

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2009

**New Issue- Full Book Entry
Bank Qualified**

**Rating: S&P: "AA-"
(See "RATINGS" herein)**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____ *
**CITY OF ALBANY
PARCEL TAX BONDS
ELECTION OF 2006, SERIES A
(STORM DRAIN PROJECTS)**

Dated: Date of Delivery

Due: August 1, as shown below

Issuance. The City of Albany Parcel Tax Bonds, Election of 2006, Series A (Storm Drain Projects) (the "Bonds") are being issued by the City of Albany (the "City") pursuant to the terms of an Indenture of Trust, dated as of March 1, 2009 (the "Indenture"), between the City and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds are authorized pursuant to a resolution adopted by the City Council on March 2, 2009. See "THE BONDS - Authority for Issuance."

Purpose. Proceeds of the Bonds will be used to (i) finance the repair and rehabilitation of the City's storm drains (the "Storm Drain Projects"), (ii) fund a reserve for the Bonds; and (iii) pay the costs of issuance of the Bonds. See "FINANCING PLAN - Purpose of Issue."

Security. The Bonds are secured by the tax revenues received by the City from the levy of the parcel tax approved at an election held on June 6, 2006 where more than two-thirds of those voting approved a parcel tax measure for the purpose of funding street paving and storm drain improvements (the "Parcel Tax Measure"), such as the repair and rehabilitation of storm drains (the "Tax Revenues") and from amounts on deposit in certain funds and accounts established under the Indenture. The Indenture permits the City to issue additional parity obligations, subject to specified conditions. See "SECURITY FOR THE BONDS" and "RISK FACTORS."

Book-Entry Only. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Bonds.

Payment. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2009 by the Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

Redemption.* The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

**Maturity Schedule
(See inside cover)**

THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE FROM THE TAX REVENUES, AS DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OR A LIABILITY OF THE COUNTY OF ALAMEDA, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Cover Page. This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the Bonds will be available for delivery in book-entry form, on or about March __, 2009.

WULFF, HANSEN & CO.

* Preliminary; subject to change.

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 prior to registration or qualification under the securities laws of such jurisdiction.

Dated: _____, 2009

MATURITY SCHEDULE*

(Base CUSIP†: _____)

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Yield</u>	<u>CUSIP†</u>
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				

\$ _____ % Term Bond due August 1, 20__; Yield ___%; Price ___%; CUSIP† _____

\$ _____ % Term Bond due August 1, 20__; Yield ___%; Price ___%; CUSIP† _____

† Copyright 2009, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

* Preliminary; subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City in any press release and in any oral statement made with the approval of an authorized officer of the City or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City or any other entity described or referenced herein since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds 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 the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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 shall, under any circumstances, create any implication that there has been no change in the affairs of the City any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

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

CITY OF ALBANY

CITY COUNCIL

Marge Atkinson, *Mayor*
Joanne Wile, *Vice Mayor*
Robert Lieber, *Councilmember*
Farid Javandel, *Councilmember*
Peggy Thomsen, *Councilmember*

CITY ADMINISTRATIVE PERSONNEL

Beth Pollard, *City Administrator*
Charles Adams, *Finance and Administrative Services Director*
Robert Zweben, *City Attorney*
Kim Denton, *Treasurer*

BOND RELATED SERVICES

Trustee

U.S. Bank National Association
Los Angeles, California

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

[[REGIONAL MAP]]

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OFFICIAL STATEMENT

\$ _____
CITY OF ALBANY
Parcel Tax Bonds
Election of 2006, Series A
(Storm Drain Projects)

This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the City of Albany (the “City”) of its Parcel Tax Bonds Election of 2006, Series A (Storm Drain Projects) (the “Bonds”).

INTRODUCTION

This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in “APPENDIX B – Summary of Certain Provisions of the Indenture.”

Authority for Issuance. On June 6, 2006, an election was held in the City on the question of whether a parcel tax should be levied on taxable real property in the City for the purposes of funding necessary improvements, including the repair and rehabilitation of streets and storm drains, and the financing of such projects (the “**Parcel Tax Measure**”), and more than two-thirds of those voting approved the Parcel Tax Measure. The Bonds are being issued pursuant to a Resolution of the of the City, adopted by the City Council on March 2, 2009 (together with the Parcel Tax Measure, the “**Law**”) and subject to the terms of an Indenture of Trust (the “**Indenture**”) dated as of March 1, 2009, between the City and U.S. Bank National Association, Los Angeles, California, as trustee (the “**Trustee**”). See “THE BONDS – Authority for Issuance.”

Use of Proceeds. The proceeds of the Bonds will be used to (i) finance the repair and rehabilitation of the City’s storm drains (the “**Storm Drain Projects**”) or reimburse the City for the costs of acquiring and constructing the Storm Drain Projects, (ii) fund a reserve for the Bonds; and (iii) to pay the costs of issuing the Bonds. See “FINANCING PLAN” herein.

Security and Sources of Payment for the Bonds. The Bonds are payable from and are secured by a pledge of and first lien on the tax revenues received by the City from the levy of the parcel tax approved by the Parcel Tax Measure (the “**Tax Revenues**”) and amounts in funds and accounts held under the Indenture. The Parcel Tax Measure specifically authorized the application of tax revenues collected pursuant to the Parcel Tax Measure to be used to pay principal of and interest on obligations such as the Bonds, the proceeds of which are used to

fund street or storm drain projects. The amount of the parcel tax levy is not affected by variations in assessed valuation. See "SECURITY FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE FROM THE TAX REVENUES, AS DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OR A LIABILITY OF THE COUNTY OF ALAMEDA (THE "COUNTY"), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Payment. The Bonds will be dated their date of delivery, will bear interest at the rates per annum set forth on the cover page hereof payable semiannually on February 1 and August 1, commencing August 1, 2009 (each, an "**Interest Payment Date**"), and will mature on the dates and in the amounts set forth on the cover page hereof. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("**DTC**"), as registered owner of all Bonds. See "APPENDIX G – Book-Entry Only System." The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS."

Additional Obligations. Under the Indenture, the City may issue additional obligations and bonds on a parity with or subordinate to the Bonds, provided that certain conditions are met. See "SECURITY FOR THE BONDS – Parity Obligations".

Risk Factors. The purchase of the Bonds involves certain risks. For a description of some of these risks, see "RISK FACTORS" herein.

The City. The City, located on the eastern shore of the San Francisco Bay in Alameda County, is a chartered city, first incorporated on September 22, 1908. See "THE CITY" and APPENDIX C.

Miscellaneous. There follows in this Official Statement, which includes the cover page and Appendices hereto, a brief description of the Bonds, the City, the Tax Revenues, security for the Bonds, risk factors and certain other information relevant to the issuance of the Bonds. All references herein to the Indenture are qualified in their entirety by reference to the definitive form thereof, all references to the Bonds are further qualified by references to the information with respect thereto contained in the Indenture. A summary of certain provisions of the Indenture is included in APPENDIX B. The most recent audited financial statement of the City is included in APPENDIX A. The information set forth herein and in the Appendices hereto has been furnished by the City and includes information which has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. All capitalized terms used herein and not normally capitalized have the meanings given them in the Indenture, unless otherwise stated herein. See "APPENDIX B – Summary of Certain Provisions of the Indenture – Definitions."

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

FINANCING PLAN

Purpose of Issue. The proceeds of the Bonds will be used to (i) finance the Storm Drain Projects or to reimburse the City for costs of acquiring and constructing the Storm Drain Projects, (ii) fund a reserve for the Bonds; and (iii) to pay the costs of issuing the Bonds.

Storm Drain Projects. In 2005-06 engineering plans were completed for a new 24-inch storm drain from Neilson Street to Santa Fe Avenue to Codornices Creek (the “Storm Drain Projects”). The Storm Drain Projects were identified in the City’s 1998 Watershed Management Plan as the number one priority storm drain project in the City due to chronic flooding during wet weather months. In 2008 it was determined that micro-tunneling under Neilson Street to Codornices Creek was the preferred method of construction for the Storm Drain Projects. Through a competitive bidding process, a contract in the amount of \$2,129,860 was awarded in June 2008 to Ranger Pipelines. In addition to the storm drain work to resolve flooding problems, sanitary sewer work will be performed under this contract. Construction began in the summer of 2008 and will be completed in spring 2009.

Planning, preliminary engineering and project management was performed by City staff and consultants.

ESTIMATED SOURCES AND USES OF FUNDS

The anticipated sources and uses of funds relating to the Bonds are as follows:

SOURCES:

Principal Amount of the Bonds
Less Net Original Issue Discount
Total Sources:

USES:

Deposit to Project Fund
Deposit to Reserve Account ⁽¹⁾
Costs of Issuance ⁽²⁾
Total Uses:

(1) Equal to the Reserve Requirement as of the date of delivery of the Bonds.

(2) Includes the Underwriter's discount, Trustee fees, Bond Counsel and Disclosure Counsel fees, printing costs, rating agency fees and other related costs.

THE BONDS

Description

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the cover page hereof payable semiannually on February 1 and August 1, commencing August 1, 2009 (each, an “**Interest Payment Date**”), and will mature on the dates and in the amounts set forth on the cover page hereof. The Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“**DTC**”), as registered owner of all Bonds. See “APPENDIX G – Book-Entry Only System” below. Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture. See the subcaption “Transfer and Exchange” below.

Interest on the Bonds will be payable semiannually on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date (defined below) immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed on such Interest Payment Date by first class mail to the Owner at the address of such Owner as it appears on the Registration Books; provided however, that payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the applicable Record Date. Principal of and redemption premium (if any) on any Bond and any premium upon redemption shall be paid by check of the Trustee upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the fifteenth (15th) calendar day of the month preceding an Interest Payment Date (a “**Record Date**”) and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) it is authenticated on or before July 15, 2009, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest shall be calculated on the basis of a 360-day year comprised of twelve thirty-day months.

While the Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the Bonds. The principal of the Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Trustee. See “APPENDIX G – Book Entry Only System.”

Optional Redemption

The Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective maturity dates, at the option of the City, from any source of available

funds, on any date on or after August 1, 20__, as a whole or in part, by such maturities as shall be determined by the City, and by lot within a maturity, at a redemption price equal to ___% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption.

The City is required to give the Trustee written notice of its intention to redeem Bonds pursuant to the above-described optional redemption provisions at least 45 days prior to the date fixed for redemption, and shall deposit in the Parcel Tax Fund all amounts required for such redemption at least five Business Days prior to the date fixed for such redemption.

Sinking Account Redemption

Term Bonds maturing on August 1, 20__, and August 1, 20__, are subject to mandatory redemption in part by lot on August 1, 20__, and August 1 20__, respectively, and on August 1 in each year thereafter as set forth in the following tables, from Sinking Account payments made by the City pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part pursuant to the last paragraph of this section, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; *provided, however,* that if some but not all of the Term Bonds have been redeemed pursuant to the above-described optional redemption provisions, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the City (notice of which determination shall be given by the City to the Trustee).

Term Bonds Maturing August 1, 20__

Sinking Account Redemption Date <u>(August 1)</u>	<u>Principal Amount To Be Redeemed or Purchased</u> \$
---	---

(maturity)

Term Bonds Maturing August 1, 20__

Sinking Account Redemption Date <u>(August 1)</u>	<u>Principal Amount To Be Redeemed or Purchased</u> \$
---	---

(maturity)

In lieu of redemption of Term Bonds described above, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of

the City, at any time for the purchase of Term Bonds otherwise required to be redeemed on the following August 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the City may in its discretion determine. The par amount of any of the Term Bonds so purchased by the City and surrendered to the Trustee for cancellation in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Bonds otherwise required to be redeemed on the following August 1.

General Redemption Provisions

Notice of Redemption. The Trustee on behalf and at the expense of the City is required to mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Bond Insurer, the Securities Depositories and to one or more Information Services (as specified in the Indenture), at least 30 but not more than 60 days prior to the redemption date. Neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the redemption date and the redemption price, must state that such redemption is conditioned upon the timely delivery of the redemption price by the City to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or shall state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and must require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The City has the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption will be canceled 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 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The City and the Trustee has no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the City thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee shall assign to each

Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased shall be cancelled and destroyed.

Transfer and Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix G" below. Any Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for registration of transfer, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination. The Trustee may refuse to transfer, either (a) any Bonds during the period 15 days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

DEBT SERVICE SCHEDULE

Scheduled debt service on the Bonds, without regard to any optional redemption, is shown in the following table.

CITY OF ALBANY Parcel Tax Bonds Election of 2006, Series A (Storm Drain Projects) Debt Service Schedule

Bond Year Ending <u>August 1</u>	Bonds Principal <u>Amount</u>	Bonds Interest <u>Amount</u>	<u>Total</u>
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			

SECURITY FOR THE BONDS

Tax Revenues; Pledge of Tax Revenues

The Bonds are secured by a first pledge of and lien on all of the Tax Revenues. In addition, the Bonds are secured by a pledge of all of the moneys in the Parcel Tax Fund, the Reserve Account, the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account established under the Indenture, and all amounts derived from the investment of the moneys in these funds and accounts. Except for the Tax Revenues and such moneys, no funds or properties of the City are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

The Tax Revenues are collected in the same manner as ordinary *ad valorem* taxes are collected, and are subject to the same penalties and the same procedure and sale in cases of delinquency as provided for *ad valorem* taxes collected by the County. See "PROPERTY TAXATION."

Levy of Parcel Tax

Calculation of Parcel Tax. The Parcel Tax Measure approved City Ordinance No. 06-04 (the "Ordinance") and authorized the levy of a parcel tax (the "Parcel Tax") on taxable properties within the boundaries of the City at the maximum flat rate of \$96.00 per year per Single Family Equivalent Residential Unit ("ERU"), as follows:

<u>Property Type</u>	<u>ERU</u>
Single family residential	1
Multi-family residential unit	.75
Condominium	.75
Non-residential – parcel of 3,000 s.f. or less	1

The ERU for non-residential parcels over 3,000 s.f. is based on parcel square footage and by land use category as follows:

<u>Land Use Category Area (ERU)</u>	<u>ERU</u>
Commercial or Industrial	1 ERU = 3,000 s.f. (i.e., a 4,000 s.f. commercial parcel = 1.25 ERU)
Vacant land	½ the developed rate

"Taxable" properties are those not owned by the City, the State of California, any other public district or agency of the State or the United States of America.

"Improved" properties are those other than those devoid of any structure as of June 1 of any fiscal year.

"Vacant" properties are those which are unimproved, but does not include unimproved parcels which are dedicated as open space or parklands.

Annual CPI Adjustment. Under the Ordinance, the Parcel Tax shall not exceed the maximum flat rate described above, except it may be increased annually by the annual percent

increase for the prior calendar year, if any, in the All Urban Consumer All Items Consumer Price Index (CPI-U, 1982 + 1984 = 1000) for San Francisco-Oakland-San Jose, California. The Tax will be levied so long as it is necessary to pay for any financing of capital improvements, and so long as necessary for services. In no event shall the tax rate adjustment exceed annually 5% of the tax rates imposed by the City during the immediately preceding fiscal year. The rate per ERU for 2008-09 is \$102.34.

Exemptions. Under the Ordinance, homeowners whose combined family income, from all sources from the previous calendar year, is at or below the income level qualifying as “very low-income” for a family of such size under Section 8 of the United States Housing Act of 1937, shall be exempt from the Parcel Tax. Owners must apply for the exemption annually by petition to the Director Finance and Administrative Services of the City (the “**Finance Director**”).

Levy of Parcel Tax. The Finance Director is authorized each fiscal year to determine the Parcel Tax amount to be levied for the next ensuing year for each taxable parcel of real property within the City and to provide such information to the tax collector of the County so that installments of the Parcel Tax will be included on the secured property tax roll of the County.

Termination of Parcel Tax. The Parcel Tax shall continue to be levied on each taxable parcel in the City in perpetuity and each parcel shall continue to be subject to the levy of the Parcel Tax unless such parcel is declared exempt or is sold to a government agency, school, nonprofit or religious organization.

Historic Parcel Tax Levy

The Parcel Tax was first levied in fiscal year 2006-07. The following table shows a history of the levies and collection of the Parcel Tax since that time:

CITY OF ALBANY Parcel Tax Levy and Collections

	Number of Parcels	Number Equivalent Residential Units	Total Parcel Tax Levy	Parcel Tax Collections	% Del June 30 (1)
2006-07	5,657	8,365	\$803,073	\$771,534	3.93%
2007-08	5,655	8,365	825,517	812,505	1.58
2008-09	5,660	8,381	854,197	N/A	N/A

(1) Delinquency percentages may not correlate to delinquencies shown in Table 2 Secured Tax Levy and Collections, since the Parcel Tax represents flat rates based on property type and size, whereas, secured taxes are determined on an ad valorem basis.

Source: City of Albany

Property Tax Collections

Although Alameda County participates in the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly known as the “**Teeter Plan**”), the City has opted out of the Teeter Plan. As a result, the City’s receipt of Tax Revenues is dependent upon actual collections of the Parcel Taxes by the County, as well as future collections of penalties and interest on all delinquent Parcel Taxes. See “PROPERTY TAXATION – No Teeter Plan.”

Parcel Tax By Property Type

The following table shows the breakdown by property type of the Parcel Tax during fiscal year 2008-09:

CITY OF ALBANY Parcel Tax Levy by Property Type (Fiscal Year 2008-09)

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Equivalent Residential Units</u>	<u>Total Parcel Tax Levy</u>
RESIDENTIAL			
Vacant residential land zoned for less than 4 units	33	12.54	\$1,283.04
Single Family Residential	3,671	3,670.38	372,147.00
Single family residential with 2 nd living unit	24	34.50	3,530.94
Single family residential with slight commercial use	1	1.50	153.52
Planned development (townhouse type)	8	7.00	716.38
Planned development (tract type) w/ common area	16	10.00	1,023.40
2, 3 or 4 single family homes	54	78.25	8,008.60
Duplex	126	109.50	19,497.00
Triplex, double or duplex w/ SF residential	39	89.25	9,133.66
Four living units (fourplex or triplex with SF residential)	61	180.75	18,498.00
Residential property of 3 living units	5	11.25	1,151.30
Condominiums	1,027	750.75	76,760.00
Restricted income properties	1	12.00	1,228.08
Multiple residential properties > 5 units	90	753.00	77,062.30
COMMERCIAL/INDUSTRIAL			
Vacant commercial land	9	164.09	16,792.90
Vacant industrial land	2	.75	76.76
One-story store	78	164.09	16,792.9
Store on 1 st floor with office or apts above	34	49.40	5,055.58
Misc. commercial	15	16.67	1,706.00
Discount house	8	158.49	16219.90
Restaurant	15	24.51	2,508.38
Supermarket	1	22.65	2,318.00
Commercial or industrial condominium	5	5.00	311.70
Warehouse	1	15.00	1,535.10
Light industrial	5	50.59	5,177.36
Heavy industrial	3	99.86	10,219.70
Nurseries	1	1.00	102.34
Car washes	1	10.67	1,091.96
Commercial garages (repair)	2	2.00	204.68
Automobile dealerships	2	2.00	204.68
Parking lots	17	41.18	4,214.36
Service stations	5	8.83	903.68
Nursing or boarding homes	1	1.67	170.90
Banks	5	10.93	1,118.58
Medical-dental	29	47.99	4,911.30
1-5 story office building	23	31.74	3,248.24
Bowling Alleys	1	16.67	1,706.00
Theaters	3	6.05	619.16
Other recreational (rinks, stadiums, race track)	4	1,707.35	174,730.00
EXEMPT (government-owned, churches, schools, public utilities)	<u>189</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	5,660	8,381.34	\$854,197.00

Source: City of Albany.

Ten Largest Parcel Taxpayers and Value to Lien

Set forth below is a table that lists the ten parcels in the City that have the largest Parcel Tax lien in fiscal year 2008-09, their assessed value based on the County tax roll for 2008-09, their total tax lien for fiscal year 2008-09 (including the Parcel Tax), as well as the value to total tax lien for 2008-09, and, based on the percentage of the total 2008-09 Parcel Tax levy for such parcel, their estimated share of the principal of the Bonds, and their estimated value to lien ratio.

<u>Taxpayer</u>	<u>2008-09 Parcel Tax</u>	<u>2008-09 Assessed Valuation</u>	<u>Total tax lien 2008-09⁽¹⁾</u>	<u>Assessed Value to total tax lien for 2008-09</u>	<u>% of Total 2008-09 Parcel Tax Levy</u>	<u>Estimated Share of Bonds⁽²⁾</u>	<u>Estimated Value to Parcel Tax Lien</u>
1. Ladbroke Holdings	174,730.20	46,331,652	1,716,504.62	27.0:1	20.46%	756,853.21	61.2:1
2. Target Corp.	15,059.34	30,078,971	555,804.98	54.1:1	1.76%	65,230.34	461.1:1
3. Adhesive Products, Inc	7,043.04	1,368,358	64,712.82	21.1:1	0.82%	30,507.30	44.9:1
4. Edward Biggs	5,910.14	5,142,479	155,807.40	33.0:1	0.69%	25,600.09	200.9:1
5. Albany Bowl	4,674.86	4,442,537	91,171.94	48.7:1	0.55%	20,249.41	219.4:1
6. Matt Nassiri	4,605.30	4,099,852	123,581.90	33.2:1	0.54%	19,948.10	205.5:1
7. Wilanco, Inc	3,313.76	1,354,252	42,834.44	31.6:1	0.39%	14,353.73	94.4:1
8. Safeway	2,318.00	4,755,213	86,832.66	54.8:1	0.27%	10,040.54	473.6:1
9. 1001 Eastshore Partners	2,179.84	4,503,724	61,791.08	72.9:1	0.26%	9,442.09	477.0:1
10. Paul Dresnick	2,128.68	1,104,731	30,197.06	36.6:1	0.25%	9,220.49	61.2:1

(1) Total tax lien for 2008-09 includes Parcel Tax lien.

(2) Estimated based on Bond principal amount of \$3,700,000.

Source: City of Albany and County of Alameda Treasurer-Tax Collector.

It is important to note that the Bonds are secured by the Tax Revenues, which are comprised of Parcel Taxes levied on each parcel according to the formula described in the Ordinance. The Parcel Tax levy is not affected by variations in assessed valuation. See “- Levy of Parcel Tax,” above.

Largest Parcel Taxpayer. The largest parcel taxpayer is Ladbroke Holdings, which owns the Golden Gate Fields racetrack, located along the Albany waterfront just west of the 80/580 Freeway. Magna Entertainment Corp. (“MEC”), the parent of Ladbroke Holdings, is North America’s largest owner operator of horse racetracks based on revenues. Golden Gate Fields opened in 1941, but racing did not get underway until after World War II. In 1989 Ladbroke Holdings acquired the property for approximately \$40 million. While Ladbroke Holdings owned title to the land, Pacific Racing Association conducted the racing operation. MEC acquired Golden Gate Fields in 1999 pursuant to stock purchases of Ladbroke and Pacific Racing Association

Golden Gate Fields spans approximately 102 acres in Albany (an additional 36 acres of the property is located in Berkeley), and the facilities include a one-mile main track, a 9/10ths mile turf course, stalls for more than 1,350 horses, a main grandstand which accommodates 9,000 visitors, a clubhouse which accommodates 4,500 visitors and the Turf Club which accommodates 1,200, as well as parking for over 8,500. In Summer 2007, a \$10,000,000 polymer synthetic racing surface was installed at the mandate of the California Horseracing Board, in order to make racing safer for horses and riders. In May 2008, the Bay Meadows racetrack in San Mateo closed, making Golden Gate Fields the only thoroughbred racetrack in Northern California. In 2008, Golden Gate Fields had 127 live racing days and is scheduled for 151 live racing days in 2009.

The following table shows the tax revenues received by the City from Golden Gate Fields in the last five fiscal years:

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Parimutual wager commission	\$357,457	\$387,593	\$429,032	\$431,437	\$479,597
Ad valorem property taxes	163,978	143,528	144,864	140,693	139,375
Parcel taxes and special assessments	473,767	473,767	272,587	264,059	263,192
Sales taxes	90,000	68,000	85,613	89,996	73,891
Business License	1,500	1,500	1,500	1,500	1,500
Total Revenues	\$1,084,702	\$1,089,250	\$933,596	\$927,685	\$957,555

Declining attendance at Golden Gate Fields resulted in declining track revenues in past years, however, increased racing days due to the recent closure of Bay Meadows is expected to increase attendance at Golden Gate Fields and tax revenues to the City in 2009. \$1,142,829 has been budgeted for fiscal year 2008-09.

MEC, which owns seven racetracks, has experienced financial difficulties over the past several years, and announced in filings with the SEC in December 2008 that it is considering several options with respect to its racetracks, including joint ventures or outright sales of racetracks. The City cannot predict what the outcome of MEC's deliberations will be with respect to Golden Gate Fields. Although a sale of the racetrack to another horseracing operator or to a developer would likely result in higher ad valorem taxes to the City, and any new owner would remain responsible for the parcel tax on the property, if Golden Gate Fields was closed for redevelopment as another use, the wagering commissions and sales tax revenue to the City would be eliminated.

Parcels with Assessed Valuations Under \$10,000. The following table shows the seven parcels in the City with assessed valuations under \$10,000 based on the County tax roll for 2008-09. Each parcel is undeveloped land with a 2008-09 Parcel Tax lien of \$38.88. Also shown is the total tax lien for fiscal year 2008-09 (including each parcel's estimated share of the Bonds), as well as the value to total tax lien for 2008-09, and, based on the percentage of the total 2008-09 Parcel Tax levy for such parcels, their estimated share of the principal of the Bonds, and their estimated value to lien ratio.

<u>Taxpayer</u>	<u>2008-09 Parcel Tax</u>	<u>2008-09 Assessed Valuation</u>	<u>Total Tax lien 2008-09</u> ⁽¹⁾	<u>Assessed Value to total tax lien for 2008-09</u>	<u>% of Total 2008-09 Parcel Tax Levy</u>	<u>Estimated Share of Bonds</u> ⁽²⁾	<u>Value to Lien</u>
Abelson, Howard & Janet	\$38.88	\$373	\$262.25	1.42:1	.005%	\$185	2.02:1
Runnion, Jack C.	38.88	933	346.22	2.69:1	.005	185	5.04:1
Hinshaw, Stephen P.	38.88	1,193	349.96	3.41:1	.005	185	6.45:1
Ratoosh, David A Trust	38.88	4,498	313.32	14.36:1	.005	185	24.31:1
Haney, Rodney B. & Ingrid E.	38.88	9,464	453.74	20.90:1	.005	185	51.16:1
Marys & Joes Inc.	38.88	9,893	459.62	21.52:1	.005	185	53.48:1
Nomura Betty M. & Paul T. & Carl T. Trust	38.88	9,893	459.62	21.52:1	.005	185	53.48:1

(1) Total tax lien for 2008-09 includes each parcel's estimated share of the Bonds (\$185).

(2) Estimated based on Bond principal amount of \$3,700,000.

Source: City of Albany and County of Alameda Treasurer-Tax Collector.

The total 2008-09 Parcel Tax levy of the seven parcels with assessed values below \$10,000 is \$272.16. A 100% Parcel Tax delinquency on these parcels would represent less than 0.032% of the 2008-09 Parcel Tax levy.

Average Single Family Residential Secured Tax. Based on information provided by California Municipal Statistics, there are 3,706 single family residential parcels in the City with an aggregate 2008-09 assessed value of \$1,120,951,128. The average assessed value for a single family residential home is therefore approximately \$302,469.

The 2008-09 tax rate for the City is approximately 1.372% levied on assessed value before exemptions, fixed charges and assessments. For the average assessed value home, the base tax is estimated at \$4,149.87. Deducting the \$7,000 homeowner exemption reduces the tax by \$96.04 and adding the fixed charges and assessments of approximately \$1,456.28 (includes the Parcel Tax) results in a total secured tax of \$5,510.11 for 2008-09.

Projected Tax Revenues and Debt Service Coverage

The table below shows the Tax Revenues projected through 2022, along with estimated debt service coverage for the Bonds.

CITY OF ALBANY
Projected Tax Revenues and Debt Service Coverage
2009 through 2022

	Projected Parcel Tax Levy ⁽¹⁾	Estimated Annual Debt Service for Bonds ⁽²⁾	Estimated Debt Service Coverage
2009	\$ 854,197	\$ 67,699.65	1262%
2010	854,197	389,975.00	219%
2011	854,197	389,250.00	219%
2012	854,197	387,975.00	220%
2013	854,197	391,150.00	218%
2014	854,197	388,500.00	220%
2015	854,197	390,300.00	219%
2016	854,197	386,275.00	221%
2017	854,197	386,700.00	221%
2018	854,197	386,300.00	221%
2019	854,197	390,075.00	219%
2020	854,197	387,750.00	220%
2021	854,197	389,600.00	219%
2022	854,197	390,350.00	219%

(1) Projected Parcel Tax levy based on 2008-09 levy, assuming no increase in CPI.

(2) Debt service based on \$3,545,00 principal amount of bonds at interest rate of 5.50%.

Source: City of Albany and Wulff, Hanson & Co.

Parcel Tax Fund; Deposit of Tax Revenues

The City has previously established the Parcel Tax Fund, which it will continue to hold and maintain for the purposes and uses set forth in the Indenture. The City will deposit the Tax Revenues received into the Parcel Tax Fund. At least five Business Days prior to each Interest Payment Date, the City will transfer to the Trustee from the Parcel Tax Fund an amount equal to the principal of and interest of the Bonds then coming due on the next occurring Interest Payment Date. The Trustee will deposit such amount into the Debt Service Fund, from which the Trustee shall transfer amounts for payment when due of the principal of and interest and redemption premium, if any, on the Bonds (and any additional Parity Debt) on the next occurring Interest Payment Date, and to replenish the Reserve Account, if necessary to bring the amount then on deposit in the Reserve Account up to the Reserve Requirement.

All Tax Revenues received by the City during any Bond Year in excess of the amount required to be transferred to the Trustee for deposit in the Debt Service Fund during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien for the security of the Bonds and any additional Parity Debt and may be applied by the City for any lawful purpose of the City, including but not limited to the payment of Subordinate Debt, or the payment of any amounts due and owing to the United States of America pursuant to the Rebate provisions of the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the City shall not have any beneficial right or interest in the moneys on deposit in the Parcel Tax Fund, except as provided in the Indenture and in any Supplemental Indenture.

Reserve Account

In order to further secure the payment of principal of and interest on the Bonds, a portion of Bond proceeds will be deposited into the Reserve Account in an amount equal to the Reserve Requirement. The “**Reserve Requirement**” is defined in the Indenture to mean, as of the date of calculation, the lesser of the amount of Maximum Annual Debt Service on all Outstanding Bonds or the amount then permitted by the Code to be deposited in the Reserve Account.

In the event that on the Business Day preceding an Interest Payment Date the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the City of such fact. Promptly upon receipt of any such notice, the City shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Tax Revenues to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the City shall be obligated to continue making transfers as Tax Revenues become available until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement.

All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the City is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four Business Days preceding each February 1 and August 1 by the Trustee and deposited in the Interest Account.

The City shall have the right, at any time, to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company, provided that certain provisions described in the Indenture are met. See “APPENDIX B – SUMMARY OF THE INDENTURE – Qualified Reserve Account Credit Instrument.”

Parity Debt

Existing Parity Debt. The City currently has no other outstanding debt payable from Tax Revenues.

Additional Parity Debt. In addition to the Bonds, the City may issue or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the Bonds (“**Parity Debt**”) to finance or refinance the Storm Drain Projects, provided that, among other requirements, the Tax Revenues for the then current Fiscal Year, as evidenced in a Tax Revenues Certificate, shall be at least equal to 125% of Maximum Annual Debt Service on all Bonds and Parity Debt which will be Outstanding following the issuance of such Parity Debt.

In addition, each parity series of bonds issued must provide that prior to or simultaneous with the issuance of such series of bonds, there shall be separately deposited into the respective reserve account an amount equal to the reserve requirement for such series of bonds. Notwithstanding the foregoing, such deposits may be in the form of Qualified Reserve Account Credit Instrument, as provided in the Indenture.

Superior and Subordinate Debt

The City has pledged in the Indenture that it will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds.

The City may issue or incur any loans, advances or indebtedness issued or incurred by the City which are either (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues which is expressly subordinate to the pledge of and lien upon the Tax Revenues securing the Bonds.

THE CITY

The City is located on the eastern shore of the San Francisco Bay in Alameda County, bordered by the cities of El Cerrito and Richmond on the north and the City of Berkeley on the east and south sides. The terrain is mostly flat, except for Albany Hill, which rises to 338 feet above sea level. The Oakland-San Francisco Bay Bridge is just a few miles south of Albany, off Interstate-80, which runs along the western edge of the City. AC Transit bus lines and a BART station in neighboring El Cerrito provide easy accessible transportation service to San Francisco, Richmond, Berkeley, Oakland and beyond. The City is a chartered city, first incorporated on September 22, 1908, and operates under a council/administrator form of government. Five councilmembers are elected at large and serve overlapping terms of four years, and the City Council, in turn, selects one of the councilmembers to serve as Mayor for one year.

The current City Council is as follows:

<u>Name</u>	<u>Term Expires</u>
Marge Atkinson, Mayor	November 2010
Joanne Wile, Vice Mayor	November 2010
Robert Lieber	November 2012
Farid Javandel	November 2012
Peggy Thomsen	November 2012

A copy of the most recent audited financial statements of the City for Fiscal Year ending June 30, 2008 and prepared by the City's Finance Department, as audited by Caporicci & Larson, Oakland, California, is included as Appendix A.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Indenture and to collect Tax Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the Owners of the Bonds upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bond owners remedies contained in the Indenture, the rights and obligations under the Bonds and the Indenture may be subject to the following: the United States 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 equity 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 serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds 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.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 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.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the

date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and may remain outstanding until maturity.

PROPERTY TAXATION

Property Tax Collection Procedures

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. By contract, a tax levied on unsecured property does not become a lien against such unsecured property.

Parcel taxes are non-*ad valorem* taxes (i.e., they are not calculated based on the value of the property), however, they are found on the secured roll. Every tax which becomes a lien on secured property, including the Parcel Taxes, has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

No Teeter Plan

While the County has adopted the Teeter Plan, the City has opted out. Because the City does not participate in the Teeter Plan, secured property taxes, including the Parcel Taxes, are received by the City when actually collected by the County, including future collections of delinquent Parcel Taxes, plus penalties and interest.

Historic Assessed Valuation

Shown in the following tables are: a five-year summary of historical assessed values for the City overall; a five-year summary of secured tax charges and delinquencies; assessed valuation and parcels by land use based on County data for the 2008-09 fiscal year; and typical total tax rates for past five years.

**TABLE 1
CITY OF ALBANY
Historic Assessed Valuations**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2004-05	\$1,340,205,185	\$376,909	\$25,179,040	\$1,365,761,134
2005-06	1,480,276,256	365,093	26,655,891	1,507,297,240
2006-07	1,613,130,018	323,575	26,408,175	1,639,861,768
2007-08	1,720,225,511	59,760	29,619,932	1,749,905,203
2008-09	1,803,120,376	59,760	26,601,236	1,829,781,372

Source: California Municipal Statistics, Inc.

**TABLE 2
CITY OF ALBANY
Secured Tax Levies and Collections**

<u>Fiscal Year</u>	<u>Taxes Levied for Fiscal Year (1)</u>	<u>Amount Collected within Fiscal Year (2)</u>	<u>% of Levy Collected</u>	<u>% Delinquent (3)</u>
2001-02	\$2,300,137	\$2,245,812	97.64%	2.36%
2002-03	2,367,418	2,306,724	97.44	2.56
2003-04	2,466,661	2,413,152	97.83	2.17
2004-05	2,713,815	2,657,474	97.92	2.08
2005-06	3,264,081	3,463,063	106.10	+6.10
2006-07	3,671,315	3,603,724	98.16	1.84
2007-08	3,858,156	3,756,485	97.36	2.64

(1) Amounts presented include City property taxes and Redevelopment Agency tax increment. Also included are amounts collected by the Redevelopment Agency passed through to other agencies.

(2) Subsequent collections are reported in year of collection.

(3) Delinquency percentages may not correlate to delinquencies shown in Parcel Tax Levy and Collections table, since the Parcel Tax represents flat rates based on property type and size, whereas, secured taxes are determined on an ad valorem basis.

Source: City of Albany and Alameda County Auditor-Controller.

TABLE 3
CITY OF ALBANY
Assessed Valuation and Parcels by Land Use

	2008-09 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Commercial	\$164,134,912	9.10%	258	4.71%
Vacant Commercial	1,046,756	0.06	10	0.18
Industrial	10,808,805	0.60	10	0.18
Vacant Industrial	665,502	0.04	2	0.04
Recreational	51,331,646	2.85	8	0.15
Government/Social/Institutional	<u>1,382,623</u>	<u>0.08</u>	<u>10</u>	<u>0.18</u>
Subtotal Non-Residential	\$229,370,244	12.72%	298	5.45%
Residential:				
Single Family Residence	\$1,120,951,128	62.17%	3,706	67.73%
Condominium/Townhouse	261,446,600	14.50	1,035	18.91
2-4 Residential Units	98,559,264	5.47	309	5.65
5+ Residential Units/Apartments	87,540,791	4.85	93	1.70
Vacant Residential	<u>5,252,349</u>	<u>0.29</u>	<u>31</u>	<u>0.57</u>
Subtotal Residential	\$1,573,750,132	87.28%	5,174	94.55%
Total	\$1,803,120,376	100.00%	5,472	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Tax Rates

There are a total of two tax rate areas in the City. The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the largest tax rate area located within the City (Tax Rate Area 22-000) during the five-year period from 2004-05 to 2008-09.

TABLE 4
CITY OF ALBANY
Summary of Ad Valorem Tax Rates ⁽¹⁾
(TRA 22-000)

	2004-05	2005-06	2006-07	2007-08	2008-09
County-wide	1.0000	1.0000	1.0000	1.0000	1.0000
Albany Unified School District	.1611	.1316	.1653	.1284	.1451
Peralta Community College District	.0208	.0238	.0272	.0223	.0362
Bay Area Rapid Transit District	-	.0048	.0050	.0076	.0090
East Bay Regional Park District	.0057	.0057	.0085	.0080	.0100
East Bay Municipal Utility District, Special District No. 1	.0076	.0072	.0068	.0065	.0064
City of Albany	<u>.1345</u>	<u>.1311</u>	<u>.1281</u>	<u>.1668</u>	<u>.1653</u>
Total	1.3297	1.3042	1.3409	1.3396	1.3720

(1) \$1 per \$100 of Assessed Valuation.
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated March 1, 2009. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 5
CITY OF ALBANY
Statement of Direct and Overlapping Bonded Debt
Dated as of March 1, 2009

2008-09 Assessed Valuation: \$1,829,781,372
 Redevelopment Incremental Valuation: 39,059,648
 Adjusted Assessed Valuation: \$1,790,721,724

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/09</u>	
Bay Area Rapid Transit District	0.406%	\$ 1,791,922	
Peralta Community College District	3.212	11,396,979	
Albany Unified School District	100.000	35,665,000	
City of Albany	100.000	18,550,000	(1)
East Bay Municipal Utility District, Special District No. 1	2.956	950,797	
East Bay Regional Park District	0.599	753,842	
City of Albany Assessment District No. 1996-1	100.000	<u>4,045,000</u>	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$73,153,540	
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Alameda County General Fund Obligations	1.024%	\$ 4,575,826	(2)
Alameda County Pension Obligations	1.024	2,078,932	
Peralta Community College District Pension Obligations	3.212	4,648,883	
Alameda-Contra Costa Transit District Certificates of Participation	1.236	335,636	
City of Albany Certificates of Participation	100.000	<u>1,195,000</u>	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$12,834,277	
COMBINED TOTAL DEBT		\$85,987,817	(3)

(1) Excludes issue to be sold.

(2) Includes share of City of Oakland-Alameda County Coliseum obligations.

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

Ratios to 2008-09 Assessed Valuation:

Direct Debt (\$18,550,000) 1.01%
 Total Direct and Overlapping Tax and Assessment Debt 4.00%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$19,745,000) 1.10%
 Combined Total Debt 4.80%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than nine months following the end of the City's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the City's fiscal year), commencing [[March 31, 2010]], with the report for the 2008-09 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX F – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The City has had no instance in the previous five years in which it failed to comply in all material respects with any previous continuing disclosure obligation under the Rule.

LITIGATION

The City is not aware of any litigation pending or threatened questioning the political existence of the City, contesting the City's ability to levy and collect Sewer Revenues or ad valorem taxes, contesting the City's ability to collect or receive other revenues or contesting the City's ability to issue and repay the Bonds.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned its municipal bond rating of "AA-" to the Bonds.

The rating issued reflects only the view of S&P, and any explanation of the significance of such rating should be obtained from S&P. There is no assurance that such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds. The City has no obligation to maintain any particular rating on the Bonds.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross

income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. The form of Bond Counsel's opinion is attached hereto as Appendix E.

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

CERTAIN LEGAL MATTERS

The legal opinion of Bond Counsel, approving the validity of the Bonds, in substantially the form attached hereto as Appendix E, will be made available to purchasers at the time of original delivery of the Bonds, and a copy thereof will be printed on each Bond. Bond Counsel will, as Disclosure Counsel, also deliver a disclosure letter to the City and the Underwriter regarding the contents of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney.

UNDERWRITING

The Bonds are being purchased by _____ (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which is equal to the aggregate principal amount of the Bonds of \$_____, minus an original issue discount of \$_____ and minus an Underwriter's discount of \$_____. The Bond Purchase Agreement pursuant to which the Underwriter has agreed to purchase the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

All summaries of the Indenture, applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

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 Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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

CITY OF ALBANY

By: _____
Beth Pollard
City Administrator

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2008**

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of the provisions of the Indenture of Trust relating to the Bonds. This summary is not intended to be definitive, and reference is made to the complete document for the terms thereof.

APPENDIX C

GENERAL INFORMATION RELATING TO THE CITY OF ALBANY

The following information is included only for the purpose of supplying general information regarding the City. This information is provided only for general informational purposes, and provides prospective investors limited information about the City and its economic base. The Bonds are payable solely from the Tax Revenues and other sources described herein (see "SECURITY FOR THE BONDS"). The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State, nor any of its political subdivisions, is liable therefor.

General

The City of Albany is located in Alameda County approximately 8 miles north of Oakland, the County seat, and about 13 miles east of San Francisco. Incorporated in 1908, the City is a full service charter city operating under a Council-Administrator form of government. The City Council is comprised of five elected council members served by a full-time City Administrator and staff. The Mayor is selected annually from the sitting councilmembers and serves a one-year term. Councilmembers are elected at large for staggered four-year terms and are limited to two consecutive terms. The City Treasurer and the City Attorney are also elected positions.

With a mild climate, Albany enjoys "typical" San Francisco Bay Area weather, which most often is characterized by sunny but cool days and fog drifting in from the Golden Gate.

Organization and Services

The City is a charter city and has operated under the Council-Manager form of government since 1984, with a five-member city council elected at large to staggered four-year terms. Annually, the City Council selects a Mayor and a Vice Mayor.

The City provides municipal services related to police, fire protection, public works, parks and recreation, community development, and general City administration. In addition to general government activities, the City Council has financial accountability for the Police and Fire Relief and Pension Plan, the Public Facilities Financing Authority, and the Albany Municipal Services Joint Powers Authority. The City has established the Community Reinvestment Agency to promote economic development in the City.

Population

The City of Albany is currently estimated to have a population of approximately 16,680. The following table sets forth population statistics for the City and Alameda County since 2004.

**CITY OF ALBANY AND COUNTY OF ALAMEDA
Population Estimates**

Year	Albany	Alameda County	State of California
2004	16,697	1,495,775	36,245,016
2005	16,662	1,500,228	36,728,196
2006	16,680	1,510,303	37,172,015
2007	16,722	1,522,597	37,559,440
2008	16,877	1,543,000	38,049,462

Source: State Department of Finance estimates (as of January 1).

Commerce

Total taxable transactions during calendar year 2007 in the City were reported to be \$190,004,000, a 1.5% increase over the total taxable transactions of \$187,292,000 reported during calendar year 2006. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2008.

**CITY OF ALBANY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2002	244	\$85,609	468	\$121,582
2003	258	86,594	486	118,312
2004	259	104,471	486	139,164
2005	270	141,043	493	176,362
2006	266	154,314	486	187,292
2007	271	159,051	522	190,004

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

Total taxable transactions during calendar year 2007 in the County were reported to be \$25,831,140,000, a 2.4% increase over the total taxable transactions of \$25,223,384,000 reported during calendar year 2006. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the County is presented in the following table. Annual figures are not yet available for 2008.

COUNTY OF ALAMEDA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2002	19,085	\$13,375,587	41,430	\$21,264,629
2003	20,606	13,562,149	42,550	21,375,029
2004	20,800	14,343,842	42,939	22,996,365
2005	20,688	15,228,482	42,792	24,242,981
2006	20,090	15,656,414	41,951	25,223,384
2007	19,554	15,664,940	42,014	25,831,140

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

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County of Alameda, the State and the United States for the period 2003 through 2007.

**COUNTY OF ALAMEDA
Effective Buying Income
As of January 1, 2003 through 2007**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2003	Alameda County	\$34,029,805	\$50,431
	California	674,721,020	42,924
	United States	5,466,880,008	38,201
2004	Alameda County	\$34,827,010	\$51,415
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2005	Alameda County	\$34,772,822	\$52,295
	California	720,798,106	44,681
	United States	5,894,663,364	40,529
2006	Alameda County	\$35,772,898	\$53,171
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	Alameda County	\$37,572,278	\$54,688
	California	814,894,438	48,203
	United States	6,300,794,040	41,792

Source: Sales & Marketing Management Survey of Buying Power for 2003 and 2004; Claritas Demographics for 2005 through 2007.

Employment and Industry

The unemployment rate in the Oakland-Fremont-Hayward MSA (which includes Contra Costa and Alameda Counties) was 6.2% in June 2008. This compares with an unadjusted unemployment rate of 6.2% for Alameda County, 6.3% for Contra Costa County, 7.0% for California and 5.5% for the nation during the same time period.

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION ALAMEDA, CONTRA COSTA COUNTIES Civilian Labor Force, Employment and Unemployment; Employment by Industry (Annual Averages)

	2003	2004	2005	2006	2007
Civilian Labor Force ⁽¹⁾	1,272,800	1,259,300	1,259,700	1,265,200	1,281,500
Employment	1,188,500	1,186,400	1,196,200	1,209,700	1,220,600
Unemployment	84,300	72,900	63,500	55,500	60,900
Unemployment Rate	6.6%	5.8%	5.0%	4.4%	4.8%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	2,600	1,500	1,600	1,500	1,500
Natural Resources and Mining	900	1,200	1,100	1,200	1,200
Construction	67,100	69,800	72,800	73,300	72,400
Manufacturing	98,000	98,200	95,600	95,800	93,700
Wholesale Trade	50,600	49,200	48,600	48,800	48,800
Retail Trade	110,500	110,500	112,100	113,300	113,100
Transportation, Warehousing, Utilities	36,000	34,200	34,300	35,000	36,100
Information	32,600	31,300	30,700	30,100	29,400
Finance and Insurance	49,400	49,500	50,800	49,400	45,400
Real Estate and Rental and Leasing	18,200	18,100	18,700	18,200	16,900
Professional and Business Services	144,900	147,700	150,600	154,900	155,500
Educational and Health Services	117,000	117,200	118,500	121,800	124,700
Leisure and Hospitality	80,400	80,600	83,000	85,600	87,500
Other Services	37,500	36,600	35,600	35,900	36,200
Federal Government	18,600	17,600	17,300	17,300	17,100
State Government	48,800	47,000	46,200	45,800	46,400
Local Government	115,000	115,100	116,500	118,900	123,400
Total, All Industries ⁽³⁾	1,028,200	1,025,200	1,033,700	1,046,900	1,049,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: *State of California Employment Development Department.*

The following table shows the major employers in the City as of 2006.

**CITY OF ALBANY
Major Employers
2008**

Company	Product/Service	Number of Employees	Percentage of Total Employment
United States Department of Agriculture & Research	Agricultural Research	450	4.89%
Albany Unified School District	Education	281	3.05%
Golden Gate Fields	Race Track	191	2.08
Target Store	Department Store	185	2.01
City of Albany	Government	106	1.15
St. Mary's College High School	School	72	0.78
Albany Bowl	Bowling	50	0.54
California Orientation Center for the Blind	Skills Assessment Ctr	50	0.54
Safeway Store	Retail Grocery	49	0.53
Fonda	Restaurant	43	0.47

Source: City of Albany, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008.

The following table shows the major employers in the County as of January 2008, listed in alphabetical order.

COUNTY OF ALAMEDA
Major Employers (Listed alphabetically)
2008

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Sheriff
Alameda County Sheriff Dept	Pleasanton	Sheriff
Alta Bates Medical Ctr Inc	Berkeley	Hospitals
Alta Bates Summit Medical Ctr	Oakland	Hospitals
Bay Area Rapid Transit	Oakland	Marketing Programs & Services
Bayer Corp	Berkeley	Drug Millers (Mfrs)
Brita Water Co	Oakland	Water Companies-Bottled, Bulk, Etc
California State University	Hayward	Schools
Clorox Technical Ctr	Pleasanton	Commercial Physical Research
East Bay Water	Oakland	Water & Sewage Companies-Utility
Kaiser Foundation Hospital	Oakland	Hospitals
Kaiser Permanente Hospital	Hayward	Hospitals
Lawrence Berkeley National Lab	Berkeley	Physicians & Surgeons
Lawrence Livermore Natl Lab	Livermore	Laboratories-Testing
New United Motor Manufacturing	Fremont	Automobile Parts & Supplies-Mfrs
Novartis	Emeryville	Pharmaceutical Preparation (Mfrs)
Novartis Vaccines & Dgnstcs	Emeryville	Biological Products (Manufacturers)
Permanente Medical Group	Hayward	Physicians & Surgeons
Residential & Student Svc Prog	Berkeley	Schools-Universities & Colleges Academic
Sandia National Laboratories	Livermore	Laboratories-Research & Development
Sheriff's Ofc Law Enforcement	Oakland	Sheriff
Transportation Dept-California	Oakland	State Government-Transportation Programs
U C Berkeley Extension	Berkeley	Schools-Universities & Colleges Academic
Washington Hospital Hlthcre	Fremont	Hospitals
Western Digital	Fremont	Telecommunications Services

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

Construction Activity

Provided below are the building permits and valuations for the County of Alameda for calendar years 2003 through 2007.

COUNTY OF ALAMEDA Total Building Permit Valuations (Valuations in Thousands)

Permit Valuation	2003	2004	2005	2006	2007
New Single-family	\$663,584.2	\$749,898.1	\$518,955.9	\$545,570.9	\$424,009.7
New Multi-family	316,355.6	475,595.7	482,928.9	626,797.5	315,894.0
Res. Alterations/Additions	<u>279,937.2</u>	<u>307,825.2</u>	<u>392,480.2</u>	<u>357,113.0</u>	<u>339,842.5</u>
Total Residential	\$1,259,877.0	\$1,533,319.0	\$1,394,365.0	\$1,529,481.4	\$1,079,746.3
New Commercial	144,720.4	202,774.7	199,562.0	237,780.4	219,825.1
New Industrial	36,695.1	53,262.0	55,382.4	23,350.6	65,661.4
New Other	122,627.7	100,467.3	105,370.0	93,070.1	102,269.9
Com. Alterations/Additions	<u>304,238.7</u>	<u>349,231.6</u>	<u>413,425.1</u>	<u>461,992.7</u>	<u>503,015.7</u>
Total Nonresidential	\$608,281.9	\$705,735.6	\$773,739.6	\$816,193.8	\$890,772.1
New Dwelling Units					
Single Family	2,087	2,269	1,518	1,681	1,340
Multiple Family	<u>2,433</u>	<u>3,422</u>	<u>2,898</u>	<u>4,035</u>	<u>1,911</u>
TOTAL	4,520	5,691	4,416	5,716	3,251

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The San Francisco Bay Area's network of freeways and expressways gives Albany access to regional, national and international markets. Interstate Highway 80 passes through Emeryville. Interstate 580 passes near Albany.

The Bay Area Rapid Transit ("BART") commuter rail provides high-speed transportation through Alameda, Contra Costa and San Francisco Counties. The Oakland-San Francisco Bay Bridge is just a few miles south of Albany, off Interstate 80, which runs along the western edge of the City. AC Transit bus lines and a BART station in neighboring El Cerrito provide easy accessible transportation service to San Francisco, Richmond, Berkeley, Oakland and beyond. Nearby Emeryville recently opened a multi-modal transportation station that features Amtrak commuter service from Sacramento to San Jose as well as long-haul service.

Oakland and San Francisco Ports provide access to domestic and international shipping. The Port of Oakland, the nation's second largest container port, is near to the City.

Oakland International Airport is located less than fifteen miles from Albany and is served by most major domestic and international carriers. In addition to regularly scheduled passenger airlines, the airport provides substantial aircraft maintenance and overhauling services.

Education

Public education for students in grades K-12 is provided by the Albany Unified School District. The City is served by three elementary schools, one intermediate school, one high school, one continuation school and one adult school.

APPENDIX D

THE CITY'S FINANCIAL INFORMATION

The information in this Appendix concerning the City's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the City. The Bonds are payable from the Tax Revenues and moneys in certain funds established under the Indenture. See "SECURITY FOR THE BONDS" and "PROPERTY TAXATION – Teeter Plan" herein.

General Information

General The City is located on the eastern shore of the San Francisco Bay in Alameda County, bordered by the cities of El Cerrito and Richmond on the north and the City of Berkeley on the east and south sides. The terrain is mostly flat, except for Albany Hill, which rises to 338 feet above sea level. The Oakland-San Francisco Bay Bridge is just a few miles south of Albany, off Interstate-80, which runs along the western edge of the City. AC Transit bus lines and a BART station in neighboring El Cerrito provide easy accessible transportation service to San Francisco, Richmond, Berkeley, Oakland and beyond. The City is a chartered city, first incorporated on September 22, 1908, and operates under a council/administrator form of government. Five councilmembers are elected at large and serve overlapping terms of four years, and the City Council, in turn, selects one of the councilmembers to serve as Mayor for one year.

The current City Council is as follows:

<u>Name</u>	<u>Term Expires</u>
Marge Atkinson, Mayor	November 2010
Joanne Wile, Vice Mayor	November 2010
Robert Lieber	November 2012
Farid Javandel	November 2012
Peggy Thomsen	November 2012

Financial Information

Financial Statements. A copy of the most recent audited financial statements of the City for Fiscal Year ending June 30, 2008 and prepared by the City's Finance Department, as audited by Caporicci & Larson, Oakland, California (the "**Auditor**"), is included as Appendix A.

Set forth below are excerpts from the City's general fund financial statements for fiscal years 2005-06 through 2007-08, the three most recent fiscal years for which audited financial statements are available. Also shown are budgeted figures for the 2008-09 fiscal year.

CITY OF ALBANY
General Fund - Revenues, Expenditures and Fund Balances
For Fiscal Years 2005-06 through 2007-08 (Audited) and Fiscal Year 2008-09 (Budgeted)

	Audited 2005-06	Audited 2006-07	Audited 2007-08	Budgeted 2008-09
REVENUES				
Property taxes	\$4,037,091	\$4,457,035	\$4,794,633	\$4,856,245
Sales taxes	2,042,834	2,242,377	2,182,934	2,079,598
Franchise and other taxes	4,387,293	4,261,793	4,079,219	4,031,216
Licenses and permits	195,709	153,817	175,866	152,000
Fines and forfeitures	153,619	188,961	268,969	235,902
Earnings on investments	287,254	625,642	504,524	379,270
Revenues from other agencies	214,023	269,041	161,268	154,400
Current services charges	1,170,042	1,296,091	1,322,128	1,326,371
Other revenue	407,408	290,744	378,051	229,643
Total Revenues	12,895,273	13,785,501	13,877,612	13,444,645
EXPENDITURES:				
General Government	2,420,027	1,965,488	1,973,817	2,349,749
Police	4,347,333	4,569,735	4,882,681	5,448,916
Fire and emergency medical services	3,439,147	3,521,204	3,886,042	3,963,622
Community Development	2,235,061	2,140,577	2,510,146	2,740,159
Recreation and community services	1,426,572	1,569,795	1,711,290	1,886,741
Total Expenditures	13,868,140	13,786,799	14,963,976	16,389,187
REVENUE OVER (UNDER)	(972,867)	(1,298)	(1,086,364)	(2,944,542)
EXPENDITURES				
OTHER FINANCIAL SOURCES (USES)				
Transfers In	2,687,606	2,879,874	3,038,052	3,223,977
Transfers Out	(4,746,177)	(2,464,428)	(1,775,476)	(274,810)
Total Other Financing Sources (Uses)	(2,058,571)	415,446	1,262,576	2,949,167
NET CHANGE IN FUND BALANCES	(3,031,438)	414,148	176,212	4,625
FUND BALANCE-BEGINNING (JULY 1)	3,968,937	4,188,342	4,602,490	4,483,746
PRIOR PERIOD ADJUSTMENT	3,250,843			
FUND BALANCE-RESTATED (JULY 1)				
FUND BALANCE-ENDING (JULY 1)	\$4,188,342	\$4,602,490	\$4,778,702	\$4,488,371

Source: City of Albany Comprehensive Annual Financial Reports (2005-06 through 2007-08), City of Albany Operating Budget for fiscal year 2008-09.

Employee Relations and Collective Bargaining

Three labor unions and associations represent City employees. The three employee groups are shown below. Management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council.

<u>Employee Group</u>	<u>Employees</u>	<u>Contract Expires</u>
United Public Employees, Local 1021	30	March 31, 2009
Albany Peace Officers Association	33	October 31, 2009
Albany Firefighters Association	18	December 31, 2011

Insurance and Self-Insurance Programs

The City is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA). This twenty-member entity provides general liability insurance, employment practices liability insurance, property insurance, earthquake insurance, automobile insurance, and legal assistance.

The City is self-insured for workers' compensation costs up to \$150,000 per occurrence, and the City maintains a dedicated reserve account for workers' compensation claims. Claims in excess of \$150,000 are covered by the Local Agency Worker's Excess Compensation Joint Powers Authority, and claims from \$500,000 to \$50,000,000 are covered by excess workers' compensation insurance provided by commercial insurance carriers.

The City is self-insured for general liability claims up to \$50,000 per occurrence, and the City maintains a dedicated reserve account for general liability claims. Claims in excess of \$50,000 are covered by the BCJPIA, and claims from \$1,000,000 to \$14,000,000 by the California Affiliated Risk Management Authorities (CARMA).

The Worker's Compensation and General Liability reserve funds are part of the City's proprietary operations, as they are designated Internal Service Funds.

Retirement Systems

The City participates in the California Public Employees Retirement System (PERS) and maintains a City pension plan for police and fire employees employed by the City before July 1, 1971. All qualified permanent and probationary City employees are eligible to participate in the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating members in California. Benefits vest after five years of service and are payable monthly for life upon retirement. PERS requires City employees to contribute between 8% and 9% of their annual salary. These benefit provisions and all other requirements are established by State statute and City ordinance. Contributions necessary to fund PERS on an actuarial basis are determined by PERS.

As of the last actuarial valuation dated September 30, 2008, a total of 29 members participated in the Police and Fire Relief and Pension Plan. There were no active plan participants as of June 30, 2008 and the plan is closed to new participants. The plan was fully funded in fiscal year 2004.

Due to the meltdown in the financial markets after June 30, 2008, the Fund's investment value declined significantly. Based on the last actuarial study for the period ended September 30, 2008 the total pension benefit obligation for this plan was \$12,258,000 and the actuarial book value of assets available for benefits totaled \$10,939,000, leaving an unfunded liability of \$1,319,000. The Fund is no longer fully funded. Additional contributions will be required in the next fiscal year. The City expects to have an actuarial valuation completed in 2009 in order to determine the contribution amount for fiscal year 2009-10.

Deferred Compensation

City employees may defer a portion of their compensation under a City-sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plan. In accordance with Governmental Accounting Standards Board ("GASB"), the City revised the plan to no longer make the funds available to the City's general creditors, and accordingly, the City does not report these assets in the financial statements.

APPENDIX E
FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Albany (the "City") in connection with the issuance of the \$_____ aggregate principal amount of City of Albany Parcel Tax Bonds Election of 2006, Series A (Storm Drain Projects) (the "Bonds"). The Bonds are being issued under an Indenture of Trust dated as of March 1, 2009 (the "Indenture") between the City and U.S. Bank National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

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

"*Annual Report*" means any Annual Report provided by the City under, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is 9 months after the end of the City's fiscal year (currently March 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means U.S. Bank National Association or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing _____ 31, 20__, with the report for the 20__-__ fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Trustee and the Participating Underwriter; **[provided, however, that any Annual Report due before July 1, 2009, shall be filed with each nationally recognized municipal**

securities information repository and state repository designated as such by the Securities and Exchange Commission for purposes of the Rule, and otherwise in accordance with then-applicable procedures prescribed under the Rule]. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Trustee and the Participating Underwriter.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City, with a copy to the Trustee and the Participating Underwriter, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Principal amount of Bonds outstanding,

(ii) Balance in the Reserve Fund and a statement of the Reserve Requirement; and

(iii) total Tax Revenues received by the City during the preceding fiscal year and the amount by which such Tax Revenues provide coverage for the payments of debt

service coming due in such fiscal year with respect to the Bonds and any other Parity Obligations;

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

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Under the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled bond calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

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

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the City shall, or shall cause the Dissemination Agent (if not the City) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture. **[provided, however, that any notice of the occurrence of a Listed Event that is filed before July 1, 2009, shall be filed with each nationally recognized municipal securities information repository and state repository designated as such by the Securities and Exchange Commission for purposes of the Rule, and otherwise in accordance with then-applicable procedures prescribed under the Rule].**

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

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

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

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

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2009

CITY OF ALBANY

By _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CITY OF ALBANY

Name of Issue: \$_____ City of Albany Parcel Tax Bonds Election of 2006, Series A
(Storm Drain Projects)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated as of _____, 2009. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT

By: _____

Title: _____

cc: Trustee

APPENDIX G

BOOK ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the City nor the Trustee take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the securities (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation

(NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information contained on this Internet site is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.