway access from Richmond's South Shoreline area to East Bay communities and to Marin County and is stimulating new commercial, industrial and residential development along the City's South Shoreline. Similarly, completion of the Richmond Parkway through North Richmond in 1996 improves vehicular access between Marin and communities to the north and east on Interstate 80, while opening major tracts of land along the City's north shoreline for new development.

Port and Rail. The Port of Richmond (the "Port") is a deep water port and is the third largest in the State by annual tonnage. The Port is a public enterprise established by and administered as a department of the City. Revenues of the Port are not General Funds of the City. The Port handles more than 20.8 million metric tons of general, liquid and dry bulk commodities each year. In 2009, the Port executed an agreement with American Honda Company whereby Honda agreed to import a minimum annual guarantee of 145,000 units per year through the Port for 15 years.

The Port contains seven City-owned marine terminals leased to and operated by private lessors under lease contracts with the Port, five dry-docks, and 11 privately owned and operated terminals. Private terminals are responsible for almost 95% of the Port's annual tonnage. On-dock rail service is provided to many port terminals by the Burlington Northern Santa Fe ("BNSF") and the Union Pacific Southern Pacific railroads. The Port, together with the BNSF operations, serve as a highly developed international rail facility.

A widely varied assortment of cargo moves through the Port, although over 90% of the annual tonnage is in liquid bulk cargo, most of which is shipped through the Chevron Terminal. Principal liquid bulk cargos are petroleum and petroleum products, chemicals and petrochemicals, coconut oil and other vegetable oils, tallow and molasses. Dry bulk commodities include coal, gypsum, iron ore, cement, logs and various mineral products. Automobiles, agricultural vehicles, steel products, scrap metals, and other diversified break-bulk cargos are also a significant part of the traffic through the Port. The Port, like other ports throughout the State, has experienced a decrease in vessel traffic due to global supply chain issues.

Ferry Service. In March 2015, the San Francisco Bay Area Water Emergency Transportation Authority ("WETA") Board of Directors approved a Cooperative Agreement with the Contra Costa Transportation Authority (the "CCTA") and the City for the CCTA to provide an operating subsidy for proposed ferry service from the City to San Francisco. The 10-year agreement serves as the basis of future planning efforts to support and plan the Richmond ferry service. WETA approved funding to purchase two catamaran ferry vessels and construction of a Richmond Ferry Terminal on Richmond Bay Shoreline, including construction of an accessible gangway with a new ramping system, float and piles, a passenger shelter, the development and reconfiguration of a 362-space paved parking lot, and installation of a new ADA-compliant kayak launch ramp and improved shoreline access at Ford Point. Construction of the ferry terminal and improvements were completed and ferry service from Ford Point Ferry Terminal in the City to the San Francisco commenced on January 10, 2019.

Regional Airports. Oakland International Airport (approximately 18 miles from the City) and San Francisco International Airport (approximately 28 miles from the City) provide the City with worldwide passenger and freight service. In addition, Buchanan Field Airport, located in the City of Concord, in central Contra Costa County, is 25 miles to the east of the City, and Byron Airport, located in the unincorporated community of Byron in eastern Contra Costa County, each provide general aviation services.

Public Transit. The public is served by the San Francisco Bay Area Rapid Transit System ("BART") with a station conveniently located in downtown Richmond; AMTRAK passenger train service is available from a station adjacent to the Richmond BART station; and AC Transit offers local bus service within the City, to other East Bay communities and to San Francisco.

Utilities

Utility services to the City are supplied by the following:

Electric power:	Pacific Gas & Electric Co. ("PG&E") and MCE, formerly Marin Clean Energy ("MCE")
Natural gas:	PG&E
Telephone:	AT&T
Water:	East Bay Municipal Utility District ("EBMUD")
Sewer:	West Contra Costa Sanitary District, Richmond Municipal Sewer District, and Stege Sanitary District

Approximately 89% of the EBMUD water supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation). On May 24, 2022, the California State Water Resources Control Board announced emergency drought restrictions resulting from Governor Newsom's Executive Order N-7-22. The regulations are the latest in a series of attempts by the State to deal with the ongoing severe drought. The regulations cover two areas: a ban on irrigating non-functional turf and a requirement that urban water suppliers implement the Level 2 demand reduction actions in their water shortage contingency plan. On April 26, 2022, East Bay Municipal Utility District, the provider of water within the City, declared a state 2 emergency requesting customers to voluntarily reduce water usage by 10%. See "RISK FACTORS – Seismic, Topographic and Climatic Conditions - Drought."

On June 19, 2012, the City Council voted to join MCE (formerly Marin Clean Energy), a nonprofit energy provider that derives a minimum of 50% of its electricity from renewable sources.

Effective July 1, 2013, all City residents and businesses were automatically enrolled in the Green Light package offered by the Marin Clean Energy Community Choice Aggregation program unless they opted out of the program between April and June 2013. Although power is still being transmitted through existing PG&E lines, half of it comes from solar, wind, hydroelectric, and biogas (natural gas extracted from sewage systems or landfills rather than fossil fuels). City residents still receive their bills from PG&E. MCE also offers customers the option of enrolling in the Deep Green package, which supplies 100% of electricity from renewable sources at rate increase of approximately one cent per kilowatt hour.

Community Facilities

City residents have access to modern health care facilities. Within the City there is one general hospital, the Kaiser Hospital Facility, which is located in the downtown area, and several convalescent hospitals throughout the City. There are a variety of leisure, recreational, and cultural resources within the City, from boating, fishing and hiking, to live theater, golf, tennis, and team athletics. Four regional parks are on the shoreline: Point Pinole, George Miller Jr./John T. Knox, Ferry Point and Point Isabel. The City operates a public marina (775 boat berths at Marina Bay), four large community parks (Point Molate Beach Park, Hilltop Lakeshore Park, Nicholl Park, and Marina Park and Green), 25 neighborhood parks ranging in size from one to 22 acres, many play lots and mini parks, and seven community centers.

The City also operates a recreation center for disabled persons, a sports facility, two senior centers (Richmond Senior Center and Richmond Annex Senior Center), the Richmond Museum, the Richmond Municipal Auditorium, the Richmond Swim Center, the Richmond Plunge/Natatorium, Coach Randolph Pool, the Washington Fieldhouse, the Veterans Memorial Auditorium, and the Richmond Public Library. The Richmond Art Center, a privately funded arts organization, is partly supported by the City. Currently, 12 of the City's 13 recreation centers are operational.

There are also several private yacht harbors, golf and country clubs, and community theaters within the City.

East Bay Regional Park District ("EBRPD") maintains one regional park, four regional shorelines, and one regional preserve within Richmond. One additional parkland facility, the 214-acre Kennedy Grove Regional Recreation Area, is located in an unincorporated area of the County bordering on the City at the eastern end of El Sobrante Valley. The four regional shorelines presently owned and maintained by EBRPD represent a substantial portion of the City's shoreline. The regional shorelines and Wildcat Canyon Park are used not only by residents of the City but also by the general public within the Bay Area region.

In addition, approximately 35 miles of the planned 500-mile multi-purpose San Francisco Bay Trail encircling the San Francisco and San Pablo Bays are also located in the City.

Education

The City comprises a portion of the attendance area of the West Contra Costa Unified School District, which comprises 38 elementary schools (18 of which are located in the City), seven middle and junior high schools, and eight senior high schools (four of which are located in the City), three continuation and alternative high schools, and five charter schools, college preparatory and community day schools which had total K-12 enrollment of approximately 31,510 students for Fiscal Year 2021-22. In addition, several private schools operate in the City. Institutions of higher education located near the City, include UC Berkeley, Contra Costa College, Diablo Valley College, Los Medanos College, the California Maritime Academy, California State University –

East Bay, San Francisco State University, the University of San Francisco, the University of California at San Francisco, John F. Kennedy University, Saint Mary's College, Dominican University, and Golden Gate University.

FINANCIAL OPERATIONS

Financial Results

Financial Statements. The City prepares its audited financial statements and supporting schedules in compliance with Article IV, Section 1(b)3 of the City Charter, and the California Government Code Sections 25250 and 25253, and in accordance with generally accepted accounting principles ("GAAP") for local governments as established by the Governmental Accounting Standards Board ("GASB").

The City financial statements are included in the City's Annual Comprehensive Financial Report (an "ACFR"). The ACFR for Fiscal Year 2020-21 is included as Appendix B to this Official Statement. Readers of this Official Statement should review the Fiscal Year 2020-21 ACFR, and in particular the Independent Auditor's Report, and Management's Discussion and Analysis included therein. The Independent Auditor's Report dated December 31, 2021, describes, among other matters, the scope of the audit conducted and the auditor's responsibilities.

In the Fiscal Year 2020-21 ACFR, the auditor conducted an audit of all funds except Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC. As such, the Auditor did not have a basis for providing an audit opinion on the financial statements of the business-type activities, Richmond Housing Authority Enterprise Fund, and the aggregate discretely presented component units of the City. See, "–Disclaimer of Opinion.

However, the Auditor did state that all information with the respective financial position of the governmental activities, the General Fund, the Community Development and Loan Programs Special Revenue Fund, the Port of Richmond Enterprise Fund, the Municipal Sewer Enterprise Fund have been fairly reported in all material respects.

Additionally, the Auditor noted that the City Council had approved a number of interfund transfers. The purpose of the majority of the transfers is to move General Fund resources to provide an annual subsidy to the Cost Recovery Fund and other non-major governmental funds, as well fund debt service, pension costs and capital projects. The Auditor stated none of these transfers were unusual or non-recurring in nature, except for the transfer from General Fund to the Richmond Housing Authority Fund to write off interfund borrowings in the Authority Fund due to the Housing Authority's inability to repay, the Secured Pension Override Special Revenue Fund to the General Fund in the amount of $9,171,451 to fund current year pension contributions to the California Public Employees' Retirement System ("CalPERS"), which is included in transfers from Non-Major Governmental Funds, and the transfer from the General Fund to the Community Development and Loan Programs Special Revenue Fund related to the purchase of loans. See Note 4 in Appendix B. The interfund transfers write offs represent amounts determined in a report administrated by the U.S. Department of Housing and Urban Development and CVR Associates, Inc. to be uncollectable from years prior to Fiscal Year 2019-20. Additionally, see Note 4 in the Independent Auditor's Report contained in the Fiscal Year 2020-21 ACFR attached hereto as APPENDIX B for an explanation of the General Fund's unrestricted cash balance and certain outstanding interfund borrowings and write offs from the General Fund and other funds. See also Note 4 of the Fiscal Year 2020-21 ACFR for a description of such interfund borrowings from the General Fund and other funds. On October 26, 2021, the City Council authorized $3 million from surplus revenues to write off of the interfund transfers described above.

On June 29, 2021, as part of the budget process, staff initially estimated Fiscal Year 2020-21 would end with a surplus of $15.5 million. As the final numbers started to settle, the estimate increased to nearly $20.9 million as stated in the October 26, 2021 budget presentation. The $5.4 million increase in revenues over expenses is a combination of various items. On the revenue side, the main item is additional Transfer Tax received. The sale of three properties alone in the last quarter of Fiscal Year 2020-21 brought in nearly $5 million. On the expenditure side, the main reduction is the professional services expense category which was about $1 million less than the previous projection. The original forecast assumed the full amount of encumbrances would be expended, but when that did not happen, expenditures in this category reduced the forecasted amount. Toward the end of the City's annual fiscal audit for Fiscal Year 2020-21, it was determined that $10.4 million of the RHA receivable was uncollectable. Once that determination was made, the additional receivable of $4.3 million had to be written off. It is important to note that the RHA write-off issue came from the City's investments over numerous years to help support the maintenance and renovation of 783 public housing units, assist RHA in meeting obligations to program participants and HUD, and uplifting and supporting the health and safety of RHA's residents.

The funding for the additional $4.3 million write-off was approved by the City Council to come from the City's reserves on May 3, 2022 and has now been written off. As a result, only $2.1 million is available to increase the City's reserves.

Table A-6 presents the City's Audited General Fund Balance Sheets, including assets, liabilities, and fund equity for Fiscal Years 2016-17 through 2020-21.

Table A-6
City of Richmond
General Fund Balance Sheet
Audited Fiscal Years 2016-17 through 2020-21

Assets	2016-17	2017-18	2018-19	2019-20	2020-21
Assets:					
Cash and investments	$17,574,205	$15,413,405	$14,908,982	$20,202,116	$33,213,554[(1)]
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts, net	11,061,286	10,233,844	10,951,388	9,332,909	11,562,758
Interest	18,317	43,082	49,624	30,589	10,836
Grants	216,403	25,500	-	-	29,677
Loans	1,286,494	1,212,042	2,939,726	2,990,812	3,041,758
Due from other funds	119,44	–	-	-	5,732
Advances to other funds	14,199,676	16,133,282†	15,849,594	15,564,570	13,062,225
Prepaids, supplies and other assets	663,055	622,329	621,120	441,424	637,513
Total Assets	$45,138,878	$43,683,484	$45,320,434	$48,562,420	$61,564,053
Liabilities					
Accounts payable and accrued liabilities	$ 3,032,317	$ 2,834,949	$ 2,363,161	$ 3,343,646	$ 6,242,621[(2)]
Refundable deposits	104,464	585,645	150,898	185,305	215,438
Due to other funds	–	–	-	-	-
Unearned revenue	6,017,14	4,073,857	3,641,961	4,091,828	3,615,918
Note payable	-	-	-	-	-
Total Liabilities	$9,153,928	$ 7,494,451	$ 6,156,020	$ 7,620,779	$10,073,977
Deferred Inflows of Resources					
Unavailable revenue	$ 568,060	$ 558,110	$ 2,395,860	$ 2,295,410	$ 2,376,034
Fund Balances:					
Nonspendable	$15,697,680	$17,967,653	$17,170,714	$16,705,993	$14,399,738
Restricted	10,013	72,506	-	-	-
Committed	-	-	-	1,500,000	9,800,000
Assigned	-	-	63,180	113,349	2,436,475
Unassigned	19,709,197	17,590,764	19,534,660	20,326,889	22,477,829
TOTAL FUND BALANCES	$35,416,890	$35,630,923	$36,768,554	$38,646,231	$49,114,042
TOTAL LIABILITIES, DEFERRED RESOURCES AND FUND BALANCES	$45,138,878	$43,683,484	$45,320,434	$48,562,420	$61,564,053

(1) Increase over prior fiscal year due to multiple reasons, including but not limited to, (a) $9.5 million increase in cash receipts for documentary transfer tax as a result of the passage of Measure H in November 2018 and (b) $29 million increases in cash receipts over prior fiscal year due to increased sales tax, documentary transfer tax and lower than budgeted benefit expenses. See "-Major General Fund Revenue Sources."

(2) Increase due to combining of payroll liability fund with the General Fund for reporting purposes in Fiscal Year 2020-21.

Sources: The City of Richmond Audited Financial Statements for Fiscal Years ended June 30, 2017-2021.

Table A-7 presents the City's Audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2016-17 through 2020-21.

Table A-7
City of Richmond
Summary of General Fund Revenues, Expenditures, and Change in Fund Balance
Fiscal Years 2016-17 through 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues:					
Property taxes	$ 36,970,269	$ 38,961,021	$ 43,165,908	$ 44,142,773	$ 45,140,902
Sales taxes[1]	41,620,189	44,474,973	47,659,481	44,537,156	48,998,406
Utility user fees[2]	44,966,489	46,079,755	45,905,937	45,552,523	45,240,705
Other taxes	12,566,579	12,413,127	14,020,347	15,619,151	27,066,292[3]
Licenses, permits and fees	5,038,585	3,802,576	3,685,468	3,609,024	3,235,491
Fines, forfeitures and penalties	1,048,582	981,984	947,056	735,469	454,778
Use of money and property	73,408	189,599	276,021	220,435	107,022
Intergovernmental	4,056,470	1,102,944	672,361	1,111,926	803,692
Charges for services	7,264,336	7,823,287	7,712,400	6,706,446	6,730,499
Rent	836,221	849,640	985,141	890,779	699,301
Other	440,174	414,525	1,018,246	446,535	403,034
Total Revenues	$154,881,302	$157,093,431	$166,048,366	$163,572,217	$178,880,122
Expenditures:					
Current:					
General government	$ 25,516,856	$ 28,402,147	$ 27,034,194	$ 28,287,721	$ 30,245,217
Public safety	92,616,949	93,646,193	97,550,128	97,945,539	96,372,052
Public works	21,827,896	22,805,801	24,991,463	24,330,391	24,754,571
Cultural and recreational	10,091,329	10,734,162	11,673,222	10,825,978	9,087,406
Capital outlay	100,891	127,246	189,690	-	113,178
Debt Service					
Principal	790,346	814,494	1,272,667	876,283	910,082
Interest and fiscal charges	282,512	256,830	229,724	182,043	137,257
Total Expenditures	$151,226,779	$156,786,873	$162,941,088	$162,447,955	$161,619,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 3,654,523	$ 306,558	$ 3,107,278	$ 1,124,262	$ 17,260,359
Other Financing Sources (Uses):					
Bond issuance premium					
Proceeds of sale of property	$ 55,737	$ 39,226	$ 71,779	$ 82,036	$ 71,458
Transfers in	9,468,371	6,035,115	7,825,500	9,219,075	9,454,780
Transfers out	(7,159,136)	(6,166,866)	(9,866,926)	(8,547,696)	(16,318,786)
Total Other Financing Sources (Uses)	$ 2,364,972	$ (92,525)	$(1,969,647)	$ 753,415	$(6,792,548)
Net Change in Fund Balance	$ 6,019,495	$ 214,033	$ 1,137,631	$ 1,877,677	$10,467,811
Beginning Fund Balance	$29,397,395	$35,416,890	$35,630,923	$36,768,554	$38,646,231
Ending Fund Balance	$35,416,890	$35,630,923	$36,768,554	$38,646,231	$49,114,042

(1) Commencing April 1, 2015, the City began collecting a half-cent sales tax (Measure U) that was approved by voters. See "–Major General Fund Revenue Sources–*Sales and Use Taxes*–Measure U."

(2) Includes amounts paid by Chevron as Utility Users Tax and Measure T Tax Settlement payments. The final payment to be made by Chevron pursuant to the Measure T Settlement Agreement will be made in Fiscal Year 2024-25. See "–Major General Fund Revenue Sources–*Utility Users Tax*."

(3) Increase over prior fiscal due to $9.5 million increase in documentary transfer tax as a result of the passage of Measure H in November 2018. See "-Major General Fund Revenue Sources-Other Taxes."

Sources: The City of Richmond Audited Financial Statements for Fiscal Years ended June 30, 2017-2021.

City Budget

The Fiscal Year of the City begins on July 1 of a given year and ends on June 30 of the following year.

The City Council strives to adopt a budget prior to June 30 to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year, which amount cannot legally be exceeded except by subsequent amendment of the budget adopted by the City Council.

An operating budget is adopted each fiscal year for the General Fund and special revenue funds. Public hearings are conducted on the proposed budgets to review all appropriations and sources of funding. Capital projects are budgeted by the Mayor and City Council over the term of the individual projects. Since capital projects are not budgeted on an annual basis, they are not included in the budgetary data.

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. Budgeted amounts for the Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) – Budget and Actual that appears in the City's audited financial statements include budget amendments approved by the City Council.

Any amendment or transfer of appropriations between line items within the same department must be authorized by the Finance Director or his/her designee. Any amendment to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed with unanticipated revenues during the year must be approved by the City Council. A summary of adopted General Fund budgeted revenues and expenditures for Fiscal Years 2020-21 through 2022-23 is presented in Table A-8.

The City's budget performance is managed through the presentation of a mid-year budget review which includes a financial forecast for the Fiscal Year-end. A midyear budget review allows the City to determine if adjustments to revenue projections need to be completed, and whether planned expenditures should be modified.

Monthly, staff reviews all line items and compares actual results against budgeted expectations. At the mid-point of the Fiscal Year, staff conducts a detailed analysis to determine if the original budget is still viable, or if adjustments will be necessary. At December 31st, the expectation is that most budget categories will be at 50%, although this percentage may fluctuate based on timing of certain receipts and expenditures.

State Audit

California Government Code Section 8546.10 permits the California State Auditor ("State Auditor") to develop a high-risk local government agency audit program for the purpose of identifying, auditing, and issuing reports on any local government agency, including a city, county, special district, or other publicly created entity, that the State Auditor identifies as being high risk for the potential of waste, fraud, abuse or mismanagement, or that has major challenges associated with its economy, efficiency, or effectiveness.

The City was contacted by the State Auditor on April 4, 2022. According to the State Auditor, the City exhibits certain risk factors including reliance on one-time revenues, upcoming challenges relating to high pension costs, and financial issues at the Richmond Housing Authority. The audit is to determine whether the City should be identified as a high risk local agency and, if so, what actions should be taken to overcome its difficulties. If the City is designated as high risk as a result of the audit, then it must submit a corrective action plan and provide updates every six months regarding its progress in implementing the corrective action plan.

Financial Policies and Practices

Financial Policies. The current financial policies of the City are summarized below. The City is in compliance with each policy. Each financial policy is subject to annual review and revision. Copies of the policies referenced below can be obtained from the City's website.

Cash Reserve Policy. In Fiscal Year 2004-05, the City Council adopted a policy to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses and established a $10 million General Fund contingency reserve target.

The City Council adopted a cash reserve policy (the "Cash Reserve Policy") that requires that the City maintain year-end contingency reserve balances in the General Fund, including CalPERS savings reserves but excluding departmental carryover, equal to a determined percentage of the next Fiscal Year's budgeted General Fund expenditures. City Council approval is required before any withdrawals are made from the cash reserve, and the City Council has discretion to use the cash reserve only for emergencies and not for on-going expenses. The Cash Reserve Policy permits the cash reserve to be temporarily reduced in times of an emergency with approval by the City Council, but requires that the cash reserve be restored in accordance with a stabilization policy laying out the plans for restoration of the cash reserve, in order to allow the City to build up its capacity to handle future short-term economic downturns or emergencies without cutting services.

In connection with the adoption of the Fiscal Year 2018-19 budget, the Cash Reserve Policy was amended to increase the minimum reserve from 7% to 15% of budgeted General Fund expenditures plus net transfers out for the following Fiscal Year. The cash reserve is shown as a component of unassigned fund balance within the General Fund. For Fiscal Year 2022-23, the cash reserve was budgeted for $45,562,126 (approximately 22.1% of Fiscal Year 2021-22 Adopted General Fund Budget expenditures plus net transfers out). See "DEMOGRAPHIC AND ECONOMIC INFORMATION–Economy–Future Development– Residential and Commercial Development–Residential."

Debt Policy. The City maintains a debt management policy (the "Debt Policy") pertaining to its financings. The Debt Policy is intended to guide the Finance Department in its debt issuance and includes components such as the financing approval process, selection of the method of sale for various types of debt issues, general bond structuring parameters, selection of financing team members, permitted investments, on-going debt administration and post-issuance tax compliance procedures for tax-exempt bonds and Build America Bonds. The Debt Policy limits aggregate debt service payments funded from General Fund sources to no more than 10% of General Fund revenues and sets forth detailed debt management and refunding practices. Payments on bonds that are tied to a specified revenue stream other than General Fund sources are not subject to this 10% limit. In addition, the Debt Policy requires that no more than 20% of the City's outstanding debt portfolio be comprised of unhedged short-term variable rate issues. The Debt Policy was most recently reviewed and adopted by the City Council on July 11, 2022.

Grant Management Policy. The City maintains a policy to establish an overall framework for the use and management of grant resources (the "Grant Management Policy"). This policy provides that: (i) aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements; (ii) the City should only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant work scope and provide necessary matching requirements (both cash and in-kind matches); indirect costs of administering grant programs be recovered to the maximum extent feasible; operating departments will have the primary responsibility for seeking out grant opportunities, preparing the applications and managing grant thee programs after award; and (iii) operating departments develop a simple system for tracking grant funding availability in their functional areas. The Grant Management Policy was most recently reviewed and adopted by the City Council in 2020.

Investment Policy. The City maintains an investment policy (the "Investment Policy") which provides guidelines for the investment and management of pooled funds of the City, including the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, Trust & Agency, Redevelopment, and other Funds of the City (each as defined in the Investment Policy) that are accounted for in the City's Comprehensive Annual Financial Report. The Investment Policy establishes three criteria for selecting investment vehicles: safety, liquidity and yield. The Investment Policy states that an adequate percentage of the portfolio should be maintained in liquid short-term securities that can be converted to cash if necessary to meet disbursement requirements and that yield or "rate of return" on an investment should be a consideration only after the requirements of safety and liquidity are met. The Director of Finance is required to report monthly on the City's pooled and bond funds to the City Manager and City Council and to report quarterly on other investments, such as pension funds.

The Investment Policy prohibits investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, any security that could result in zero interest accrual if held to maturity, other than investments in authorized money market mutual funds, in companies involved in the manufacturing of tobacco and tobacco-related products, and in any funds in international financial instruments that benefitted from slavery.

The Investment Policy was most recently reviewed and approved by the City Council on January 11, 2022. A copy of the current Investment Policy is available on the City's website.

Swap Policy. The City is authorized under California Government Code Section 5922 to enter into interest rate swaps to reduce the amount and duration of rate, spread, or similar risk when used in combination with the issuance of bonds. The City maintains an interest rate swap policy (the "Swap Policy") regarding the utilization, execution, and management and related instruments. However, on April 20, 2021, the City adopted a debt policy which prohibits the use of interest rate swaps when issuing debt. As such, the SWAP policy relates only to interest rate swap agreements entered prior to April 20, 2021 and prohibits the City from that date forward from entering into swap agreements on currently held and future debt. The Policy does not prohibit the renegotiation of current swap agreement terms as long as the renegotiation does not involve entering into another swap agreement.

The Swap Policy was most recently reviewed and adopted by the City Council on January 18, 2022. A summary of the City's interest rate swap agreements as of July 1, 2022 is set forth in Table A-27.

OPEB Pension Benefits Funding Policy. The City's policy is to partially prefund the Other Post-Employment Benefits ("OPEB") paid pursuant to the City's participation in two plans, the City OPEB Plan administered through Public Agency Retirement System ("PARS") and Richmond Policy Officer's Association ("RPOA") administered by CalPERS by accumulating assets along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006. In July 2020, the City adopted an additional funding policy to place into two separate trusts established for the City's PARS and RPOA obligations respectively, an amount equal to half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. See "- Other Post-Employment Benefits" below. In July 2022, the City established a Section 115 trust to fund the City's Pension and OPEB liability. See "-Section 115 Trust below."

Capital Planning

Each year, the City adopts a five-year Capital Improvement Plan (a "CIP") containing a forecast of capital improvement needs and funds identified to meet those needs during the current Fiscal Year and the next four Fiscal Years. The CIP for Fiscal Years 2021-22 through 2025-26 identifies a total of approximately $180,002,259 million in capital projects. The CIP also identifies approximately $237,956,964 million of unfunded capital improvement projects, which may be undertaken if and when resources are identified. No General Fund borrowing for capital projects is expected. The CIP is available on the City's website at www.ci.richmond.ca.us. The information contained in the CIP is not incorporated by this reference.

Financial Practices

Five-Year Financial Forecast. On May 28, 2019, the City Council received a presentation from PFM Group Consulting, LLC on the five-year budget forecast model (the "Financial Forecast") for the General Fund for Fiscal Years 2019-20 through 2023-24 to serve as a planning tool for the long term sustainability of the City and its employees. The Financial Forecast is designed to create a long-range view for strategic decision making, align financial capacity with long-term service obligations, identify structural budget issues, understand the major drivers of revenues and expenditures, evaluate long-term impacts of current decisions, and analyze the fiscal impacts of varying scenarios. The Financial Forecast includes an analysis of projected revenues, expenditures (including wage benefits and retirement obligations), reserves, capital projects and debt policies, and a review of fiscal policies. The Financial Forecast identifies several significant issues relevant to the long-term financial planning of the City: rising salary and pension costs, the decline in Measure T Settlement Payments by Chevron (see "–Major General Fund Revenues Sources–Utility Users Tax–Business License Act Tax ("Measure T"), the costs of certain programs, and negative fund balances in other non-General Fund government funds.

The Financial Forecast indicates that the City will need to address its projected finances by carefully examining its General Fund expenses, including transfers to other funds, staffing levels, compensation, and benefit levels.

The City is taking appropriate actions in its Fiscal Year 2022-23 budget with respect to its financial planning to address the issues raised in the Financial Forecast.

Structural Balance Guideline. In connection with its budget preparations for Fiscal Year 2022-2023, the City Council on April 20, 2021, adopted Guiding Fiscal Policies, that included a section on Guiding Budgeting Policies. The guidelines provide direction to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses.

Dissolution of the Richmond Community Redevelopment Agency

Prior to 2012, local governments in California were permitted, under certain circumstances, to form redevelopment agencies, which had the power to, among other things, establish "project areas" in areas deemed blighted, from which the redevelopment agency was entitled to the incremental *ad valorem* property tax receipts resulting from increases in assessed valuation from the year of establishment. Redevelopment agencies could incur indebtedness payable from this "tax increment" including bonds and other obligations related to its redevelopment purposes, subject to certain restrictions. The City's redevelopment agency was known as the Richmond Community Redevelopment Agency (the "Former Agency") and operated several project areas and incurred indebtedness, including publicly-issued bonds.

Pursuant to State legislation enacted Parts 1.8 and 1.85 to the California Health and Safety Code in 2011 referred to generally as the "Dissolution Act," and upheld by California Supreme Court decision, redevelopment agencies were formally dissolved effective February 1, 2012. The general financial impact of redevelopment agency dissolution was to restore the flow of the tax increment portion of *ad valorem* property taxes to the applicable local government and all other taxing entities entitled thereto, except as necessary to pay, or otherwise undertake to completion, "enforceable obligations" of the redevelopment agency. Redevelopment agencies were no longer able to incur indebtedness, except with respect to enforceable obligations or to refund former redevelopment agency indebtedness.

The Dissolution Act permitted each applicable local government to establish a successor agency for the purpose of honoring enforceable obligations and to, if desired, to assume housing obligations of the firmer redevelopment agency. Each successor agency would assume the obligation of the former redevelopment agency. The City established itself as the successor agency to the Community Redevelopment Agency (known as the "Successor Agency to the Richmond Community Redevelopment Agency") and, as required by the Dissolution Act, appointed an oversight board to oversee these activities. While the City, as successor agency to the Former Agency, continues certain activities in former project areas, including housing obligations, it receives no significant tax increment other than that pledged to pay outstanding bonds of the Former Agency and with respect to certain housing obligations.

The City does not expect its administrative costs of serving as successor agency to the Former Agency to be significant and does not believe that any commitments of the Former Agency to community development projects or otherwise to have a negative impact of the City's finances.

The Successor Agency does not issue separate financial statements. Although a separate legal entity from the City, the financial results for the Successor Agency are reported as fiduciary funds in the ACFR of the City.

Pursuant to the Section 34183(a)(1)(B) of the California Health and Safety Code, the portion of property taxes attributable to a property tax rate approved by the voters to make payments in support of pension programs or capital projects and programs related to the State Water Project (as defined in the Dissolution Act), and levied in addition to the 1% *ad valorem* tax, are allocated to, and when collected are paid into the fund of that taxing entity, unless the amounts are pledged as security for any indebtedness obligation to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by a former redevelopment agency and needed for repayment thereof. In connection with the issuance of the Successor Agency to the Successor Agency issuance of its Refunding Bonds, Series 2014A (Tax Exempt), Refunding Bonds, Series 2014B (Taxable), Refunding Bonds, Series 2021A and Series 2021B, Pension Override Revenues generated in the former redevelopment project areas are included in the Redevelopment Property Tax Trust Fund ("RPTTF") and are available to the repayment of such bonds. In Fiscal Year 2021-22 the Successor Agency received approximately $5 million of the Pension Tax Override Revenues, which were deposited into the RPTTF and then released to the City. In 2021, the Successor Agency issued its refunding bonds and projected that tax increment (excluding the Pension Tax Override Revenues) received by the Successor Agency would exceed debt service in each fiscal year ranging from 3.2x in Fiscal Year ending 2023 to 24.3x in Fiscal Year 2037. The final maturity of the Successor Agency's 2014 bonds is in Fiscal Year 2026 and the final maturity of the 2021 bonds is in Fiscal Year 2037. Accordingly, the Successor Agency has not needed Pension Tax Override Revenues to meet its debt service obligations in Fiscal Year 2021-22 and the Successor Agency does not anticipate that the Pension Tax Override Revenues will be needed in futures years to pay debt service on any of its outstanding bonds.

The City is not aware of any disputes with the State Department of Finance or the oversight board regarding the activities of the Former Agency.

Adopted Budgets. Table A-8 presents the City's Adopted and Revised Operating Budgets and the Mid-Year Budget Review for Fiscal Years 2020-21 and 2021-22, and the Adopted Operating Budget for Fiscal Year 2022-23.

Table A-8
City of Richmond
Summary of Adopted Budgeted General Fund Revenues and Expenditures
For Fiscal Years 2020-21 through 2022-23

	Fiscal Year 2020-21			**Fiscal Year 2021-22**			**Fiscal Year 2022-23**
	Adopted Budget	**Revised**	**Mid-Year Review**	**Adopted Budget**	**Revised**	**Mid-Year Review**	**Adopted Budget**
Revenues:							
Property Tax	$ 43,928,806	$43,928,806	$136,600	$47,460,890	$47,460,890	$(2,227,329)	$46,056,962
Sales Tax	40,995,626	40,995,626	3,384,091	50,060,211	50,060,211	1,933,525	55,282,200
Utility User Tax	44,506,312	44,506,312	56,447	45,452,324	45,452,324	1,070,339	49,963,589
Other Taxes	13,704,709	13,704,709	7,407,247	18,269,102	18,269,102	2,684,241	21,638,449
Licenses, Permits, & Fees	6,479,388	6,479,388	(735,726)	11,806,326	11,806,326	(1,626,991)	11,129,402
Fines, Forfeitures & Penalties	831,966	831,966	(190,000)	550,000	550,000	(81,103)	475,275
Interest and Investment Income	236,079	236,079	-	236,079	236,079	-	236,079
Charges for Services	3,381,868	3,381,868	344,687	3,383,931	3,383,931	40,528	3,571,292
Other Revenues	196,496	196,496	250,800	158,977	158,977	1,314,950	187,500
Rental Income	952,123	962,123	(96,775)	733,206	733,206	14,062	874,506
State and Local Taxes	87,405	87,405	-	90,000	90,000	-	125,000
State Grant Revenue	378,328	378,328	72,192	160,000	160,000	27,878	175,000
Other Grant Revenue	167,856	167,856	-	153,569	153,569	-	253,569
Proceeds from Sale of Property	55,000	55,000	15,214	100,000	100,000	-	100,000
Loan/Bond Proceeds	-	-	-	-	-	36,400	-
Operating Transfers – In	-	-	-	9,856,182	9,856,182	348,042	16,563,424
Total Revenues	$155,901,962	$155,901,962	$10,644,777	$188,470,796	$188,470,796	$3,534,542	$206,632,248
Expenditures:							
Salaries & Wages	$67,343,551	$67,345,047	$2,340,234	$75,424,602	$75,429,983	$913,483	$78,761,868
Benefits	58,554,789	58,553,294	1,989,079	62,145,202	62,145,202	-	66,929,804
Professional Services	9,998,917	10,292,077	588,956	11,201,880	12,804,259	2,466,000	16,977,138
Other Operating	5,327,563	5,279,040	19,300	10,680,893	7,120,207	-	8,720,902
Utilities	4,548,320	4,447,563	11,000	4,565,743	4,565,737	473,948	5,399,957
Equipment & Contractual Services.	2,113,661	2,135,872	96,917	2,628,158	2,692,144	-	2,731,448
Provision for Insurance Loss	3,143	10,389	-	25,725	25,812	-	25,725
Cost Pool	13,274,926	13,274,926	-	14,130,436	14,130,436	325,000	15,277,766
Asset & Capital Outlay	480,468	480,406	130,755	1,602,890	1,604,223	-	2,422,136
Debt Service Expenditures	2,049,749	2,049,749	-	1,065,359	1,065,359	-	1,037,009
A87 Cost Plan Reimbursement	(3,516,104)	(3,516,104)	-	(3,516,104)	(3,516,104)	-	(3,531,610)
Grant Expenditures	40,000	46,725	-	2,500	82,500	-	2,500
Operating Transfers – Out	-	-	-	7,884,939	7,884,939	4,916,480	11,877,605
Total Expenditures	$160,198,984	$160,398,984	$ 5,176,241	$187,842,223	$186,034,698	$9,094,911	$206,632,248
Transfers In/(Out):							
Operating Transfers In	$ 9,258,229		$ 9,372	-	-	-	
Operating Transfers Out	4,961,206		1,117,107	-	-	-	
Net Transfers In/(Out)	$ 4,297,023		$(1,107,735)	-			
Operating Surplus (Deficit)	-	-	-	$ 628,573	$ 2,436,098	$ (5,560,369)	
Estimated Beginning Balance: July 1	$ 20,326,889	-	-	-	-	-	-
Estimated Ending Balance: June 30, 2021	$ 20,326,889		-	-	-	-	-

Source: City of Richmond, Finance Department.

Financial and Accounting Information

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles (GAAP) and the standards established by the Governmental Accounting Standards Board (GASB). On a quarterly basis, a report is prepared for the City Council which reviews fiscal performance to date against the budget and recommends any necessary changes. Combined financial statements are produced following the close of each fiscal year.

The City Council employs an independent certified public accountant, who, at such time or times as specified by the City Council, at least annually, and at such other times as they determine, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, the independent accountant submits a final audit and report to the City Council. The City's complete audited financial report for Fiscal Year 2020-21 is attached as APPENDIX B–"THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021," and is also available on the City's website. Neither the City's independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the projected financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Major General Fund Revenue Sources

Following is a discussion of the City's principal General Fund revenue sources: utility user taxes, sales and use taxes, property taxes, and other charges, taxes, licenses, permits, and fees. A summary of the audited major sources for Fiscal Years from 2016-17 through 2020-22 and estimated actuals for Fiscal Year 2021-22 is set forth below.

Table A-9
City of Richmond
Summary of Estimated Major General Fund Tax Revenues
Fiscal Years 2016-17 through 2021-22

	2017	2018	2019	2020	2021	2022[4]
Property Taxes	$36,970,268	$38,961,021	$43,165,907	$44,142,773	$45,140,902	$47,362,317
Sales Taxes	41,620,188	44,474,973	47,659,480	44,537,156	48,998,406	51,993,736
Utility User Fees[1]	44,966,488	46,079,755	45,905,936	45,552,523	45,240,705	46,522,663
Other Taxes[2]	12,566,579	12,413,128	14,020,347	15,619,151	27,066,292	25,372,968
Licenses, Permits and Fees[3]	7,782,744	7,361,045	6,933,038	6,770,038	5,908,125	11,070,023

(1) Includes utility user tax on electricity, gas, cable tv, telecommunications, UUT tax settlement, and maximum cap amount.
(2) Includes documentary transfer tax, hotel tax, and franchise fees
(3) Includes business license taxes, fire department permits, community services program fees, and Police department fees.
(4) Estimated actuals.
Source: City of Richmond.

Property Taxes

Pursuant to Proposition 13, the City is entitled to levy its base 1% of the assessed value of all taxable property within the City. Additionally, pursuant to a voter-approved Pension Tax Override, the City is entitled to levy 0.14% of the assessed value of all taxable property within the City solely to fund pre-1978 pension benefits.

County Property Tax Collection Process and Assessed Valuation. The City uses the facilities of the County for the assessment and collection of property related taxes for City purposes. The assessed valuation of property is established by the County Assessor and reported at 100% of the full cash value as of January 1, except for public utility property, which is assessed by the State Board of Equalization. City property related taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes.

The County levies and collects the *ad valorem* property taxes. Taxes arising from the 1% Proposition 13 levy are apportioned among local taxing agencies on the basis of a formula established by State law in 1979. Under this formula, the City receives a base year allocation plus an allocation on the basis of growth in assessed value (consisting of new construction, change of ownership and inflation). Taxes relating to voter-approved indebtedness and voter approved pension costs are levied by the County and allocated to the relevant taxing agency. Beginning in Fiscal Year 1990-91 (with the adoption of State legislation), the County has deducted the pro-rata cost of collecting property taxes from the City's allocation.

The California Community Redevelopment Law authorized redevelopment agencies to receive the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, the other local taxing authorities realized tax revenues from such properties only on the base-year valuations, which were frozen at the time a redevelopment project area was created. The tax revenues which resulted from increases in assessed valuations flowed to the redevelopment areas. The Dissolution Act and dissolved all redevelopment agencies, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of those dissolved redevelopment agencies and to administer the dissolution and wind down of the dissolved redevelopment agencies. See "–Dissolution of the Richmond Community Redevelopment Agency."

All property tax revenues that would have been allocated to redevelopment agencies, including the Former Agency, are allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the "successor agency" to pay indebtedness and other "enforceable obligations" (as defined in the Dissolution Act) and certain administrative costs. Any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies.

As discussed under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A," pursuant to Article XIII A of the California Constitution, annual increases in property valuations by the County Assessor are limited to a maximum of 2% unless properties are improved or sold. Transferred properties and improvements are assessed at 100% of full cash value. Therefore, the County tax rolls do not reflect property values uniformly proportional to market values.

In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in market value. A decline in assessed value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1. Additionally, large property tax payers, as a matter of regular business practice, will appeal the assessed value of real property.

"Secured" property is real property which in the opinion of the County Assessor can serve as a lien to secure payment of taxes. "Utility" property is any property of a public utility which is assessed by the State Board of Equalization rather than the County Assessor, and which is also "secured" property.

The table below summarizes the assessed valuation of taxable property in the City for Fiscal Years 2017-18 through 2021-22. Table A-10 reflects the assessed valuation as determined by the County Assessor as of July 1 of each Fiscal Year, which value determines the property tax revenues of the City as reported for that Fiscal Year.

Table A-10
City of Richmond, California
Assessed Valuation of Taxable Property
Fiscal Years 2018-19 through 2022-23
(As of July 1)
(In Thousands)

	Local Secured	Utility	Unsecured	Total
2017-18	$13,176,583,825	$5,164,386	$ 994,374,563	$14,176,122,774
2018-19	14,280,416,383	4,544,484	1,043,273,227	15,328,234,094
2019-20	14,725,918,439	4,529,337	1,058,130,117	15,788,577,893
2020-21	15,382,739,011	4,471,704	1,075,562,973	16,462,773,688
2021-22	15,442,390,893	5,151,680	1,040,732,188	16,488,274,761

Sources: California Municipal Statistics.

Teeter Plan. The City is located within the County, who operates a "Teeter Plan" (defined below) with respect to property tax collection and disbursement procedures. Under this plan, a county can implement an alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Section 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan."

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within the county included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. A county then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While a county bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State when the Teeter Plan was enacted by the State Legislature in 1949.

The valuation of property is determined as of January 1 each year and equal installments of tax levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due May 15 and become delinquent August 31.

The County can elect to terminate its Teeter Plan for subsequent Fiscal Years, in which case the City would receive only the taxes and assessments actually collected and delinquent amounts when and if received. The County can also elect to terminate its Teeter Plan if more than 3% of the total tax levy is delinquent. The County has never terminated its Teeter Plan and has not informed the City of any plans to terminate its Teeter Plan.

The City receives its entire secured tax levy amount each year under the Teeter Plan. A history of tax levies and delinquencies for the last five Fiscal Years is shown in Table A-11.

Table A-11
City of Richmond
Secured Tax Levies and Delinquencies(1)
Fiscal Years 2016-17 through 2020-21

Fiscal Year Ended June 30	Total Current Fiscal Year Tax Levy(1)	Amount Delinquent as of June 30	Percent Current Levy Delinquent June 30
2016-17	$38,439,744.00	$264,287.00	0.69%
2017-18	39,902,627.00	242,530.00	0.61
2018-19	43,080,519.80	277,194.52	0.64
2019-20	44,251,629.56	361,643.66	0.82
2020-21	46,135,933.54	328,255.34	0.71

(1) All taxes collected by the County within the City.
Source: California Municipal Statistics, Inc.

Property Tax Receipts. The base 1% property tax receipts collected for the City by the County are set forth in Table A-12 below. In addition, pursuant to the voter-approved Pension Tax Override, the City is entitled to levy and collect 0.14% of the assessed value for all taxable property within the City to pay for pension costs. See "Pension Tax Override" below.

In preparing its annual budgets, the City forecasts property taxes based on each of the specific categories of receipts (secured and unsecured, current and delinquent receipts, supplemental, and State replacement funds). Prior to the Statewide dissolution of redevelopment agencies, current receipts were derived from the County Assessor's estimate of growth in assessed valuation, adjusted for estimates in growth for redevelopment project areas. Estimates of other property tax receipts are primarily based on historical collections.

Table A-12
City of Richmond
Property Tax Receipts(1)
Fiscal Years 2016-17 through 2020-21

	Property Tax		
Fiscal Year	Receipts	Percentage of Change	Percentage of General Fund Revenues(2)
2016-17	$36,970,269	0.0%	23.9%
2017-18	38,961,021	5.0	24.8
2018-19	43,165,908	10.8	26.0
2019-20	44,142,773	2.3	27.9
2020-21	45,140,902	2.3	25.2
2021-22	45,233,561	0.2	24.9

(1) Excludes *ad valorem* property tax override revenues available to pay certain pension obligations of the City. See "CITY DEBT SUMMARY–Outstanding Pension Obligations."
(2) Excludes transfers in.
Sources: The City of Richmond Audited Financial Statements for Fiscal Years, 2016-17 through 2020-21.

For Fiscal Year 2021-22, the City estimates that property tax receipts collected are approximately $45.2 million, representing an approximately 25% of estimated General Fund revenues (excluding transfers in).

Pension Tax Override Revenues. The City has levied and continues to levy an *ad valorem* property tax, at the rate of 0.14% of the assessed value of all taxable property within the City (of which the net to the City following deduction of County costs is approximately 0.12%), which is available solely to pay for the obligations of retirees and their eligible dependents who are part of the Police and Firemen's Pension Plan, the Garfield Plan, the General Pension Plan, as well as other pre-1978 benefits approved for general, safety, and miscellaneous employees enrolled in CalPERS (the "Pension Tax Override"). The Pension Tax Override was approved by the voters of the City prior to July 1, 1978. Pension Tax Override revenues, as received, are required to be deposited in the Secured Pension Override Special Revenue Fund. The Pension Tax Override revenues are not General Fund revenues of the City. The Pension Tax Override Revenues are pledged towards the payment of debt service on the Series 2022 Bonds and Additional Bonds up to the Applicable Percentage. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" and "APPENDIX D "THE INDENTURE AND FIRST SUPPLEMENT – Appendix N." The table below shows Pension Tax Override receipts for Fiscal Years 2017-18 through 2021-22.

Table A-13
City of Richmond
Pension Tax Override Receipts
Fiscal Years 2017-18 through 2021-22

	Pension Tax Override	
Fiscal Year	**Receipts**	**Percentage of Change**
2017-18	$20,498,648	-
2018-19	22,077,896	7.7%
2019-20	22,512,891	2.0
2020-21	23,476,839	4.3
2021-22[1]	23,193,619	-1.2

[1] Estimated actuals.
Source: The City of Richmond

Largest Taxpayers. Set forth in Table A-14 are the 10 largest secured taxpayers in the City for Fiscal Year 2020-21, based on net assessed valuations within the City.

Table A-14
City of Richmond
Largest Property Taxpayers
Fiscal Year 2020-21
($ in 000's)

		2020-2021		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Chevron USA Inc.	Industrial	$ 3,489,775	1	21.32%
Guardian KW Hilltop LLC	Residential	209,287	2	1.28
Kaiser Foundation Hospitals	Industrial	91,884	3	0.56
LIPT Giant Road Inc.	Industrial	89,226	4	0.55
Richmond Essex, LP	Residential	81,861	5	0.50
Centerpoint Properties Trust	Industrial	56,312	6	0.34
Pacific Atlantic Terminals LLC	Industrial	54,639	7	0.33
Phillips 66 Company	Industrial	51,218	8	0.31
2930 Technology Court LLC	Institutional	50,870	9	0.31
KM Phoenix Holdings LLC	Industrial	50,412	10	0.31
Subtotal		$ 4,225,484		25.81%
Total Net Assessed Valuation: Fiscal Year 2020-2021		$16,371,402		

Source: The City of Richmond Audited Financial Statements for Fiscal Year ended June 30, 2021.

There can be no assurance any large property owner will not relocate outside of the City or file property tax appeals in the future which could significantly reduce the amount of property tax revenues available to the City. Certain of these taxpayers may own property located in one or more redevelopment areas of the City and the full amount of property taxes paid on such parcels may not contribute to the City's General Fund.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the County Assessment Appeals Board (the "Appeals Board") for a hearing and resolution. Hearings on appeals generally are expected to occur within two years of the filing date, although waivers and extensions are available. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Property tax assessment appeals were filed by Chevron for the years 2004 through 2012 challenging the assessed value of its refinery. Chevron disagreed with the determinations by the Appeals Board and filed three separate actions in Contra Costa Superior Court.

In Fiscal Year 2013-14, although assessed valuation Countywide increased approximately 3.5% ($4.87 billion), the assessed valuation within the City decreased by approximately 14.6% ($1.9 billion), most of which (approximately $1.1 billion or approximately 60%) was attributable to the removal from the roll of a parcel owned by Chevron that was assessed twice and the temporary reduction in assessed value of the Refinery facilities (described below) following a fire that occurred on August 6, 2012.

Sales and Use Taxes.

General. The sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The use tax is an excise tax imposed on a person for the storage, use or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes (collectively, "Sales Tax") imposed within the boundaries of the City are distributed by the State to various agencies as shown below in Table A-15. The total Sales Tax rate for the City as of April 1, 2022 is 9.25% and is allocated in the table below.

Table A-15
City of Richmond
Composition of Sales Tax Rate
(As April 1, 2022)

Taxing Entity	Rate
State(1)	7.25%
Regional – San Francisco Bay Area Rapid Transit District	0.50
Regional – Contra Costa County Transportation Authority	0.50
Regional – Contra Costa County – Measure X(2)	0.50
Local – City of Richmond – Measure Q(3)	0.50
Local – City of Richmond – Measure U(4)	0.50
TOTAL	9.75%

(1) Includes 1.00% allocated to local government for discretionary use and 0.25% allocated to county transportation funds.
(2) The authorization to collect this tax was approved by a majority of County voters in November 2020 and Continues until repealed.
(3) See "-Measure Q" below.
(4) See "-Measure U" below.
Source: California State Board of Equalization.

Measure Q. At the November 2004 General Election a majority of the voters approved a ballot measure imposing a one-half cents increase in the Sales Tax to restore public services, such as police, fire, libraries, and parks; to provide adequately competitive salaries to city employees; and for other governmental purposes as determined from time to time by the City Council. Measure Q became effective on April 1, 2005 and there is no expiration date for Measure Q.

Measure U. At the November 2014 General Election, a majority of the voters approved a ballot measure imposing a one-half cent increase in the Sales Tax to maintain and enhance essential City services, such as public safety, public health and wellness programs and street paving Measure U became effective on April 1, 2015 and there is no expiration date for Measure U.

Table A-16 shows Sales Tax receipts, including vehicle license fees (the "VLF") and their respective percentage of General Fund revenues (excluding transfers in) from Fiscal Year 2017-18 through 2021-22.

Table A-16
City of Richmond
Sales Tax Receipts
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Sales Tax Receipts[1]	% Change	Percentage of General Fund Revenues[2]	GF Revenues Minus Op Transfer-In	
2017-18	$44,474,973	-	28.3%	-	
2018-19	47,659,481	7.160%	28.7	$166,077,293	Actual
2019-20[3]	44,537,156	-6.551	27.2	163,650,253	Actual
2020-21	48,998,406	10.017	27.4	178,949,877	Actual
2021-22[4]	51,993,736	6.113	28.6	181,976,114	Revised Budget

(1) Includes VLF as the City's financial management system and annual comprehensive financial report combine Sales Tax and VLF revenues.
(2) Excludes operating transfers in.
(3) Decline is attributable to reduction in sales due to COVID-19.
(4) Estimated actuals.
Sources: The City of Richmond Audited Financial Statements for Fiscal Years 2017-18 through Fiscal Year 2021-22; the City of Richmond.

For Fiscal Year 2021-22, the City estimates that sales tax receipts collected are approximately $51.9 million, representing an approximately 28.6% of estimated General Fund revenues (excluding transfers in).

Table A-17 sets forth a history of taxable sales for the City for calendar years 2017 through 2021 (the most recent annual data available).

Table A-17
City of Richmond
Taxable Sales
($ in thousands)[1]

	2017	2018	2019	2020	2021[2]
Motor Vehicle and Parts Dealers	$ 307,788	$ 274,929	$ 273,230	$ 237,175	$ 271,886
Home Furnishings and Appliance Stores	19,648	37,773	27,803	18,727	20,564
Building and Material and Garden Equipment and Supplies Dealers	81,334	84,094	87,283	89,296	94,138
Food and Beverage Stores	42,687	46,132	49,677	50,421	49,928
Gasoline Stations	242,862	282,776	240,497	133,391	169,424
Clothing and Clothing Accessories Stores	33,366	33,059	31,633	15,279	25,622
General Merchandise Stores	211,241	266,163	270,491	247,263	268,511
Food Services and Drinking Places	86,982	89,319	93,858	69,137	83,518
Other Retail Group	52,671	59,630	626,886	72,006	100,102
SUBTOTAL RETAIL AND FOOD STORES	$1,078,579	$1,173,878	$1,137,164	$ 932,700	$1,083,696
All Other Outlets	318,752	400,436	339,151	341,112	344,556
TOTAL ALL OUTLETS	$1,397,331	$1,574,314	$1,476,315	$1,273,812	$1,428,253

(1) Columns may not add due to rounding.
(2) Most recent annual data available.
Source: California Department of Tax and Fee Administration ("CDTFA"). CDTFA reports taxable sales on a calendar year basis.

The City receives revenue from the State consisting of the VLF and property tax in lieu of VLF (also known as the "VLF Backfill"). The City receives additional property tax to replace VLF revenue that were reduced when the State repealed the State general fund backfill for the reduction in the VLF. For the last five Fiscal Years, this source of revenue.

Utility Users Tax

General. The City collects a tax (the "Utility Users Tax") from utility users within the City's boundaries. Such users are charged a tax based on a percentage of the total bill. A tax equal to 10% is charged for electricity and gas services; 9.5% for telecommunications services, including wired and wireless phone services and text messages; 9.0% for prepaid wireless services; and 5% for video and cable television services. The tax is not applicable to State, County, or City agencies, insurance companies or banks. The Richmond Municipal Code Section 13.52.100 provides that any electric service user may annually elect to pay a maximum Utility Users Tax (the "Maximum UUT") that is calculated as the base amount of $1,148,137.54 for each percent of tax imposed for any tax year, which base amount is then adjusted annually by that percentage which is 90% of the total percentage of change in the United States Department of Labor, Bureau of Labor Statistics' Gas (piped) and Electric Consumer Price Index For All Consumers Urban for the San Francisco/Oakland/San Jose Area calculated on the basis of the two consecutive and most recently completed years for which data is available from the United States Department of Labor. In order to elect to pay the Maximum UUT, a user of the electric service must enter into an agreement with the City Tax Administrator prior to the commencement of the tax year to pay the maximum tax liability directly to the City during the tax year. No portion of the Maximum UUT is refundable in the event the service user subsequently determines that its tax liability under this chapter would have been less than the Maximum UUT calculated as described above. In Fiscal Year 2021-22, the UUT, along with Measure T settlement payments as described below, are estimated to constitute approximately 25.57% of General Fund revenues (excluding transfers in).

Chevron. The Utility Users Tax includes amounts paid by Chevron pursuant to two separate revenue streams related to the Chevron Refinery: (i) Utility Users Tax payments (described above), and (ii) scheduled settlement payments in connection with the Measure T Tax Settlement Agreement. See "*–Business License Act Tax ("Measure T")*." These two Chevron-related revenue streams account for more than 65% of the Utility Users Tax as a whole.

Business License Act Tax ("Measure T"). On November 4, 2008, the voters of the City approved Measure T imposing a tax on manufacturing businesses effective January 1, 2009 in an amount equal to the greater of: (i) the tax that would be paid by other general businesses, which is primarily based on the number of employees; or (ii) a flat fee equal to 0.25% of the value of the raw materials used in the manufacturing process.

Chevron filed suit in Contra Costa Superior Court (*Chevron v. City of Richmond*) alleging that Measure T violated: (i) the commerce clause of the U.S. Constitution and parallel principles in the State Constitution by being not fairly related to the services provided by the City, by burdening commerce and by other means, (ii) State laws that ban taxes on business inventory, and (iii) State regulations on local sales and use taxes. The City continued to collect the tax and held such amounts in reserve pending resolution of the litigation.

Following a trial in which the court invalidated Measure T as a violation of the commerce clause and the Bradley Burns Act (which allows local governments to collect a 1% sales tax), in December 2009, the City was ordered to refund the taxes Chevron paid under Measure T and pay $1.2 million in prejudgment interest. In February 2010, the City refunded the taxes collected in the amount of $20.9 million but did not pay the prejudgment interest. On March 9, 2010, the City filed an appeal.

On May 11, 2010, the City Council approved execution of a settlement agreement (the "Measure T Settlement Agreement") with Chevron to resolve the remaining Measure T issues and other outstanding matters that requires: (i) the City to dismiss its appeal of the trial court decision invalidating Measure T, and (ii) Chevron to: (a) waive the Measure T prejudgment interest; (b) agree not to submit a proposed initiative that would amend the Utility Users Tax; (c) agree to pay to the City a total of $114 million over 15 years ($10 million in each of Fiscal Years 2010-11 and 2011-12; $13 million in each of Fiscal Year 2012-13 through 2014-15; $7 million in each of Fiscal Year 2015-16 through 2018-19, and $4 million in each of Fiscal Year 2020-21 through 2024-25) in addition to its liability to pay Utility Users Tax; (d) continue to make the payments under the Measure T Settlement Agreement if a new tax measure is enacted by the voters during the term of the settlement agreement that would otherwise increase Chevron's tax liability; and (e) affirm its Community Benefits Agreement obligations with respect to support for providing fence line air quality monitoring and collection and Greenprint transportation funding in the amount of $2 million payable in three equal installments commencing July 1, 2010, in connection with the court invalidating the approval by the City of the Chevron Hydrogen Renewal Project. In the event that a force of nature substantially destroys the Chevron refinery, the Measure T Settlement Agreement will terminate. Upon the sale of the refinery, either the City or Chevron could elect to terminate the Measure T Settlement Agreement. Chevron has timely made all payments to date.

Business Tax (Measure U).

On November 3, 2020, voters within the City approved changes to the business tax calculation methodology set forth in Measure T to be based on gross receipts in the City of Richmond instead of the methodology set forth in Measure T. Measure U, *which is separate and distinct from the City's Measure U half cent sales ta*x, became effective on January 1, 2022. Businesses that are issued a new business license or renew a business license on or after January 1, 2022 will be subject the business tax pursuant to Measure U and will no longer be subject to the payment of the Measure T business tax. The new model calculates the business tax based on the amount of gross receipts (total amount of money received in connection with any sale) in the City by the business and then charges a specific percentage based on the type of business and the amount of revenue generated. The tax to businesses is based on a range from 0.075% to 1.395% of gross receipts. The new business tax rates under the Measure U became effective on January 1, 2022. From January 1, 2022 through June 30, 2022, the City has collected $7.4 million in revenues through the Measure U business tax.

Utility Users Tax Receipts and Settlements. Table A-18A shows Utility Users Tax, the Measure T Settlement receipts received from Chevron, and the respective aggregate percentage of General Fund revenues (excluding transfers in) from these sources from Fiscal Year 2017-18 through Fiscal Year 2021-22. Table A-18B shows the top 10 Utility Users Taxpayers in alphabetical order Fiscal Year 2021-22.

Table A-18A
City of Richmond
Utility Users Tax Receipts and Measure T Settlement
Fiscal Years 2017-18 through 2021-22

Fiscal Year	UUT Receipts	Measure T Settlements	Total	% Change	Percentage of General Fund Revenues†
2017-18	$39,079,755	$7,000,000	$46,079,755	2.48%	29.33%
2018-19	$38,905,936	$7,000,000	$45,905,936	-0.38%	27.64%
2019-20	$38,552,523	$7,000,000	$45,552,523	-0.77%	27.84%
2020-21	$41,240,705	$4,000,000	$45,240,705	-0.68%	25.28%
2021-22(1)	$42,522,663	$4,000,000	$46,522,663	2.83%	25.57%

† Excludes transfers in.
(1) Estimated actuals.
Sources: City of Richmond Finance Department.

For Fiscal Year 2021-22, the City estimates that utility user tax receipts and Measure T Settlement collected are approximately $46.5 million, representing an approximately 25.57% of estimated General Fund revenues (excluding transfers in).

Table A-18B
City of Richmond
Top Ten Utility Users Taxpayers
(Alphabetical Order)
Fiscal Year 2021-22

Taxpayer	Type of Business (A)
Chevron	Industrial
Comcast	Cable
Constellation New Energy	Utility
Direct Energy	Utility
GTE Mobilnet of California Ltd	Telecommunications
Marin Clean Energy	Utility
New Cingular Wireless	Telecommunications
Pacific Bell	Telecommunications
PG&E	Utility
T-Mobile	Telecommunications

Other Taxes**.** Other taxes consist primarily of the documentary transfer taxes; electricity, heat and power, garbage, gas, gas pipeline, and transfer station franchise fees; and transient occupancy taxes. The Fiscal Year 2021-22 Mid-Year Budget Review estimates that the City will collect approximately $21.0 million from these sources, representing approximately 10.9% of General Fund revenues (excluding transfers in).

See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 1A" in the front of this Official Statement.

Documentary Transfer Tax. In November 2018, the voters within the City passed Measure H which authorized the City to collect a tax (the "Documentary Transfer Tax") on all transfers by deeds, instruments, writings or any other document by which lands, tenements, or other interests in real property are sold. Measure H called for a new tiered calculation for the Documentary Transfer Tax. The tax rate goes up based on the sale price of the property. The rate of 0.70% did not change for sales under $1 million, but for sales from $1 million and above the rates changed accordingly:

Measure H				
Sale Price	$1 to $999,999	$1M to $2,999,999	$3M to $9,999,999	$10M and above
Amount per $1,000	$7.00	$12.50	$25.00	$30.00
Rate	0.70%	1.25%	2.50%	3.00%

Even before the new tiered system, the Documentary Transfer Tax was one of the most volatile of revenue streams for the City. A few sales can have a dramatic impact on the General Fund. In FY2017-18, before the new tiered rate structure was approved and put in place, the transfer tax collected totaled $6.5 million. In FY2018-19, with half a year a year of the rate structure, the tax collected went up to $8.0 million. In FY2019-20 it went up modestly to $8.7 million. Finally, in FY2020-21, due to a few very large sales it increased significantly to $19.9 million.

The City estimates that for Fiscal Year 2021-22 the City has collected approximately $18.3 million from this source, representing approximately 9.7% of General Fund revenues (excluding transfers in).

Charges for Services. This source of revenue represents amounts charged by City departments (primarily Fire and Police) and the Department of Infrastructure Maintenance and Operations for services provided to third parties. The City estimates that for Fiscal Year 2021-22 the City has collected approximately $3.4 million from this source, representing approximately 1.8% of General Fund revenues (excluding transfers in).

Licenses, Permits, and Fees. Other sources of City revenues include business license tax, fire department permits, community services program fees, and police department fees. The City estimates that for Fiscal Year 2021-22 the City has collected approximately $11.1 million from this source, representing approximately 5.9% of General Fund revenues (excluding transfers in).

Capital Planning

Each year, the City adopts a five-year Capital Improvement Plan (a "CIP") containing a forecast of capital improvement needs and funds identified to meet those needs during the current Fiscal Year and the next four Fiscal Years. The CIP for Fiscal Years 2021-22 through 2025-26 identifies a total of approximately $180,002,259 million in capital projects. The CIP also identifies approximately $237,956,964 million of unfunded capital improvement projects, which may be undertaken if and when resources are identified. Currently, no General Fund borrowing for capital projects is expected. The CIP is available on the City's website at www.ci.richmond.ca.us. The information contained in the CIP is not incorporated by this reference.

City Employees; Collective Bargaining

The following table shows the number of full time employees for Fiscal Years 2017-18 through 2021-22. For Fiscal Year 2022-23, the City has budgeted 7069 permanent, full-time equivalent positions. The City's current budget has budgeted for 140 vacant positions which the City intends to fill in Fiscal Year 2022-23. If the City fails to fill such positions, amounts budgeted for such positions will result in surplus revenues. The City has never experienced a work stoppage.

Table A-19
City of Richmond
Full-Time Equivalent Positions
Fiscal Years 2017-18 through 2021-22

Fiscal Year	FTE Positions
2017-18	722.7
2018-19	733.2
2019-20	669.5
2020-21	680.5
2021-22	706.1[(1)]

(1) Based on Mid-year Revised Budget for Fiscal Year 2021-22.
Source: City of Richmond.

The City's employees are currently represented by six collective bargaining units, as follows: Fire Fighters, Fire Management, General, Management, Police Management and Police Officers. Table A-20 summarizes the employees represented by labor organizations. These six organizations cover approximately 96.9% of all City employees.

Table A-20
City of Richmond
Summary of Labor Agreements

Employee Representation Organization[1]	Employee Members	Contract Expiration	Negotiated Changes to Future Compensation
Fire Fighters I.A.F.F., Local 188[2]	71	June 30, 2022	TBD
Fire Management, RFMA[2]	4	June 30, 2022	TBD
General (Part time), S.E.I.U. Local 1021	135	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
General (Full time), S.E.I.U. Local 1021	232	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Management, IFPTE Local 21	108	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Police Management Association[2]	10	December 31, 2022	TBD
Police Officers Association[2]	100	June 30, 2022	TBD
Executive Management	30	June 30, 2025	COLA increase: 5%- 01/01/2023 4%-01/01/2024 4%-01/01/2025
Total	690		

(1) As of January 1, 2017, all new hires became subject to PEPRA requirements. See "–Pension Plans–Pension Reform."
(2) In negotiation.
Source: City of Richmond, Human Resources Department.

Pension Plans

The City contributes to a multiple-employer defined benefit retirement plan ("PERF") administered by the California Public Employees' Retirement System ("CalPERS") as well as three separate City-administered, single-employer, defined-benefit pension plans, being the General Pension Plan, the Police and Firemen's Pension Plan and the Garfield Pension Plan. **CalPERS does not manage any of the three separate City-administered pension plans.** For information regarding the three City-administered plans, see *"–City Administered Pension Plans*."

California Public Employees' Retirement System. *The following information concerning CalPERS and PERF has been obtained from publicly available information on the CalPERS and State Treasurer websites. The City believes such information to be reliable, however the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

CalPERS does not prepare department specific information for its members. The following information related to the City includes costs for all City departments, including those funded by the General Fund.

The City contributes to PERF, a multiple-employer, public employee, defined benefit, pension plan. PERF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

The staff actuaries at CalPERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 12 months before the actuarial valuation is prepared (thus, the actuarial valuation as of June 30, 2020 (the "CalPERS 2020 Actuarial Valuation") was delivered to the City in July 2021). The actuarial valuation expresses the City's required contribution rates in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the CalPERS 2020 Actuarial Valuation, are effective for the City's Fiscal Year 2022-23). CalPERS rules require the City to implement the actuary's recommended rates.

Plan Descriptions. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees of the City hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% at age 55 Benefit Formula or the Safety Plan under the 3.0% at age 50 (Police) or 3.0% at age 55 (Fire) Benefit Formula. PEPRA is applicable to employees new to CalPERS and hired after December 31, 2012. Employees at the City hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% at age 62 Benefit Formula or the 2.7% at age 57 (Police and Fire) Benefit Formula.

The Plans' provisions and benefits in effect as of June 30, 2021, are summarized as follows:

	Miscellaneous	
Hire Date	**Prior to January 1, 2013**	**On or After January 1, 2013**
Benefit formula	2.7% @55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 – 67
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	13.42%	13.42%
Required UAL Contribution (FY 2021-22)	$10,090,307	

Hire Date	**Safety – Police Prior to January 1, 2013**	**Safety – Fire Prior to January 1, 2013**	**Safety – Police and Fire On or after January 1, 2013**
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50 – 55	50 – 57
Monthly benefits as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	2.4% to 3.0%	12.50%
Required employer contribution rates	22.447%	9.00%[1]	22.447%
Required UAL Contribution (FY 2021-22)		$14,418,684	

(1) Effective July 1, 2015, Safety (Police and Fire) employees hired prior to January 1, 2013 pay 3% of the employer's required contribution. Therefore, the required employer contribution rate is 19.447% and required employee contribution rate is 12%.

Beginning in Fiscal Year 2015-16, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans for Fiscal Year 2021-22 were $10,090,307 and $14,418,684, respectively, as noted in the table above.

Employees Covered. As of the June 30, 2019 actuarial valuation date and the June 30, 2020 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2019	**June 30, 2020**	**June 30, 2019**	**June 30, 2020**
Inactive employees or beneficiaries currently receiving benefits	958	976	517	532
Inactive employees entitled to but not yet receiving benefits	523	553	81	86
Active employees	459	428	243	232
Total	1,940	1,957	841	850

As of June 30, 2021, the City had 413 active employees in the Miscellaneous Plan and 220 active employees in the Safety Plan.

Contributions. The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined annually by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For Fiscal Years 2020-21 and 2021-22, the actuarially determined contributions for the Miscellaneous Plan were $14,612,575 and $13,942,560, respectively, and for the Safety Plan was $21,598,699 and $20,744,824, respectively, and are budgeted at $16,293,156 for the Miscellaneous Plan and $24,213,742 for the Safety Plan for Fiscal Year 2022-23. See "Table A-25 City of Richmond Actuarial Determined Contribution" below.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous[(1)]	**Safety**[(1)]
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality	Derived using CalPERS' membership data for all funds	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	Contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate. The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

For additional information regarding the CalPERS plans see APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 10 – Defined Benefits Pension Plans."

Changes in Net Pension Liability. The changes in the Net Pension Liability as of the June 30, 2020 Measurement Date for each Plan follows:

Table A-21
City of Richmond
Changes in the Net Pension Liability
Miscellaneous and Safety Plans
(CalPERS)

Miscellaneous Plan:		**Increase (Decrease)**	
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2019 Measurement Data	$ 504,296,912	$373,530,332	$130,766,580
Changes in the year:			
Service Cost	$ 7,529,439	-	$ 7,529,439
Interest on the total pension liability	34,974,846	-	34,974,846
Differences between actual and expected experience	(4,393,691)	-	34,974,846
Contribution – employer	-	13,778,755	(13,778,755)
Contribution – employees	-	2,749,990	(2,749,990)
Net investment income	-	18,237,576	(18,237,576)
Administrative expenses	-	(526,586)	526,586
Benefit payments, including refunds of employee contributions	(29,018,486)	(29,018,486)	-
Net changes	$ 9,092,108	$ 5,221,249	$ 3,870,859
Balance at June 30, 2020 Measurement Date	$ 513,389,020	$378,751,581	$134,637,439

Safety Plan:		**Increase(Decrease)**	
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2019 Measurement Date	$ 676,597,009	$469,826,178	$206,770,831
Changes in year:			
Service cost	$ 10,958,278	-	$ 10,958,278
Interest on the total pension liability	47,218,257	-	47,218,257
Differences between actual and expected experience	(2,189,929)	-	(2,189,929)
Contribution – employer	-	19,362,087	(19,362,087)
Contribution – employees	-	4,232,707	(4,232,707)
Net investment income	-	22,875,702	(22,875,702)
Administrative expenses	-	(662,340)	662,340
Benefit payments, including refunds of employee contributions	(38,982,005)	(38,982,005)	-
Net changes	$ 17,004,601	$ 6,826,151	$ 10,178,450
Balance at June 30, 2020 Measurement Date	$ 693,601,610	$476,652,329	$216,949,281
Totals – Miscellaneous and Safety Plans	$1,206,990,630	$855,403,910	$351,586,720

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	$196,335,201	$305,868,453
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$134,637,439	$216,949,281
1% Increase	8.15%	8.15%
Net Pension Liability	$ 83,177,322	$143,617,664

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

City Administered Pension Plans. The City administers three closed single-employer defined benefit pension plans which are funded entirely by City contributions: the Police and Firemen's Pension Plan, the Garfield Pension Plan, and the General Pension Plan (collectively, the "City Plans"). For additional information regarding the City Administered Pension Plans, including investment policies, net pension liability, expenses and financial statements is presented in APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 11 – DEFINED BENEFIT PENSION PLANS - Other City Pension Plans."

These City Plans provide retirement, disability, and death benefits based on the employer's years of service, age and final compensation. Benefit provisions for the City Plans are established by City Ordinance. No separate financial statements are issued for these City Plans.

Pension Tax Override Revenues. The City has levied and continues to levy an *ad valorem* property tax, at the rate of 0.14% of the assessed value of all taxable property within the City (of which the net to the City following deduction of County costs is approximately 0.12%), which is available solely to pay for the obligations of retirees and their eligible dependents who are part of the Police and Firemen's Pension Plan, the Garfield Plan, the General Pension Plan, as well as other pre-1978 benefits approved for general, safety, and miscellaneous employees enrolled in CalPERS (the "Pension Tax Override"). The Pension Tax Override was approved by the voters of the City prior to July 1, 1978. Pension Tax Override revenues, as received, are required to be deposited in the Secured Pension Override Special Revenue Fund. The Pension Tax Override revenues are not General Fund revenues of the City. An estimated summary of Pension Tax Override revenues received in Fiscal Year 2021-22, the pension obligations paid, and the surplus, if any, remaining for payment of certain other pension obligations is presented in the table below.

Fiscal Year 2020-21 Pension Tax Override Revenues

Total Pension Tax Override Received	$23,193,619
Less: Series 2005 Bonds Intercept (Pension Tax Override Portion Only)[1]	12,659,853
Less: Series 1999A Bonds Debt Service[2]	1,092,338
Less: Legacy Plan Pension Costs[3]	64,820
Surplus Transferred to General Fund to pay Pension Costs[2]	9,376,608

(1) To be advanced refunded with a portion of the Series 2022 Bonds.
(2) To be defeased concurrently with the issuance of the Series 2022 Bonds.
(3) Represents the annual required contributions for the Police and Firemen's, the Garfield, and the General Pension Plans. "FINANCIAL OPERATIONS–Pension Plans."
(4) Surplus amounts are applied to pay other pension obligations of the City approved by the voter prior to July 1, 1978. Any deficit is payable from the General Fund.
Source: City of Richmond, Finance Department.

See also "CITY DEBT SUMMARY–Outstanding Pension Obligations."

Police and Firemen's Pension Plan. The Police and Firemen's Pension Plan is a defined benefit pension plan covering the 98 police and fire personnel employed by the City prior to October 1964. The Police and Firemen's Pension Plan is closed to new members, and substantially all of its current members are retired. Funding for the Police and Firemen's Pension Plan is provided from the Pension Reserve Trust Fund. Employees eligible under the Police and Firemen's Pension Plan were vested after five years of service, and members were allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Police and Firemen's Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

The City pays the benefits due under the Police and Firemen's Pension Plan from the Pension Tax Override revenues. See "–Pension Tax Override Revenues." In Fiscal Year 2021-22, the City did not contribute to the Police and Firemen's Pension Tax Plan because it was overfunded for Fiscal Year 2021-22. The City budgeted no contribution for Fiscal Year 2022-23 because the Police and Firemen's Pension Tax Plan remains overfunded.

For Fiscal Year 2020-21, the annual money-weighted rate of return on Police and Firemen's Pension Plan assets, net of investment expenses, was 22.61%.

Actuarial Assumptions. The total pension liability for the City Plans as of June 30, 2021 was determined based on June 30, 2021, actuarial valuations. The following actuarial assumptions applied to all periods included in the measurement:

	Police and Firemen's Plan
Discount rate, net of investment expenses	3.50%
Expected return on plan assets	3.50%
Inflation rate (short-term)	2.00%
Inflation rate (long-term)	2.25%
Cost-of-living increases	2% per year
Actuarial cost method	Entry age normal
Salary increases	N/A

The changes in net pension liability for the Police and Firemen's Pension Plan for the Fiscal Years 2020-21 is presented below:

Table A-22
City of Richmond
Changes in the Net Pension Liability
Police and Firemen's Pension Plan

Police and Firemen's Plan:	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2020	$13,176,626	$11,062,378	$ 2,114,248
Changes in the year:			
Interest on the total pension liability	$ 561,163	-	$ 561,163
Differences between actual and expected experience	(3,680,825)	-	(3,680,825)
Changes in assumptions Changes in benefit terms	28,483	-	28,483
Contribution – City	-	937,004	(937,004)
Contribution – employer	-	-	-
Contribution – employees	-	-	-
Net investment income	-	2,527,138	(2,527,138)
Benefit payments, including member contribution refunds	(1,412,673)	(1,412,673)	-
Net changes	(4,503,852)	2,051,469	(6,555,321)
Balance at June 30, 2021	$8,672,774	$13,113,847	$(4,441,073)
Plan fiduciary net position as a percentage of the total pension liability			151.21%

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

Garfield Pension Plan. Pursuant to a contractual agreement, the City maintains the Garfield Pension Plan to fund defined retirement and other benefits due to a retired Chief of Police of the City. Retirement, other benefits, and any continuation benefits to his surviving spouse receive the same cost-of-living increases as Safety Plan employees covered by CalPERS (i.e. cost of living increases of 2% per year, subject to CPI increase constraints, and purchasing power protection through the CalPERS Purchasing Power Protection Allowance). Mr. Garfield's surviving spouse receives 50% of the retiree's pension. The benefits are paid from the assets of the Garfield Pension Plan and from related investment earnings. In Fiscal Year 2021-22, the City contributed $12,408 to the Garfield Pension Plan and is budgeted for the same amount for Fiscal Year 2022-23. The beneficiary of the Garfield Pension Plan is not covered under the Police and Fireman's Pension Plan, the General Pension Plan, or CalPERS.

The City currently pays the benefits under the Garfield Pension Plan from Pension Tax Override Revenues. See "–Pension Tax Override Revenues."

Actuarial Assumptions. The total pension liability for the City Plans as of June 30, 2018 was determined based on June 30, 2017 actuarial valuations rolled forward to June 30, 2018 using standard update procedures. The following actuarial assumptions applied to all periods included in the measurement:

Garfield Pension Plan:	
Discount rate, net of investment expense	1.00%
Expected return on plan assets	1.00%
Inflation rate(long-term)	2.00%
Inflation rate (short-term)	2.25%
Cost-of-living increases	2.00% per year
Actuarial cost method	Entry age normal
Salary increases	N/A

The changes in net pension liability for the Garfield Pension Plan for the Fiscal Years 2020-21 is presented below:

Table A-23
City of Richmond
Changes in the Net Pension Liability
Garfield Pension Plan

Garfield Pension Plan:	**Increase (Decrease)**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2020	$ 303,693	$ 297,069	$ 6,624
Changes in the year:			
Interest on the total pension liability	$ 4,877	-	$ 4,877
Differences between actual and expected experience	51,995	-	51,995
Changes in assumptions	10,397	-	10,397
Net investment income	-	1,984	(1,984)
Benefit payments, including refunds of employee contributions	(50,048)	(50,048)	-
Net changes	17,221	(48,064)	65,285
Balance at June 30, 2021	$ 320,914	$ 249,005	$ 71,909
Plan fiduciary net position as a percentage of the total pension liability			77.59%
Total – Net Pension Liability	$10,801,760	$14,455,878	$(3,654,118)

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

General Pension Plan. The General Pension Plan, a defined benefit pension plan, funds retirement and other benefits payable to 12 former City employees (or their beneficiaries) who are not covered by CalPERS. The General Pension Plan is closed to new membership, and all of its current members are retired. Benefits are funded from the assets of the General Pension Plan and from related investment earnings. The City is required under its charter to contribute the remaining amounts necessary to fund the General Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by Ordinance.

The General Pension Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the average annual salary attached to the position held by the retiree during the three years prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an automatic increase of 2% per years. City Council may grant additional increases of up to 3% per year to bring the total increase in a given year to 5%. For Fiscal Year 2020-21, the annual money-weighted rate of return on General Pension Plan investments, net of investment expenses, was 0.44%.

The City currently pays the benefits under the General Pension Plan from Pension Tax Override Revenues. See "–Pension Tax Override Revenues."

Contributions. For Fiscal Year 2021-22, the City's contribution for the General Pension Plan was $345,348 and is budgeted $152,897 for Fiscal Year 2022-23.

Actuarial Assumptions. The total pension liability for the Garfield Plan Plans as of June 30, 2021 was determined based on June 30, 2021 actuarial valuations. The following actuarial assumptions applied to all periods included in the measurement:

General Pension Plan:	
Discount rate, net of investment expenses	1.00%
Expected return on plan assets	1.00%
Inflation rate (short-term)	2.00%
Inflation rate (long-term)	2.25%
Cost-of-living increases	5% per year
Actuarial cost method	Entry age normal
Salary increases	N/A

The changes in net pension liability for the General Pension Plan for the Fiscal Years 2020-21 is presented below:

Table A-24
City of Richmond
Changes in the Net Pension Liability
General Pension Plan

General Pension Plan:	**Increase (Decrease)**		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/ (Asset)**
Balance at June 30, 2020	$1,995,238	$1,170,491	$824,747
Changes in the year:			
Interest on the total pension liability	35,526	-	35,526
Differences between actual and expected experience	106,639	-	106,639
Changes in assumptions Changes in benefit terms	72,660	-	72,660
Contribution – City	-	319,025	(319,025)
Contribution – employer	-	-	-
Contribution – employees	-	-	-
Net investment income	-	5,501	(5,501)
Benefit payments, including refunds of employee contributions	(401,991)	(401,991)	-
Net Changes	(187,166)	(77,465)	(109,701)
Balance at June 30, 2021	$1,808,072	$1,093,026	$715,046
Plan fiduciary net position as a percentage of the total Pension liability			60.45%

Source: The City of Richmond Audited Financial Statements for the Fiscal Year Ended June 30, 2021.

Actuarially Determined Contributions. As of June 30, 2020, actuarial valuations used to calculate the actuarially determined contributions for each Plan were determined using the entry-age normal cost method and the assumptions in Note 11 in APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021."

For the Police and Firemen's Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 10-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 97% of the Actuarially Determined Contribution.

For the General Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 6-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 78% of the Actuarially Determined Contribution.

For the Garfield Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 7-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 113% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for Fiscal Years ended June 30, 2017 through 2021 are presented in the table below:

Table A-25
City of Richmond
Actuarially Determined Contribution

	Police and Fire			Garfield			General		
	Actuarially Determined Contribution	Amount Contributed	Percent Contributed	Actuarially Determined Contribution	Amount Contributed	Percent Contributed	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
2016-17	$1,270,466	$1,270,466	100%	$78,987	$102,140	129%	$750,016	$73,592	10%
2017-18	1,389,612	1,270,466	91	86,103	102,140	119	947,219	812,561	86
2018-19	1,389,612	1,270,466	91	86,103	102,140	119	947,219	812,561	86
2019-20	937,004	937,004	100	0	0	0	503,714	469,402	93
2020-21	937,004	937,004	100	-	-	0	312,462	319,025	102%

Other Post-Employment Benefits

In addition to the retirement and pension benefits described above, the City provides post-employment medical and dental benefits ("OPEB Obligations").The City has two OPEB plans, one for general employees of the City and one specifically for those who are members of the RPOA. In order to qualify for these benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that varies by employment classification. In addition, certain eligibility rules and contribution requirements apply for future retirees, followed by current retirees as specified in City ordinances. For information regarding the eligibility rules and contribution requirements for each bargaining unit, see APPENDIX B – "THE CITY OF RICHMOND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 – Note 12 – Other Postemployment Benefits."

City OPEB Plan

Funding Policy. During Fiscal Year 2007-08, the City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple employer trust administered by PARS. The balance in the City's PARS trust account for the City OPEB Plan as of June 30, 2021 was $32,439,802. PARS issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the PARS financial report may be obtained from the Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

The City's policy for the City OPEB Plan is to partially prefund these benefits by accumulating assets with PARS discussed above, along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006. In July 2016, the City adopted an additional funding policy to place into the PARS trust half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. The City did not make any additional transfers to the PARS trust during Fiscal Year 2020-21. The City administers City OPEB Plan trust. As of the June 30, 2019 valuation date, membership in the City OPEB plan consisted of 1,136 members (485 active employees electing coverage, 31 active employees waiving coverage, and 620 retiree and beneficiaries receiving benefits).

The City's employer contribution for the City OPEB plan was $2,047,000 for Fiscal Year 2021-22 are budgeted at $1,757,000 for Fiscal Year 2022-23.

RPOA OPEB Plan.

A new Richmond Police Officers Association (RPOA) contract was implemented on January 17, 2017. The new RPOA plan includes members who were actively employed as of the January 17, 2017 contract date. The RPOA members were transferred from the City OPEB Plan to the new RPOA OPEB Plan during fiscal year 2019. The California Employers' Retiree Benefit Trust (CERBT) issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

The RPOA plan has assets designated for OPEB. These assets are invested in California Employers' Retiree Benefit Trust (CERBT) Strategy 2, which is a qualified irrevocable trust. Annual contributions by the City are made on an ad hoc basis as funds are available. Benefit payments are not expected to be made from the trust in the near future. The City currently pays the annual retiree benefit payments using its general fund resources plus the annual active member contributions. As of Fiscal Year 2018-2019, the City established a new OPEB Trust for the RPOA active and future members as of January 17, 2017. As of the June 30, 2019 valuation date, membership in the RPOA OPEB plan consisted of 157 members (145 active employees electing coverage, 2 active employees waiving coverage, and 10 retiree and beneficiaries receiving benefits).

The City's employer contribution for the City OPEB plan was $2,047,000 for Fiscal Year 2021-22 and is budgeted at $1,757,000 for Fiscal Year 2022-23.

The balance in the CERBT trust account was $6,307,879 as of June 30, 2021.

Actuarial Assumptions. The total OPEB liability for each plan was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2021 using standard update procedures.

The City OPEB Plan valuation used the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.75%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study
Healthcare Cost Trend Rates:	
Health – Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years
Health – Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

The long-term expected rate of return on the City OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current assumed invest rate of return is 5.75%.

The RPOA OPEB plan valuation used the following actuarial assumptions applied to all periods included in the measurement unless otherwise specified:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
CM Medical Care	3.75%
Payroll Growth	2.75%
Investment Rate of Return	5.50%
Index Rate for 20 year, tax exempt municipal bonds	1.92%
Mortality	Based on assumptions for Public Agency Police members published in the December 2017 CaIPERS Experience Study.
Healthcare Cost Trend Rates:	
Health - Not Medicare Eligible	6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4% in FY2076 and later years

Health - Medicare Eligible	5.10% for 2020, 5.10% for 2021, 5.10% for 2022, 5.20% for 2023 and 5.20% for 2024-2051, transitioning to ultimate rate of 4.00% in 2076 and further years
Dental	To increase 3.75% annually
Vision	To increase 2.75% annually

Discount rate - The discount rate used to measure the total City OPEB liability was 5.75% for the City OPEB Plan and 5.50% for the RPOA OPEB Plan. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on City OPEB plan investments was applied to all periods of projected benefit payments to determine the total City OPEB liability.

Changes in Net OPEB Liability for the City OPEB Plan. The changes in the net OPEB liability for the City OPEB Plan is as follows:

		Increase(Decrease)	
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (a) – (b)**
Balance at June 30, 2021	$120,302,967	$22,861,318	$97,441,649
Changes Recognized for the Measurement Period:			
Service Cost	2,072,961	-	2,072,961
Interest on the total OPEB liability	6,846,932	-	6,846,932
Differences between expected and actual experience [1]	(140,135)	-	(140,135)
Changes of assumptions	1,173,106	-	1,173,106
Contributions from the employer	-	9,515,699	(9,515,699)
Contributions from the employee	-	623,088	(623,088)
Net investment income	-	6,562,745	(6,562,745)
Administrative expenses	-	(111,868)	111,868
Benefit payments[2]	(7,011,178)	(7,011,178)	-
Net change.	$ 2,941,686	$ 9,578,486	$ (6,636,800)
Balance at June 30, 2031	$123,244,653	$32,439,804	$90,804,849

[1] Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.

[2] Benefit payments are comprised of $4,503,989 explicit subsidy payments to retirees and $2,507,189 implicit subsidy costs incurred during the measurement period ending June 30, 2021.

Changes in Net OPEB Liability for the RPOA OPEB Plan. The changes in the net OPEB liability for the RPOA OPEB Plan is as follows:

	Total OPEB Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balance at June 30, 2021	$25,981,762	$4,170,603	$21,811,159
Changes Recognized for the Measurement Period:			
Service Cost	1,871,012	-	1,871,012
Interest on the total OPEB liability	800,939	-	800,939
Differences between expected and actual experience [(1)]	10,367	-	10,367
Changes of assumptions	(9,082,375)	-	(9,082,375)
Contributions from the employer	-	1,028,868	(1,028,868)
Contributions from the employee	-	453,163	(453,163)
Net investment income	-	935,134	(935,134)
Administrative expenses	-	(2,612)	2,612
Benefit payments[(2)]	(277,277)	(277,277)	-
Net change.	$ (6,677,334)	$2,137,276	$(8,815,574)
Balance at June 30, 2031	$19,304,428	$6,307,879	$12,996,549

(1) Due to the difference between expected and actual benefit payments during the measurement period ending 6/30/2021.

(2) Benefit payments are comprised of $199,362 explicit subsidy payments to retirees and $77,645 implicit subsidy costs incurred during the measurement period ending June 30, 2021.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates. The following presents the net OPEB liability of both plans, as well as what the net OPEB liabilities would be if it were calculated using the discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

City OPEB Plan:

	Net OPEB Liability/(Asset)	
	Current	
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.75%	5.75%	6.75%
$105,088,635	$90,804,849	$78,834,871

RPOA OPEB Plan

	Net OPEB Liability/(Asset)	
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.50%	5.50%	6.50%
$15,893,234	$12,996,659	$10,610,378

The following presents the net OPEB liability of both Plans, as well as what the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

City OPEB Plan

Net OPEB Liability/(Asset)		
	Current Healthcare Cost	
	Trend Rates Various -	
1% Decrease	See Assumptions Above	1% Increase
$79,021,375	$90,804,849	$104,891,041

RPOA OPEB Plan

Net OPEB Liability/(Asset) Healthcare Cost Trend		
	Current Healthcare Cost	
	Trend Rates Various -	
1% Decrease	See Assumptions Above	1% Increase
$11,122,153	$12,996,549	$15,503,624

Section 115 Trust

On July 19, 2022, the City Council authorized the establishment of a Section 115 Trust for Pension and OPEB liability. A Section115 trust is a vehicle for segregating agency funds from general assets for the purpose of funding essential governmental functions. Funds placed in a Section 115 trust are irrevocably committed for the essential government function(s) specified in the applicable trust agreement (e.g., pension obligations). Therefore, the monies held in such trusts can be invested in accordance with the rules governing such special purpose accounts. For example, Section 115 trust funds dedicated to satisfy pension obligations can be invested in the same manner as funds in a typical pension fund rather than as part of the agency's general fund. A Section 115 trust can also be used as a rate stabilization fund. Monies set aside in a Section 115 trust can be used to ease budgetary pressures resulting from unanticipated spikes in employer contribution rates. In addition, funds in a Section 115 trust can be applied to pay down specific portions of an agency's CalPERS liabilities. For example, with the permission of CalPERS, it is possible to use Section 115 trust funds to pay down the agency's UAAL. The City will evaluate its future contributions to the Section 115 trust.

Risk Management

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. The City began self-insuring its workers' compensation in 1976. In July 2009 the City joined the California Joint Powers Risk Management Authority (CJPRMA) for general liability and employment practices coverage. In April 2009 the City joined the California State Association of Counties Excess Insurance Authority (CSAC EIA) for worker's compensation insurance. The City has chosen to establish a risk financing internal service fund where assets are accumulated for claim settlements and expenses associated with the above risks of loss up to certain limits.

Excess coverage for the risk categories excluding inverse condemnation is provided by policies with various commercial insurance carriers. Self-insurance and insurance company limits are as follows:

Type of Coverage	Self-Insurance/Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	Earthquake 5% of total insured value of each building; minimum $100,000 All others: $25,000	$50,000,000 inclusive of deductible	Various
Crime/Employee Dishonesty	$2,500 per claim	$15,000,000 inclusive of deductible	National Union Fire Insurance Company
Property	$100,000 per claim; except flood zones A & V that have a deductible of $250,000	$400,000,000 inclusive of deductible $100,000,000 limit for flood all zones, except zones A & V, which have a limit of $50,000,000	Various
Boiler and Machinery	$100,000 per claim	$100,000,000 inclusive of deductible	Various
Port Liability	$25,000 per claim	$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	$1,000,000 per occurrence; $2,000,000 aggregate	Evanston Insurance
Excess Workers' Compensation	$750,000 per claim	Statutory limit	Various
Student Volunteer	N/A	$50,000 limit	Ace American
Pollution Liability – Policy 1	$250,000 per claim	$20,000,000 inclusive of deductible	ACE – Illinois-Union
Pollution Liability – Policy 2	$75,000 per claim	$5,000,000 limit	Illinois-Union
Cyber Liability	$100,000 per claim	$2,000,000 limit	Lloyds of London

CJPRMA

The CJPRMA provides coverage against the following types of loss risks under the terms of a joint powers agreement with the City as follows:

Type of Coverage (Deductible)	Coverage Limits
Property ($100,000)	$5,000,000
Liability ($500,000)	40,000,000
Employment Practices ($500,000)	5,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. On such claims the City's deductible is $750,000. The City paid contributions of $1,274,804 for the year ended June 30, 2021. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit, and the City retains a self-insured retention of $750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of $383,262 for the year ended June 30, 2021. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded.

Audited financial statements for CSAC-EIA are available from CSAC-EIA, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

Housing Authority Insurance Group

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost.

The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

Property	Annual Premium	Deductible
Nevin Plaza (#1)	$26,780	$25,000
Nystrom Village	16,104	25,000
Administration Office	1,655	25,000
Hacienda	61,950	25,000

All of the Housing Authority properties are included in the general liability coverage under the CJPRMA program.

Liability for Self-Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and includes amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2021, the estimated claims payable of $44,392,339 consisting of reserves for both reported and IBNR losses, as well as allocated loss adjustment expenses, have been recorded in the Insurance Reserves Internal Service Fund. The claims payable are reported at their present value using expected future investment yield assumptions of 3% and an 80% confidence level. The undiscounted claims totaled $46,630,000 at June 30, 2021. Changes in the claims liabilities for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Claims liabilities, beginning of year	$43,240,367	$44,577,999
Current year claims	12,779,000	11,420,000
Change in prior year claims	(395,339)	(2,670,407)
Claim payments	(7,102,138)	(6,813,811)
Legal, administrative and other expenses	(4,129,551)	(3,273,414)
Claims liabilities, end of year	$44,392,339	$43,240,367
Claims liabilities, due in one year	$13,033,895	$12,438,015

For the years ended June 30, 2021 and 2020 the amount of settlements did not exceed insurance coverage.

Litigation and Other Commitments

Land Disposition Litigation (Point Molate). In March 2012, a developer and an associated entity filed a complaint in federal court against the United States of America, two individuals, and the City contending breach of contract related to a Land Disposition Agreement (LDA) between the developer and the City for the development of City-owned property for a specific use. The developer and associated entity seek damages of $30 million as well as lost profits of over $750 million. The City disputes the allegations and contends that the LDA did not commit the developer or the City to develop the property for the specific use and that the developer's right to move forward with the development was subject to various federal approvals. The City received a favorable judgement on the matter, but an appeal by the developer and associated entity resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint.

The plaintiffs filed an amended complaint, and the City answered, denying the plaintiffs' allegations and asserting affirmative defenses and counterclaims. In April 2018, the City again received a favorable judgement on the matter under which the City will pay no monetary damages to the developer, and the developer's claims were dismissed. Under the terms of the judgment, future proceeds from the sale of the property will be shared equally between the City and the developer. However, the judgment is being challenged by an environmental rights group. The ruling by the lower court is currently being appealed by the environmental group. Other lawsuits have been brought by environmental groups and another developer regarding the entitlements for the land. There may be a material negative impact to the City should the courts rule against the City, however any such impact cannot be determined at this time.

CITY DEBT SUMMARY

General Obligation Bond Debt

The City has no outstanding general obligation bonds.

The City does not currently anticipate issuing any general obligation bonds in the next five Fiscal Years.

Tax and Revenue Anticipation Notes

The City has no outstanding notes and has not issued any notes since Fiscal Year 2014-15.

The City does not expect to issue notes for Fiscal Year 2022-23.

Outstanding General Fund and Lease Obligation Debt

The City may enter into long-term lease obligations such as certificates of participation or lease revenue bonds without first obtaining voter approval. The City has entered into various lease arrangements under which the City must make annual lease payments for its use and occupancy of public buildings or acquisition of equipment necessary for City operations.

Table A-26 summarizes the outstanding obligations payable from or backed by the General Fund of the City as of June 30, 2022. The City has never failed to pay principal of or interest on any debt or lease obligation when due nor made any draws on debt service reserves.

Table A-26
City of Richmond
Outstanding General Fund Obligations
As of June 30, 2022

Issuer/Issue	Date Issued	Projects	Amount Issued	Amount Outstanding	Final Maturity	% Payable from the General Fund
Payable from General Fund						
Richmond Joint Powers Financing Authority Lease Revenue Bonds Series 2016	2016	Civic Center	$ 28,390,000.00	$26,060,000.00	11/01/2037	100%
Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds Series 2019A	2019	Refunding Bonds	$ 63,970,000.00	$59,365,000.00	11/01/2037	100%
California Energy Commission Loan #1 (Loan #001-10-ECD)	2010	Replace Streetlights with New LED Lights	$ 305,468.39	$ 200,127.56	12/22/2025	100%
California Energy Commission Loan #2 (Loan #007-12-ECF)	2012	Replace Streetlights with New LED Lights	$ 850,972.24	$ 687,495.61	06/22/2030	100%
Holman Capital Corporation #5	2012	West Contra Costa Family Justice Center	$ 643,364.96	$ 201,465.04	01/14/2023	100%
Holman Capital Corporation #5	2018	Purchase New Fire Trucks	$ 2,230,365.78	$ 1,736,079.72	05/17/2028	100%
BancAmerica Merrill Lynch (2013)	2013	Finance the Purchase of Streetlights from PG&E and Associated Upgrades	$ 2,744,221.95	$ 1,943,665.38	10/23/2026	100%
Qualified Energy Conservation Lease (2010)	2010	Fund Energy Efficiency and Streetlight Upgrades	$ 479,026.28	$ 327,927.72	06/15/2026	100%
Recovery Zone Economic Development Lease (2010)	2010	Fund Improvements to Various City Facilities	$ 564,826.16	$ 372,049.11	12/15/2025	100%
Total All Payable from General Fund			$ 34,234,882.28	$ 85,425,000.00		
Backed by General Fund						
City of Richmond Taxable Pension Funding Bonds, Series 2005B-1 and Series 2005 B-2*	2005	Pension costs	$165,627,000.00	$147,867,000.00	08/01/2034	(1)
Richmond Joint Powers Financing Authority, Lease Revenue Refunding Bonds, Series 2019B	2019(2)	Refunding Bonds	$ 20,580,000.00	$ 16,375,000.00	05/01/2024	(2)
Total All Backed by General Fund			$165,627,000.00	$147,867,000.00		

* Will be refunded by the Series 2022 Bonds.
(1) Varies annually depending on receipts of Pension Tax Override Revenues.
(2) Varies annually depending on port revenues.
Source: City of Richmond, Department of Finance.

Interest Rate Swap Agreements

In 2007, the City entered into an interest rate swap agreement in connection with the Series 2005B Bonds (the "2007 Swap Agreement") with JPMorgan Chase Bank, NA ("JPM"). Subsequent to the City's entry into the 2007 SWAP Agreement, Moody's downgraded the City's issuer rating to "Ba1" which resulted JPM declaring an event of termination under the 2007 Swap Agreement and exercised its right to demand immediate payment of an approximately $31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 SWAP Agreement. In an effort to hedge future higher interest rates relating to the Series 2005B Bonds and in compliance with Section 5922 of the California Government Code, the City entered into two interest rate swaps pursuant to an ISDA Master Agreement, together with the schedules and confirmations thereto (the "2016 Swap Agreement"), between the City and the Royal Bank of Canada ("RBC"), pursuant to which the variable rate of interest on the Series 2005B Bonds was exchanged for a fixed rate of interest. The portion of the 2016 Swap Agreement relating to the Series 2005 B-2 Bonds is subject to mandatory termination on August 1, 2023. The current estimated termination payment owed by the City is $__________ **In connection with the issuance of the Series 2022 Bonds, the City intends to terminate both swaps, the cost of which will be funded from a portion of the proceeds of the Series 2022 Bonds**. Table A-27 summarizes the City's swap agreements as of July 1, 2022. For a summary of the Swap Policy adopted by the City, see "FINANCIAL OPERATIONS – Financial Policies and Practices – Financial Policies–Swap Policy."

Table A-27
Summary of City Interest Rate Swap Agreements

Associated Bonds/ Payment Source	Effective Date/ Expiration Date	Initial/ Current Notional Amount	Counterparty/ Guarantor	Counterparty/ Guarantor Credit Ratings (Moody's/ S&P/Fitch)	Rates		Index	Market Rate/ Market Termination Value to City
General Fund:								
City of Richmond Taxable Taxable Pension Fund Bonds Series 2005 B-1	02/01/2016/ 08/01/2023	$66,070,476/ $17,911,476	Royal Bank of Canada	Aa1/AA-/AA-	Pay Receive:	5.5795% 3.000	100% US 0001 M Index	($334,838)/
City of Richmond Taxable Pension Funding Bonds Series 2005 B-2	02/01/2016/ 08/01/2023	$127,990,254/ 127,990,254	Royal Bank of Canada	Aa1/AA-/AA-	Pay: Receive:	5.6650% 2.9000%	100% US 0001 M Index	($21,650,387)/
TOTAL								

Source: The City of Richmond.

City Overlapping and Bonded Debt

The estimated direct and overlapping bonded debt of the City as of August 1, 2022, is shown in Table A-28 below. The information in Table A-28 has been provided by California Municipal Statistics, Inc. and the City has not independently verified the information in the table below and does not guarantee its accuracy.

Table A-28
City of Richmond
Statement of Direct and Overlapping Debt
as of August 1, 2022

2021-22 Assessed Valuation: $16,488,274,761

	% Applicable[1]	Debt August 1, 2022
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Bay Area Rapid Transit District	1.853%	$ 46,724,692
Contra Costa Community College District	7.068	40,201,370
West Contra Costa Unified School District	45.625	568,024,436
West Contra Costa Healthcare District Parcel Tax Obligations	43.032	18,503,760
East Bay Regional Park District	2.959	5,462,018
City of Richmond Community Facilities District No. 1998-1	100.000	1,775,000
City of Richmond 1915 Act Bonds	100.000	4,530,000
California Statewide Community Development Authority 1915 Act Bonds	100.000	1,402,835
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$686,624,111
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County General Fund Obligations	7.045%	$ 15,816,025
Alameda-Contra Costa Transit District Certificates of Participation	5.558	647,785
West Contra Costa Unified School District Certificates of Participation	45.625	2,739,781
City of Richmond General Fund Obligations	**100.000**	**93,755,000**[1]
City of Richmond Pension Obligation Bonds	**100.000**	**160,267,000**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$272,825,591
Less: Contra Costa County general fund obligations supported by revenue funds		4,064,481
City of Richmond obligations supported by port revenues		**8,330,000**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 260,431,110
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	100.000%	$ 43,058,404
GROSS COMBINED TOTAL DEBT		$1,002,508,106[2]
NET COMBINED TOTAL DEBT		$ 990,113,625

Ratios to 2021-22 Assessed Valuation:
Total Overlapping Tax and Assessment Debt: 4.16%
Gross Total Direct Debt ($260,530,591): 1.65%
Net Total Direct Debt ($140,751,745): 1.58%
Gross Combined Total Debt: 6.08%
Net Combined Total Debt: 6.00%

Ratios to Redevelopment Successor Agency Incremental Valuation ($3,692,257,204):
Total Overlapping Tax Increment Debt: 1.17%

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

APPENDIX B

THE CITY OF RICHMOND
AUDITED FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDED JUNE 30, 2021

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

APPENDIX D

SUMMARY OF THE INDENTURE AND FIRST SUPPLEMENT

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the City of Richmond (the "City") in connection with the issuance its $___________ Taxable Pension Refunding Bonds, Series 2022 (the "Series 2022 Bonds"). The Series 2022 Bonds are being issued pursuant to the Indenture, dated as of February 1, 2005, as supplemented by a First Supplemental Indenture, dated as of ________1, 2022 (collectively, the "Indenture"), both by and between the City and U.S. Bank Trust Company National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners (as defined below) of the Series 2022 Bonds and in order to assist the Participating Underwriters (as defined below, in complying with the Rule (as defined below).

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

"*Annual Report*" means any Annual Report of the City provided by the City pursuant to and as described in Section 3 of this Certificate.

"*Beneficial Owner*" means 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 a Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the City to act as the City's agent in complying with the filing requirements of the Rule, which person has accepted such appointment. As of the date of this Certificate, the City has not appointed a Dissemination Agent.

"*Financial Obligation*" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" will not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule "Listed Event" means any of the events listed in Section 5 of this Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriters*" means any of the original purchasers of the Series 2022 Bonds required to comply with the Rule in connection with the offering of the Series 2022 Bonds.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at http://emma.msrb.org.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent (if other than the City) to, not later than 60 days after the City normally receives its audited financial statements from its auditors in each year but in no event later than July 15, commencing with the audited financial statements for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event.

(b) If the City is unable to provide to the Repository an Annual Report by the date required in subsection (a), the City shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent (if other than the City) and the Trustee. The Dissemination Agent (if other than the City) shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent (if other than the City) shall file a report with the City stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following financial information or operating data presented in the final Official Statement relating to the Series 2022 Bonds, updated to incorporate information for the most recent Fiscal Year:

(a) The audited financial statements of the City for the preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in the format similar to the financial statement 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) To the extent not included in the financial statements, the following type of information will be provided in one or more reports:

(i) Update Table A-14 (Assessed Valuation) in the Official Statement for the Fiscal Year of the City most recently ended;

(ii) Update Table A-15 (Secured Tax Levies and Delinquencies) in the Official Statement for the Fiscal Year of the City most recently ended;

(iii) Update Table A-13 (Pension Tax Override Revenues) in the Official Statement for the Fiscal Year of the City most recently ended;

(iv) Update Table A-7 (General Fund Revenues and Expenditures) in the Official Statement for the City's total budget funds for the Fiscal Year of the City most recently ended;

(v) Update Table A-8 (Adopted Budget General Fund Revenues and Expenditures) in the Official Statement for the City for the current Fiscal Year and any changes in the adopted budget; and

(vi) Update Table A-26 (Outstanding General Fund Obligations) in the Official Statement for the City as of the beginning of the current Fiscal Year.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the City to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the City or to reflect changes in the business, structure, operations, legal form of the City or any mergers, consolidations, acquisitions or dispositions made by or affecting the City; provided that any such modifications shall comply with the requirements of the Rule.

The City has not undertaken in this Certificate to update all information an investor may want to have in making decisions to hold, sell or buy the Series 2022 Bonds but only to provide the specific information listed above.

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository, MSRB or the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the Series 2022 Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on any debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;

(vii) modifications to the rights of Owners of the Series 2022 Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Series 2022 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City (for purposes of the event identified in this Subsection 5(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Section 6. Termination of Reporting Obligation. The City's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2022 Bonds or upon delivery to the City and to the Dissemination Agent (if other than the City) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Series 2022 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent (if other than the City) to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent (if other than the City), with or without appointing a successor Dissemination Agent (if other than the City). The Dissemination Agent (if other than the City) may resign by providing 60 days' written notice to the City. The Dissemination Agent (if other than the City) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Certificate.

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

(a) If the amendment or waiver relates to the provisions of Section 3, Section 4 or Section 5, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Series 2022 Bonds, or the type of business conducted;

(b) The undertakings, 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 Series 2022 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 Owners of the Series 2022 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners of the Series 2022 Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2022 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in its 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 or operating data being presented by the City.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, including the information then contained in the City's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Series 2022 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture with respect to the Series 2022 Bonds, and the sole remedy under this Certificate in the event of any failure of the City to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the City) shall have only such duties as are expressly and specifically set forth in this Certificate and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent (if other than the City), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's (if other than the City) negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent (if other than the City) and payment of the Series 2022 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the City, the Dissemination Agent (if other than the City), the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Series 2022 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: **CITY OF RICHMOND**

By:____________________________________
City Manager

EXHIBIT A

**FORM OF NOTICE TO REPOSITORIES
OF FAILURE TO FILE REPORT**

Name of Issuer:	City of Richmond, California
Name of Bond Issue:	$___________ City of Richmond, California Taxable Pension Refunding Bonds, Series 2022
Issuance Date:	__________, 2022

NOTICE IS HEREBY GIVEN that the CITY OF RICHMOND (the "City") has not provided the Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of __________, 2022, executed and delivered by the City. The City anticipates that such report will be filed by ___________________.

Dated:

CITY OF RICHMOND

By:___________________________________
Authorized Officer