

AGENDA

STANISLAUS COUNTY REDEVELOPMENT AGENCY

1010 10TH STREET, BASEMENT LEVEL, MODESTO

JUNE 12, 2001

9:30 A.M.

- I. CALL TO ORDER**
- II. CONSENT CALENDAR (Those items marked with an *)**
- III. APPROVAL OF MINUTES**
 - *A. May 1, 2001.
- IV. CORRESPONDENCE**
 - A. None.
- V. PUBLIC HEARINGS**
 - A. None.
- VI. AGENDA ITEMS**
 - A. Authorize the Borrowing of Funds in Anticipation of the Receipt of Loan Funds and the Issuance and Sale of 2001 Loan Anticipation Notes both in the amount of \$4.525 million.
- VII. PUBLIC FORUM**
- VIII. ADJOURNMENT**

MINUTES

STANISLAUS COUNTY REDEVELOPMENT AGENCY

MAY 1, 2001

The Stanislaus County Redevelopment Agency met in the Joint Chambers at 10TH Street Place, Basement Level, Modesto, California.

I. CALL TO ORDER

The meeting was called to order at 9:47 a.m.

Members present: Pat Paul, Tom Mayfield, Paul Caruso, Nick Blom ,
Ray Simon

Members absent: None

Staff present: Ron Freitas, Executive Director
Jim Duval, Senior Planner

II. CONSENT CALENDAR (*)

A. Upon motion by Agency members Blom/Caruso, the Agency unanimously approved the Consent Calendar.

III. CORRESPONDENCE

A. None.

IV. PUBLIC HEARINGS

A. None.

V. AGENDA ITEMS

A. Upon motion by Blom/Mayfield, with Caruso abstaining, the Agency unanimously adopted the 2001-02 Budget; and, amended item to direct staff to take all necessary steps to implement the 2001-02 Budget.

VI. PUBLIC FORUM

A. Miguel Donoso spoke regarding the cleanup effort in the Shackelford Neighborhood, the issuance of warnings and subsequent fines to persons dumping in alleys, and the notification to minority businesses regarding the public construction project bidding process.

VII. ADJOURNMENT

The meeting adjourned at 10:10 a.m.


Ron E. Freitas
Executive Director

SITTING AS THE REDEVELOPMENT AGENCY

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency *JM*
Urgent _____ Routine X
CEO Concurs with Recommendation YES _____ NO _____
(Information Attached)

BOARD AGENDA # VI-A
AGENDA DATE: June 12, 2001
4/5 Vote Required YES _____ NO X

SUBJECT:

AUTHORIZATION OF THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF 2001 LOAN ANTICIPATION NOTES BOTH IN THE AMOUNT OF 4.525 MILLION DOLLARS

STAFF RECOMMENDATION:

1. AUTHORIZE THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF 2001 LOAN ANTICIPATION NOTES BOTH IN THE AMOUNT OF \$4.525 MILLION
2. AUTHORIZE EXECUTIVE DIRECTOR TO ACT ON ALL MATTERS PERTAINING TO THIS BORROWING.
3. AUTHORIZE THE AUDITOR-CONTROLLER TO ESTABLISH THE NECESSARY BUDGETARY ACCOUNTS.

FISCAL IMPACT:

The issuance of the \$4.525 million Loan Anticipation Notes will be secured and repaid by the U.S.D.A. Rural Development \$4.525 million loan. The cost to issue the Loan Anticipation Notes has been budgeted and funds are available.

BOARD ACTION AS FOLLOWS:

BOARD ACTION AS FOLLOWS:

No. 2001-447

On motion of Supervisor Simon , Seconded by Supervisor Blom
and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) X Approved as recommended
- 2) _____ Denied
- 3) _____ Approved as amended

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk *Christine Ferraro*
By: Deputy

File No.

SUBJECT: AUTHORIZATION OF THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF 2001 LOAN ANTICIPATION NOTES BOTH IN THE AMOUNT OF 4.525 MILLION DOLLARS

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DISCUSSION: Previously, the Stanislaus County Redevelopment Agency applied for a low-interest, 30-year loan from the United States Department of Agriculture (USDA) to finance construction of a storm drainage system in the Salida Redevelopment Sub-Area. The loan application was approved by USDA in the amount of \$4,525,000. However, one of the conditions of USDA's loan approval is that the Agency must first obtain interim financing and complete the construction of the storm drainage project before USDA will release the loan proceeds to the Agency.

Agency staff considered two alternative sources of interim financing: 1) borrow \$4,525,000 from the Stanislaus County Treasurer's Investment Pool, or, 2) issue a \$4,525,000 tax-exempt note. Based on an analysis prepared by the Agency's financial advisor (Leifer Capital), it was determined that issuance of a tax-exempt note is the more economical alternative. Although borrowing money from the County Pool would have a lower cost-of-issuance than a tax-exempt note, the interest rate on a borrowing from the Pool would far-exceed the interest rate on a tax-exempt note. Overall, the total cost of a tax-exempt note, including cost-of-issuance and interest expense, is significantly less than the total cost of borrowing from the Pool. These alternatives were presented to the County Debt Advisory Committee for its review and recommendation. The Committee unanimously recommended Alternative No. 2 - the issuance of a tax-exempt note.

Agency staff has instructed its Bond Counsel (Jones Hall) and Disclosure Counsel (Jones Hall) to prepare the appropriate legal and disclosure documents necessary to facilitate the sale of the Notes in the amount of \$4,525,000. The notes are herein referred to as: Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes. Agency staff and its financial advisor are currently in the process of obtaining a credit rating on the Notes from Moody's Investor Service. The Note sale is contingent upon the receipt of a "MIG-1" rating, which is the highest rating that Moody's can assign to this type of debt obligation.

The primary source of funds that will be used by the Agency to repay the \$4,525,000 principal amount of the Note is loan proceeds from the USDA loan. Interest on the Note will be repaid from the Agency's tax increment revenues. In the unlikely event that the Agency fails to complete the project and/or fails to receive loan proceeds from USDA, the Agency has pledged to either refinance the Note or repay the Note from available tax increment revenues.

Under no circumstances is the County, the County General Fund, or the taxing authority of the County pledged to repay the Note.

Attached as Exhibit One is the draft Preliminary Official Statement that describes the Note, the security for the Note, the Agency and the Project, as well as other pertinent information that potential investors may deem important.

Attached as Exhibit Two is the Resolution of the Agency, the Form of Note, and the Continuing Disclosure Certificate that detail the obligations of the Agency in connection with the issuance of the Note and the repayment of the Note.

SUBJECT: AUTHORIZATION OF THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF
LOAN FUNDS AND THE ISSUANCE AND SALE OF 2001 LOAN ANTICIPATION NOTES BOTH
IN THE AMOUNT OF 4.525 MILLION DOLLARS

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POLICY

ISSUES: Agency shall approve requests relating to fiscal matters.

STAFFING

IMPACT: No additional staff is necessary.

EXHIBIT ONE

29300-01

JH:DTF

6/7/01

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2001

NEW ISSUE- BOOK-ENTRY ONLY

RATING: Moody's: "_____"
(See "RATING" herein)

In the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Notes 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 corporation, although, for purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "Tax Matters" herein.

\$4,525,000*

STANISLAUS COUNTY REDEVELOPMENT AGENCY
2001 LOAN ANTICIPATION NOTES

	Dated: [Date of Issuance]	Due: [August 1, 2003]
The Note Financing	The Notes are being issued by the Stanislaus County Redevelopment Agency (the "Agency"). Principal on the Notes is all due and payable on the due date set forth above and interest is payable on _____ and on each _____ and _____ thereafter.	
Use of Proceeds	The proceeds of the Notes will primarily be used to finance the construction of certain storm drainage infrastructure (the "Project") in the town of Salida, Stanislaus County, California. The Project is within the Agency's Redevelopment Project Area No. 1 (the "Project Area") established in 1989.	
Denominations	The Notes will be issued in book-entry form, initially registered in the name of Cede & Co., New York, New York, as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interest in the Notes. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Payment of principal and interest will be remitted by the Treasurer of the County of Stanislaus, as paying agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC participants who will remit such payments to beneficial owners of the Notes. Purchasers of beneficial interests in the Notes will not receive certificates representing their interests in the Notes and will not be paid directly by the Paying Agent. See "APPENDIX F - The Book-Entry System."	
Redemption	The Notes will not be subject to redemption prior to maturity. See "THE NOTES - Redemption of Notes" herein.	
Source of Payment	The Notes are expected to be paid at maturity from proceeds of a loan (the "USDA Loan") from Rural Utilities Service of Rural Development, United States Department of Agriculture ("USDA Rural Development") pursuant to a commitment from USDA Rural Development, dated June 21, 2000 (the "USDA Commitment"). The Agency has covenanted in the Resolution that in the event the Agency does not receive the USDA Loan at least 60 days prior to the maturity date, it will commence proceedings to issue refunding bonds (the "Refunding Bonds"). Interest on the Notes is additionally secured by a pledge of and lien on certain tax increment revenues generated from secured property taxes from the Project Area.	
Risk Factors	The Agency has covenanted under the Resolution to use its best efforts to fulfill the conditions required under the USDA Commitment. No assurance can be given, however that the Agency will meet all of the conditions precedent to the USDA Commitment. See "SPECIAL RISK FACTORS" herein for a discussion of certain risks which should be considered in evaluating the investment quality of the Notes.	

THE NOTES ARE NOT GENERAL OBLIGATIONS OF THE AGENCY OR THE COUNTY OF STANISLAUS. THE NOTES ARE PAYABLE SOLELY FROM THE REVENUES AND AMOUNTS IN THE NOTE FUND PLEDGED BY THE AGENCY UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OF STANISLAUS OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES. THE FAITH AND CREDIT OF THE AGENCY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES AND THE AGENCY HAS NO TAXING POWER.

Maturity Schedule

<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Price</u>
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The Notes will be sold by competitive bid on _____, 2001. The Notes will be offered when, as and if issued and received by the successful bidder or bidders thereof, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Notes, in book-entry form, will be available for delivery through DTC on or about _____, 2001.

Dated: _____, 2001

*Preliminary, subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their 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 Agency 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.

Stabilization of Prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE NOTES 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 NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

**STANISLAUS COUNTY REDEVELOPMENT AGENCY
STANISLAUS COUNTY, CALIFORNIA**

AGENCY GOVERNING BOARD

Pat Paul, Chair
Nick W. Blom
Paul W. Caruso
Raymond Clark Simon
Thomas W. Mayfield

AGENCY STAFF

Ron Freitas, Executive Director
Jim Duval, Senior Planner

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Paying Agent

Treasurer-Tax Collector of the County of Stanislaus

Municipal Finance Consultant

Leifer Capital
San Francisco, California

Agency Counsel

Hyde, Miller, Owen & Trost
Sacramento, California

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OFFICIAL STATEMENT

\$4,525,000*
STANISLAUS COUNTY REDEVELOPMENT AGENCY
2001 LOAN ANTICIPATION NOTES

INTRODUCTION

This Introduction is not a summary of the Official Statement. It is only a brief description of, and guide to, and is qualified by, more complete and detailed information contained in the remainder of the Official Statement and the documents summarized or described herein. The offering of the Notes to potential investors is made only by means of the entire Official Statement, and potential investors should thoroughly review it prior to purchasing Notes.

The Stanislaus County Redevelopment Agency (the "**Agency**") is issuing notes designated as "Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes" (the "**Notes**").

Issuing Authority. The Notes are being issued pursuant to the provisions of Section 33640 *et seq.* of the California Health and Safety Code (the "**Bond Law**") and pursuant to a resolution of the Agency, adopted June 12, 2001 (the "**Resolution**").

Use of Proceeds. Proceeds of the Notes will be used to fund construction of certain storm drainage infrastructure (the "**Project**") in the town of Salida, Stanislaus County, California. The Project is within the Agency's Redevelopment Project Area No. 1 (the "**Project Area**") established in 1989. Proceeds of the Notes will also be used by the Agency to pay costs of issuance of the Notes. The Agency anticipates completing the Project on or before the maturity date of the Notes.

Anticipated Long Term Financing. The Agency anticipates that, after completion of the Project, the Notes will be replaced with permanent financing to be provided by Rural Utilities Service of Rural Development, United States Department of Agriculture ("**USDA Rural Development**") in the form of a purchase by USDA Rural Development of tax allocation revenue obligations to be issued or incurred by the Agency (the "**USDA Loan**"). A commitment for the USDA Loan in the amount of \$4,525,000 is evidenced by the USDA Letter of Conditions, dated June 21, 2000, as amended by a letter dated December 22, 2000, and Form RD1940-1 Request for Obligation of Funds, dated July 3, 2000 (together, the "**USDA Commitment**"). See Appendix A attached hereto.

* Preliminary, subject to change.

Pledged Security for Repayment. As security for the payment of the principal of the Notes, the Agency has pledged the total amounts, if and when received, by the Agency from the USDA Loan (the "**Pledged Loan Receipts**"). The Agency does not contemplate that proceeds of the USDA Loan will be sufficient to pay the interest on the Notes; interest on the Notes is payable from certain tax increment revenues available to the Agency under the Redevelopment Law (described herein) from the Project Area, after payment of certain other obligations of the Agency. See "SECURITY FOR THE NOTES."

Covenant to Issue Long-Term Bonds. The Agency has covenanted to issue tax allocation refunding bonds (the "**Refunding Bonds**") prior to the maturity date of the Notes in the event that the Agency does not receive the USDA Loan. The Agency expects that in such event, Refunding Bonds will be issued in an amount which, together with any moneys contributed by the Agency for such purpose, will generate proceeds sufficient to pay the principal of the Notes and interest thereon due and payable at maturity thereof. The Refunding Bonds, if issued, will be payable from certain tax increment revenues from the Project Area. See "SECURITY FOR THE NOTES."

No Early Redemption. The Notes are not subject to redemption prior to maturity.

Risks of Investment in the Notes. The USDA Commitment to make the USDA Loan is subject to conditions which must be met before the USDA Loan is made. A copy of the USDA Commitment is shown in APPENDIX A hereto. See also "SECURITY FOR THE NOTES - USDA Rural Development" and "SECURITY FOR THE NOTES - Risk Factors Regarding USDA Rural Development Commitment." There is risk that the USDA Loan will not be made. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Notes.

THE PROJECT

The proceeds of the Notes will be used to provide a portion of the funds necessary for the Agency to construct storm drainage infrastructure (the "**Project**") in a 214-acre area of downtown Salida, consisting of approximately 80 acres of commercial uses and 134 acres of residential uses bounded by State Highway 99, Modesto Irrigation District Lateral No. 6, and Finney Road, along with an additional area lying north of Kiernan Avenue and west of Finney Road. The Project is located in a portion of the Project Area.

The improvements will include curb, gutter and storm drainage facilities within the area of the Project, which will improve road conditions by eliminating standing water resulting from seasonal storms. The County of Stanislaus Department of Public Works is the governing body responsible for storm water management in this area.

Total construction cost for the Project is estimated by the Agency to be \$5,100,000, of which approximately \$4,525,000 will be financed from the proceeds of the Notes. The remaining \$575,000 will be provided by the Agency from funds which the Agency has set aside for this purpose. The cost includes engineering and planning services, construction costs and contingencies. The Agency will select a contractor for construction of the Project through a public bidding process and the award of the construction contract is expected to occur on or

about March 2002. The actual cost of the Project may vary from the estimated costs; the Agency currently has cash available, and expects to have cash available upon completion of the Project, to fund costs of the Project in excess of the amount currently estimated.

Construction of the Project is scheduled to commence during April 2002 and is expected to be completed by October 2003. Completion of the Project could be delayed by late season or early season rain, however the Agency contemplates that it is highly unlikely that such delays, if they were to occur, would delay completion of the Project beyond the maturity date of the Notes. Completion of the Project is a condition making the USDA Loan.

THE NOTES

Authority for Issuance

The Notes are being issued pursuant to the Bond Law and the Resolution. The Bond Law authorizes the issuance bonds and other forms of obligations secured by tax increment generated from property in redevelopment areas established by a redevelopment agency and authorizes the issuance of notes in anticipation of such bonds. The Notes are being to finance construction costs of the Project and the USDA Loan is expected to facilitate long-term financing of the Project.

The Agency has authorized the issuance of the Notes pursuant to its Resolution No. ____ adopted by the Agency on June 12, 2001.

Registration

The Notes will be dated July __, 2001 and will bear . Interest on the Notes is payable on _____ and on _____ and _____ of each year thereafter until maturity, at the rate as stated on the Notes, computed on a 30-day month/360 day year basis. Principal is all due and payable on [August 1, 2003], the maturity date. The Notes will be issued in fully registered form and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**") to be held in DTC's book-entry system (the "**Book-Entry System**"). Individual purchases of interests in the Notes will be made in book-entry-only form in authorized denominations of \$5,000 and any integral multiple thereof (the "**Authorized Denominations**").

So long as the Notes are held in the Book-Entry System, DTC or its nominee will be the registered owner or holder of the Notes for all purposes of the Resolution, the Notes and this Official Statement and principal and interest will be payable to Cede & Co., as nominee for DTC, which will in turn remit such amounts to DTC Participants (as defined in Appendix F) for subsequent distribution to the Beneficial Owners. See Appendix F – "The Book-Entry System."

Redemption

The Notes are not subject to redemption prior to the maturity date.

Note Proceeds Account

Proceeds of sale of the Notes, after payment of the costs of issuance, will be placed in a

special account to be designated the "2001 Loan Anticipation Note Proceeds Account" (the "**Proceeds Account**") and applied by the Agency solely for the construction costs of the Project including planning and engineering work, to the extent such costs are allowed under the terms of the USDA Loan.

All amounts held by the Agency in the Proceeds Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law. Interest earned on amounts deposited in the Proceeds Account shall be retained therein.

SECURITY FOR THE NOTES

Pledge of Certain Moneys

The principal amount of the Notes is payable from moneys received with respect to the USDA Loan. Interest on the Notes is payable from certain tax increment generated from the Project Area.

Pledged Loan Receipts. Under the Resolution, the Agency pledges the total amount to be received by the Agency, expected to be \$4,525,000, from the USDA Loan (the "**Pledged Loan Receipts**") for payment of the principal amount of the Notes. This pledge constitutes a first lien and charge upon Pledged Loan Receipts in the amount of the principal of the Notes due at maturity. The Agency does not contemplate that proceeds of the USDA Loan will be sufficient to pay the interest on the Notes; interest on the Notes is payable from certain tax increment revenues available to the Agency under the Redevelopment Law. See the next subheading, "Tax Allocation Revenues" below.

The sum of \$4,525,000 has been authorized, committed and reserved for the Agency by USDA Rural Development from funds appropriated by the United States Congress. No additional moneys need be budgeted or appropriated by USDA Rural Development or the United States of America in order to provide the USDA Loan. The making of the USDA Loan is subject to certain conditions, including completion of the Project. The Agency anticipates it will be able to meet all of the conditions and that the USDA Loan will be made prior to the maturity date of the Notes. See the headings below for more information on the USDA Loan. See also Appendix A hereto.

Tax Allocation Revenues. As security for the payment of the interest on the Notes, under the Resolution the Agency pledges Tax Allocation Revenues. This pledge constitutes a first lien and charge upon Tax Allocation Revenues in the amount of interest payable on the Notes. Tax Allocation Revenues will also be available for the payment of the principal amount of the Notes to the extent needed. "**Tax Allocation Revenues**" are defined in the Resolution as all taxes annually allocated and paid to the Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding (a) amounts payable to entities other than the Agency under and pursuant to the Pass-Through

Agreements, and (b) amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law. The amount of such taxes shall be calculated with regard to all limitations contained in the Redevelopment Plan, pursuant to Section 33333.2(1) of the Redevelopment Law, on the amount of taxes which may be allocated to the Agency in any year. The "**Pass-Through Agreements**" are the following Agreements, all between the Agency and the public agencies hereinafter identified: (1) Turlock Mosquito Abatement District, dated February 25, 1992; (2) Empire Union School District, dated June 30, 1992; (3) Modesto City Schools, dated June 30, 1992; (4) Ceres Unified School District, dated June 30, 1992; (5) Yosemite Community College District, dated June 30, 1992; (6) Stanislaus County Office of Education, dated June 30, 1992; and (7) the obligation of the Agency to the Industrial Fire District, approved by the Agency on June 30, 1992, in the original principal amount of \$442,092.20, of which \$292,092 remains outstanding as of the date of the Resolution, and maturing June 30, 2009, as such agreements may be amended from time to time in accordance with their terms. For information on the use of tax increment revenues to pay obligations of the Agency, see "Tax Allocation Financing" below. See also the tables under the caption "THE REDEVELOPMENT PROJECT AREA" and the financial statements of the Agency shown in Appendix C.

The pledge of Tax Allocation Revenues for payment of interest on the Notes is senior to the obligation of the Agency to repay a loan obligation incurred by the County to the State Water Resources Control Board in the principal amount of \$2,120,000, with annual payments of \$179,153, and which matures on December 12, 2015, which obligation of the County was assumed by the Agency on March 24, 1992 (the "**Outstanding Debt**").

Covenant to Issue Refunding Bonds. The Agency has covenanted that, if for any reason the Agency does not receive the USDA Loan at least 60 days prior to the maturity date of the Notes, the Agency will commence proceedings to issue, sell and deliver tax allocation bonds or other obligations issued by the Agency to refund the Notes at maturity (the "**Refunding Bonds**") in a timely manner (but in no event later than the Business Day prior to the Maturity Date of the Notes) and in such amounts which, together with any moneys contributed by the Agency for such purpose, will be sufficient to pay the principal of and interest on the Notes due and payable on the maturity date. The Agency has further covenanted not to issue or incur tax allocation obligations which will have the effect of inhibiting the issuance of the Refunding Bonds.

The Agency estimates, based on 2000-01 tax increment revenues that would have been available in such year for such bonded debt, the Agency would be able to issue tax increment revenue bonds in an amount sufficient to finance the principal amount of the Notes due on the maturity date. See the information under the caption "THE REDEVELOPMENT PROJECT AREA" below and the financial statements of the Agency in Appendix C.

Other Available Moneys of the Agency. To the extent the principal of or interest on the Notes is not paid from (i) Pledged Loan Receipts; or (ii) the proceeds of Refunding Bonds; or (iii) Tax Allocation Revenues, the Agency has covenanted to pay the principal and interest on the Notes from any other moneys of the Agency lawfully available therefor.

USDA Loan

The Notes are issued in anticipation of receipt by the Agency of the USDA Loan and are payable from the Pledged Loan Receipts expected to be received by the Agency from said

loan. The indebtedness to be undertaken by the Agency under the USDA Loan has been authorized by Agency Resolution No. 2001-335, adopted on May 1, 2001, and all other legal proceedings which must be completed prior to the issuance of the USDA Loan have been completed. See Appendix A – THE USDA LOAN COMMITMENT.”

The Agency is aware of no prohibition, restriction or limitation which would delay or prevent it from receiving the USDA Loan in the amount contemplated. Nevertheless, the making of the USDA Loan is subject to conditions, including a condition that the Project is completed. See Appendix A - "The USDA Loan Commitment." It is possible that the USDA Loan might not be made at all, or that the USDA Loan will not be issued at a time or in an amount adequate to repay the Notes at the maturity thereof. See "Pledge of Certain Moneys" above and "SPECIAL RISK FACTORS" below.

USDA Rural Development

The Notes are not an obligation, direct or contingent, of USDA Rural Development or the United States Department of Agriculture, and the inclusion of information concerning USDA Rural Development in this Official Statement should not be construed to indicate that USDA Rural Development is liable or in any way responsible for the payment of principal or and interest on the Notes or for the performance by the Agency of its obligations.

USDA Rural Development is the credit agency for agriculture and rural development within the United States Department of Agriculture and was established by Congress to provide credit services to rural areas. Rural Development has established its Community Facility Loan Program and its Water and Waste Disposal Loan Program to help fulfill its statutory purpose. The Community Facility Loan Program is a broad based program and funds obtained under this program may be used to construct, enlarge, extend or improve fire stations, libraries, hospitals, clinics, community buildings, industrial parks, roads, bridges, utilities, or other community facilities that provide essential service to rural residents, or to acquire interests in land, leases, and rights-of-way necessary to the development of the facility, and to pay necessary costs connected with such facilities. Funds obtained under the Water and Disposal Loan Program may be used to construct, repair, improve, expand or otherwise modify water supply and distribution facilities and waste collection, pumping, treatment and other disposal facilities. Eligible facilities include reservoirs, pipelines, wells, pumping stations, sewer lines, treatment plants, stabilization ponds, storm sewers, sanitary landfills and incinerators. Funds may be used to acquire water supplies or water rights and easements and rights-of way. Funds either program may also be used to pay interest during construction and reasonable legal and engineering fees.

The USDA Rural Development programs are designed to provide low cost, long-term financing for eligible projects. The USDA Rural Development typically provides this financing by purchasing a long term debt instrument of a local community.

Risk Factors Regarding USDA Rural Development Commitment

The sum of \$4,525,000 has been authorized, committed and reserved for the Agency by USDA Rural Development from funds previously appropriated by the United States Congress for the Rural Utilities Service Loan Program, and no additional moneys need be budgeted or appropriated by USDA Rural Development or the United States of America in order to provide the approved \$4,525,000 USDA Loan. However, not all of the conditions precedent to the

USDA Commitment have been satisfied, including completion of the Project. As of the date of this Official Statement the Agency has provided USDA Rural Development with information and documentation addressing several requirements of the USDA Commitment, including right-of-way certifications and assurances, opinion of counsel relative to rights-of-way, assurance agreement and other certifications and assurances. Nevertheless, certain conditions set forth in Appendix A hereto, including construction of the Project, cannot be satisfied as of the date of issuance of the Notes. The Agency expects to provide all outstanding documentation of satisfaction of the conditions to USDA Rural Development by no later than the dates provided in the USDA Commitment, and believes that, barring unforeseen and unexpected circumstances, all conditions of the USDA Commitment will be met in a timely manner for the USDA Loan to be made prior to the maturity date of the Notes.

It is possible that the availability of the USDA Loan funds could be withdrawn from the Project upon the obtaining by the Agency of a lender that would provide terms more favorable to the Agency, a change in statutory authority, or some other reason deemed sufficient by USDA Rural Development. However, in light of the facts that the Project will be constructed with the approval of USDA Rural Development, that USDA Rural Development will assist in supervising the construction and initial operation of the Project and that Notes financing will have been obtained with the knowledge and approval of USDA Rural Development and on the strength of the USDA Commitment to loan funds to retire the principal of the Notes, such withdrawal is unlikely. The Agency, in the Resolution, has declared its intention to use its best efforts to meet all of the requirements of USDA Rural Development with regard to the USDA Commitment.

In addition to meeting conditions for making the USDA Loan, delay in Project completion due to weather or other unforeseen circumstances could delay the making of the USDA Loan beyond the date necessary to retire the Notes at their maturity. In such event, the Agency would issue its Refunding Bonds. Certain of the impediments to such a sale are discussed under "SPECIAL RISK FACTORS" herein.

Bills have been proposed or introduced in the United States Congress in the past, and may be in the future, substantially revising and restructuring the USDA Rural Development program. No determination can be made at this time whether or when such bills will be enacted into law or what effect, if any, such bills may have on existing USDA Rural Development loan commitments including the USDA Commitment to the Agency.

If, for any reason, the USDA Rural Development does not make its USDA Loan to the Agency, the Agency has agreed to issue Refunding Bonds as described herein. Any issuance of the Refunding Bonds is subject to market conditions prevailing at the time of issuance, to the financial condition of the property in the Project Area at such time, and to the security available to be pledged to their payment at such time. Accordingly, there is no guarantee that such alternative debt can be issued, or that any other funds would be available to retire the Notes at their maturity.

Tax Allocation Financing

The Agency has covenanted to issue Refunding Bonds in the event that the permanent financing from the USDA Loan or other sources is not available to the Agency. Such Refunding Bonds would be payable from tax increment generated within the Project Area. The Redevelopment Law provides a means for financing redevelopment projects based upon an

allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Noteholders' Remedies

In the event that the funds available for the payment of principal of the Notes at maturity are insufficient to pay the entire amount thereof then due, said moneys will be applied to the payment of each of the Notes in proportion to the respective principal amount thereof.

The Notes are not subject to acceleration in the event of default; additionally, no foreclosure remedy is available to Note-owners. See "SPECIAL RISK FACTORS – Limitations of Remedies" for a discussion of these and other limitations to enforcement.

THE AGENCY

The Agency was activated on by Ordinance No. C.S. 313 adopted by the Board of Supervisors of the County of Stanislaus (the "**County**") on January 17, 1989 pursuant to the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "**Redevelopment Law**"). The governing body of the Agency is made up of the Board of Supervisors of the County.

Under California law, counties are able to establish a redevelopment agency to oversee improvement of deteriorated areas of the county. The Agency was formed for this purpose. The Agency has the power to issue bonds to accomplish its goals. Bonds issued by a redevelopment agency can be repaid from the increase in property taxes attributable to the redevelopment activities completed through the efforts of the redevelopment agency as well as through parties to agreements that provide for improvements to be made to deteriorated property. The tax increment and the bonds are required to be from the same officially designated redevelopment area of the County. The Agency has no outstanding bond issues.

THE REDEVELOPMENT PROJECT AREA

The Agency approved the Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1 by Ordinance No. C.S. 440 adopted by the Board of Supervisors on July 9, 1991. The Project Area is the only redevelopment project area of the County and encompasses sixteen noncontiguous project sub-areas, including Subarea 1 - Salida Community, consisting of approximately 576 acres in the community of Salida. Salida is an unincorporated town adjacent to the northwest limits of the City and is wholly within the boundaries and under the jurisdiction of the County.

The Stanislaus County Auditor-Controller reports that the 2000-2001 assessment roll for

the Project Area shows an increase in assessed valuations of approximately \$194,863,682 over the base year. Tax increment revenues, after payments of amounts owing under the Pass-Through Agreements and certain other amounts are estimated to be approximately \$1,958,468 for Fiscal Year 2000-2001 and are projected to be \$1,979,556 for Fiscal Year 2001-2002. See the tables below.

Should there occur any future decrease in the taxable valuation in the Project Area or in the applicable tax rates, the tax increment revenues allocated to the Agency from the Project Area would be reduced and correspondingly such reduction might have an adverse impact on the ability of the Agency to repay the Notes in the event the USDA Loan is not made to the Agency. See "SPECIAL RISK FACTORS - Reduction in Taxable Value" herein.

The audited financial statements for the fiscal year ended June 30, 2000 are set forth in Appendix C hereto. The tables below sets forth summary information concerning the Project Area's taxable valuations and tax increment revenues.

The following tables show certain information with regard to the tax increment revenues of the Agency from the Project Area.

**STANISLAUS COUNTY REDEVELOPMENT AGENCY
Project Area No. 1
Historic Assessed Valuation and Tax Increment Revenue**

<u>Fiscal Year End</u>	<u>Total Assessed Value</u>	<u>Percent Change</u>	<u>Gross Tax Increment⁽¹⁾</u>	<u>Percent Change</u>
1994	686,290,540	4.262%	\$ 800,650	43.527%
1995	702,282,778	2.330	1,000,807	24.999
1996	730,749,375	4.053	1,298,569	29.752
1997	709,965,483	-2.844	1,128,219	-13.118
1998	706,930,515	-0.427	1,171,793	-3.862
1999	726,148,740	2.719	1,348,909	15.115
2000	758,611,569	4.471	1,928,018	42.932
2001	819,572,076	8.036	2,188,947	13.534

(1) Gross tax increment before pass-throughs.
Source: The Agency.

**STANISLAUS COUNTY REDEVELOPMENT AGENCY
Project Area No. 1
Net Tax Increment Revenues
Fiscal Years 1997/1998 through 2001/2002**

	Fiscal Year 1997/1998	Fiscal Year 1998/1999	Fiscal Year 1999/2000	Fiscal Year 2000/2001	Fiscal Year 2001/2002 ⁽²⁾
Total Tax Increment	\$1,171,793	\$1,348,909	\$1,928,018	\$2,188,947	\$2,349,708
Less Negotiated Pass Throughs:					
Ceres Unified School District	12,558	15,547	17,900	20,436	30,766
Empire Unified School District	7,963	9,355	10,680	12,140	17,424
Modesto City Schools	66,359	85,136	103,264	118,681	191,187
Stanislaus Cnty Office of Education	18,639	23,017	27,197	33,334	56,503
Turlock Mosquito Abatement District	4,075	4,866	5,764	5,415	6,536
Yosemite Community College District	<u>24,016</u>	<u>29,591</u>	<u>34,916</u>	<u>40,473</u>	<u>67,736</u>
Net Tax Increment Revenue ⁽¹⁾	1,038,183	1,181,397	1,728,297	1,958,468	1,979,556

(1) Before housing set-aside deposited into the Low and Moderate Income Housing Fund.
(2) Projected by the Agency.
Source: The Agency.

**STANISLAUS COUNTY REDEVELOPMENT AGENCY
Project Area No. 1
Ten Largest Assesseees Based on 2000-01 Assessed Value**

<u>Owner</u>	<u>2000-01 Assessed Value</u>
Gallo Glass	\$ 129,630,437
Gallo Winery	113,423,426
Gallo Vineyards	21,793,722
Christian Salvensen	17,913,277
California Almond Growers	15,691,174
USIS (Mid-Cal)	6,885,978
Satya Hotels (Comfort Inn)	6,819,040

Gilton Solid Waste Management	4,848,218
Fairbanks Trucking	4,550,117
CS Integrated LLC	<u>4,476,679</u>
	\$326,032,068

Source: The Agency.

SPECIAL RISK FACTORS

Failure to Receive USDA Loan

The Agency has received a USDA Commitment from USDA Rural Development to make its USDA Loan prior to the maturity of the Notes. However, it is possible that the USDA Loan might not be made at all or that it might be made at a time or in an amount which is insufficient to repay the Notes. For example, the Agency may be unable to fulfill the conditions precedent to the USDA Commitment. Also, the proceeds available from the USDA Loan could be inadequate to repay the Notes if USDA Rural Development reduced the amount of its USDA Commitment below that presently contemplated. See "SECURITY FOR THE NOTES - USDA Rural Development" and "Risk Factors Regarding USDA Rural Development Commitment" above. See also Appendix A hereto.

Project Completion

There can be no assurance that the Project will be completed for the costs and within the time set forth in this Official Statement. See "THE PROJECT" herein. Failure to complete, or a delay in completion of, the Project may affect the obligation to make the USDA Loan or have other adverse effects on the repayment of the Notes. Completion of the Project could be delayed by an any number of unforeseen circumstances. See "SECURITY FOR THE NOTES - Risk Factors Relating to USDA Rural Development Commitment.

Reduction in Taxable Value

Tax Allocation Revenues allocated to the Agency are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Agency's control, such as a relocation out of the Project Area by one or more major property owners, successful appeals by property owners for a reduction in property's assessed value, blanket reductions in assessed values due to general reductions in property values, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake or other natural disaster, could cause a reduction in Tax Allocation Revenues. Such reduction of Tax Allocation Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest in the event that the USDA Loan is not made and the Agency must issue Refunding Bonds.

Reduction in Inflationary Rate and Changes in Legislation

Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a

reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIII A of the California Constitution, which significantly affected the rate of property taxation, was adopted pursuant to California's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might alter the calculation of tax increment revenues, reduce the property tax rate, or broaden property tax exemptions.

Levy and Collection

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Allocation Revenues and, accordingly, could have an adverse impact on the ability of the Agency to make debt service payments on Refunding Bonds issued by the Agency in the event that the USDA Loan is not made. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments on any Refunding Bonds.

CONTINUING DISCLOSURE

The Agency has agreed to provide, or cause to be provided, certain financial information and operating data (the "**Annual Report**") relating to the Agency by not later than June 30, 2002 and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Agency, as Dissemination Agent, with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed by the City with the Municipal Securities Rulemaking Board. This covenant has been made in order to assist the Underwriter in complying with SEC Rule 15c2-13(b)(5). See the Resolution for a description of the specific nature of notices of material events. The specific nature of the information to be contained in the Annual Reports or the notices of material events by the City is set forth in "APPENDIX E — Form of Continuing Disclosure Certificate."

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 Notes 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, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions described in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 (the "**Code**") that must be satisfied subsequent to the issuance of the Notes in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency 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 Notes.

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

Owners of the Notes should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Notes 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 Notes other than as expressly described above.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Notes are subject to the approving legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. The form of such opinion is included as Appendix B hereto. Certain legal matters will be passed upon for the Agency by the Office of the County Counsel, County of Stanislaus, California.

RATING

Moody's Investors Service ("**Moody's**") has assigned a rating to the Notes of "_____". No application was made to any other rating agency for the purpose of obtaining an additional rating on the Notes. Any explanation of the significance of such rating may only be obtained from Moody's at 99 Church Street, 8th Floor, New York, New York 10007-2796. The rating by Moody's is not a recommendation to buy, sell or hold the Notes, and there is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Notes. The Underwriter has not undertaken any responsibility either to bring to the attention of the holders of the Notes any proposed revision or withdrawal of the ratings of the Notes or to oppose any such proposed revision or withdrawal. A downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes.

LITIGATION

No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the Agency with respect to (i) the organization and existence of the Agency, (ii) the Agency's authority to adopt the Resolution and to execute or deliver the Notes, (iii) the validity or enforceability of the Resolution or the Notes, or the transactions contemplated thereby, (iv) the title of any officer of the Agency who executed the Resolution or the Notes or (v) any authorization or proceedings related to the execution and delivery of the Resolution or the Notes, on behalf of the Agency, and no such authorization or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

UNDERWRITING

The Notes were purchased by competitive bid on _____, 2001, by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Notes at par less an original issue discount of \$_____, less an underwriter's discount of \$_____, plus accrued interest. The Official Notice of Sale provides that the Underwriter will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

MISCELLANEOUS

The Agency has authorized the preparation of this Official Statement containing information regarding the Notes, the security for the Notes, certain special risk factors, the Project and the Agency. The discussion and information herein do not purport to be comprehensive or definitive. All references to the Notes and the Project are qualified in their entirety by reference to the Agency's resolutions setting forth the terms and descriptions. Copies of the documents referred herein are available from the Stanislaus County Redevelopment Agency, 1010 10th Street, Suite 3400, Modesto, California 95354.

References are made herein to certain documents which do not purport to be complete or definitive and reference is made to such documents for full and complete statements of the contents thereof.

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

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

STANISLAUS COUNTY REDEVELOPMENT AGENCY

By: _____
Executive Director

APPENDIX A

THE USDA LOAN COMMITMENT

[insert loan commitment and 12/22/00 amendment]

APPENDIX B
PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX C
FINANCIAL STATEMENTS OF THE AGENCY FOR THE FISCAL YEAR ENDED
JUNE 30, 2000

APPENDIX D

GENERAL DEMOGRAPHIC INFORMATION FOR STANISLAUS COUNTY

The County of Stanislaus (the "County") is located approximately 90 minutes southeast from both the City of San Francisco and Silicon Valley. Stanislaus County is known as the heartland of California's Central Valley.

Population

The following table lists population figures for the County of Stanislaus and the State of California for the last five calendar years.

COUNTY OF STANISLAUS Population Estimates

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Ceres	31,150	31,750	32,3009	32,550	32,950
Hughson	3,540	3,560	3,590	3,610	3,620
Modesto	179,100	180,800	182,900	185,600	188,300
Newman	5,750	5,775	5,850	6,050	6,375
Oakdale	14,300	14,500	15,650	14,800	14,950
Patterson	9,625	9,850	9,950	10,450	10,950
Riverbank	13,400	13,900	14,300	14,550	14,600
Patterson	49,300	50,100	51,000	52,200	53,500
Waterford	6,375	6,475	6,550	6,650	6,775
Unincorporated	<u>312,540</u>	<u>316,710</u>	<u>321,090</u>	<u>326,460</u>	<u>332,020</u>
County Total	416,100	421,900	428,300	435,500	441,400

Source: State Department of Finance; as of January 1.

Industry and Employment

The County makes up the Modesto Metropolitan Statistical Area. The following table summarizes the civilian labor force, employment and unemployment in Stanislaus County for the calendar years 1995 through 1999. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

STANISLAUS county Civilian Labor Force, Employment and Unemployment (Annual Averages)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Civilian Labor Force ⁽¹⁾	193,800	195,000	199,100	202,400	203,000
Employment	163,800	167,500	173,100	177,700	181,600
Unemployment	30,000	27,500	26,000	24,800	21,400
Unemployment Rate	15.5%	14.1%	13.1%	12.3%	10.6%
Wage & Salary Employment ⁽²⁾					
Total All Industries	137,700	143,000	147,800	153,400	157,700
Agriculture	13,700	15,200	16,100	16,200	16,200
Nonagricultural Industries	124,000	127,800	131,700	137,200	141,400

Construction	6,000	6,200	6,800	8,000	9,300
Manufacturing	25,100	26,000	26,100	26,600	25,800
Transportation, Public Utilities	5,200	5,400	5,400	5,300	5,600
Wholesale Trade	5,500	5,600	6,100	6,800	7,400
Retail Trade	26,100	26,800	27,400	27,900	28,600
Finance, Insurance, Real Estate	4,500	4,400	4,500	4,500	4,500
Services	28,900	30,300	32,100	34,500	36,600
Government	22,600	23,200	23,400	23,700	23,800

- (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.

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

The unemployment rate in the County was an estimated 11.7 percent during February 2001.

Total wage and salary employment in Stanislaus County increased by 300 jobs between January 2001 and February 2001 to total 156,100 jobs. Nonfarm employment decreased by 200 jobs, primarily in manufacturing, while farm employment gained 500 jobs. Farm employment added 400 jobs in farm production, and 100 jobs in farm services. Services (up 300 jobs) advanced by 200 jobs in business services and 100 jobs in health services while the other services segment remained stable. Additional employment gains were in government (up 200 jobs) and finance, insurance and real estate (up 100 jobs). Construction and transportation and public utilities remained stable. Trade declined 300 jobs (all in retail trade) while manufacturing (down 500 jobs) experienced seasonal reductions in nondurable goods food and kindred products.

Over the year (February 2000 to February 2001), total wage and salary employment gained 4,400 jobs, a growth rate of 2.9 percent. Total nonfarm employment advanced by 5,100 jobs, while total farm employment lost 700 jobs. The services division added 1,900 jobs. Most of these gains were in the other services segment (up 1,000 jobs). Business services grew by 500 jobs, while health services experienced year-to-year gains of 400 jobs. The construction division (up 1,300 jobs) gained 1,000 jobs in special trades and 300 jobs in general building contractors. Heavy construction remained stable. Trade (up 800 jobs) added 1,000 jobs in retail trade, while wholesale trade declined 200 jobs. Additional employment gains were in government (up 500 jobs, with most of the gains in the local government segment); transportation and public utilities (up 400 jobs, all in trucking and warehousing); and manufacturing (up 200 jobs, mostly in lumber, wood, and furniture). Finance, insurance and real estate remained stable over the year.

Construction Trends

Provided below are the building permits and valuations for the County of Stanislaus for calendar years 1995 through 1999.

COUNTY OF STANISLAUS Total Building Permit Valuations (valuations in thousands)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>Permit Valuation</u>					
New Single-family	\$123,482.7	\$133,655	\$155,878.4	\$235,540.0	\$284,174.6
New Multi-family	2,136.7	5,171.1	3,640.5	5,636.4	3,207.7
Res. Alterations/Additions	<u>13,493.8</u>	<u>12,355.7</u>	<u>16,096.9</u>	<u>15,203.2</u>	<u>19,211.8</u>
Total Residential	139,113.3	151,181.9	175,615.8	256,379.6	306,594.1
New Commercial	21,954.6	26,361.6	30,681.7	65,465.1	52,273.4
New Industrial	17,406.1	21,450.0	11,975.6	24,585.5	27,288.0
New Other	28,540.2	27,691.7	32,003.5	33,083.9	35,818.8
Com. Alterations/Additions	<u>26,329.9</u>	<u>38,551.1</u>	<u>28,043.1</u>	<u>35,242.0</u>	<u>33,164.6</u>
Total Nonresidential	94,230.8	114,054.4	102,704.0	158,376.5	148,544.8
<u>New Dwelling Units</u>					
Single Family	1,307	1,329	1,408	1,997	2,246
Multiple Family	<u>40</u>	<u>99</u>	<u>64</u>	<u>93</u>	<u>64</u>
TOTAL	1,347	1,428	1,472	2,090	2,310

Source: Construction Industry Research Board, *Building Permit Summary*

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."

Due to changes implemented in 1996 in the method of calculating Effective Buying Income, prior years are not directly comparable with statistics for 1996. The following table summarizes the total effective buying income for the County of Stanislaus, the State and the United States for the period 1995 through 1999.

COUNTY OF STANISLAUS Effective Buying Income As of January 1, 1995 through 1998

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
1995 (1)	Stanislaus County	\$ 5,751,847	\$34,879
	California	552,074,838	40,969
	United States	4,436,178,724	37,070
1996	Stanislaus County	\$ 5,017,196	\$29,479
	California	477,640,503	34,533

	United States	3,964,285,118	32,238
1997	Stanislaus County	\$ 5,101,106	\$29,799
	California	492,516,991	35,216
	United States	4,161,512,384	33,482
1998	Stanislaus County	\$ 5,489,170	\$30,839
	California	551,999,317	37,091
	United States	4,621,491,730	35,377
1998	Stanislaus County	\$ 5,900,303	\$32,750
	California	590,376,663	39,492
	United States	4,877,786,658	37,233

(1) Not comparable with prior years. Effective Buying Income is now based on money income (which does not take into account sale of property, taxes and social security paid, receipt of food stamps, etc.) versus personal income.
Source: Sales & Marketing Management Survey of Buying Power.

Commercial Activity

During the first quarter of calendar year 2000, total taxable transactions in the County of Stanislaus were \$1,145,454,000, or 12.4% greater than total taxable transactions of \$1,019,115,000 that were reported in the County of Stanislaus during the first quarter of calendar year 1999. A summary of historic taxable sales within the County of Stanislaus during the past five years is shown in the following table.

County of Stanislaus Taxable Transactions (dollars in thousands)

Year	Retail Permits on July 1	Retail Stores Taxable Transactions	Total Permits on July 1	Total Outlets Taxable Transactions
1995	3,641	\$2,469,480	10,903	\$3,555,648
1996	3,679	2,567,848	10,710	3,772,868
1997	3,764	2,683,524	10,397	3,969,367
1998	3,824	2,875,161	10,280	4,237,571
1999	4,067	3,186,834	10,026	4,658,971

Source: State Board of Equalization

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "**Disclosure Certificate**") is executed and delivered by the Stanislaus County Redevelopment Agency (the "**Agency**") in connection with the execution and delivery of its Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes (the "**Notes**"), in the aggregate principal amount of \$4,525,000. The Notes are being issued pursuant to the provisions of a Resolution No. _____ adopted by the Agency on June 12, 2001 (the "**Resolution**") authorizing the issuance of the Notes. The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Dissemination Agent" means the Agency or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

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

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

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

"Repository" means each National Repository and each State Repository.

"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.

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

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than June 30, 2002 and again not later than June 30, 2003, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to each said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). 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 Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Authority and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

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

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

1. Principal amount of Notes outstanding.
2. Balance in the Improvement Fund or construction account.
3. Additional debt authorized by the Agency and payable from or secured by tax increment revenues from the Project Area.
4. The Agency's calculation of estimated Tax Allocation Revenues for property in the Project Area.
5. 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 Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to that used for the Agency's audited financial statements, and the audited financial statements shall be filed in

the same manner as the Annual Report when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Agency is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, 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 Note calls.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

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

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes pursuant to the Indenture.

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

Section 7. Dissemination Agent. The Agency 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 Agency 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 Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized Note counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, 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 Notes 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 Note counsel, materially impair the interests of the holders or beneficial owners of the Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to 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 Agency 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 sent to the Repositories 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 Agency 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 Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Certificate, the Agency 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 Agency to comply with any provision of this Disclosure Certificate any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency 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 or the Lease, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency 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 Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including 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 Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

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

Date: _____, 2001

**STANISLAUS COUNTY
REDEVELOPMENT AGENCY**

By:

EXHIBIT A

Name of Issuer: Stanislaus County Redevelopment Agency
Name of Bond Issue: \$_____ 2001 Loan Anticipation Notes
Date of Issuance: _____, 2001

NOTICE IS HEREBY GIVEN that the Stanislaus County Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named Notes as required by the Resolution No. _____ adopted by the Agency on June 12, 2001 (the "Resolution") authorizing the issuance of the Bonds. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

**STANISLAUS COUNTY
REDEVELOPMENT AGENCY**

By:

APPENDIX F

THE BOOK-ENTRY SYSTEM

The following information concerning DTC and DTC's book-entry system has been obtained from sources the Agency believes to be reliable; however, the Agency takes no responsibility as to the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as Securities Depository for the Notes and the Notes initially will be issued solely in book-entry form to be held under DTC's book-entry system, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered bond in the aggregate principal amount of the Notes will be deposited with DTC.

DTC 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 securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. So long as the Notes are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Notes.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each 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, but Beneficial Owners are 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 Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only

the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Underwriter or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner may give notice to elect to have its Notes purchased or tendered, through its Participant, to the Paying Agent, and will effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the Paying Agent. The requirement for physical delivery of Notes in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as Securities Depository with respect to the Notes at any time by giving reasonable notice to the Agency or the Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, bond certificates are required to be delivered as described in the Indenture (see "— Discontinuance of DTC Services" below). The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Notes.

THE AGENCY AND THE PAYING AGENT WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT

OR REDEMPTION OR PURCHASE PRICE OF OR INTEREST ON THE NOTES; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

The Agency cannot and does not give any assurances that DTC will distribute payments of debt service on the Notes made to DTC or its nominee as the registered owner or any redemption or other notices, to the Participants, or that the Participants or others will distribute such payments or notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

According to DTC, the foregoing information with respect to DTC has been provided for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Discontinuance of DTC Services. In the event (i) DTC, including any successor as securities depository for the Notes, determines not to continue to act as securities depository for the Notes; and (ii) DTC shall no longer so act and gives notice to the Agency of such determination, DTC services will be discontinued. If the Agency determines to replace DTC with another qualified securities depository, the Agency will prepare or direct the preparation of a new single, separate, fully registered certificate for the Notes, registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangements acceptable to the Agency and the Successor securities depository, or its nominee as are not inconsistent with the terms of the Note Resolution. If the Agency fails to identify another qualified securities depository to replace DTC then the Notes will no longer be restricted to being registered in the Note registration books on the name of Cede & Co., but will be registered in such names as are requested in a certificate of the Agency, in accordance with the Note Resolution.

EXHIBIT TWO

RESOLUTION NO. 2001-447

A RESOLUTION PROVIDING FOR THE BORROWING OF FUNDS IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF 2001 LOAN ANTICIPATION NOTES

RESOLVED, by the Stanislaus County Redevelopment Agency (the "Agency"), as follows:

WHEREAS, pursuant to the provisions of the California Redevelopment Law (commencing with Section 33640) of the California Health and Safety Code (the "Bond Law"), the Agency, a redevelopment agency organized and existing under the laws of the State of California, has found that moneys are needed to satisfy obligations payable in connection with the construction of certain storm drainage infrastructure in the town of Salida (the "Project") and that it is necessary that such moneys be borrowed for such purpose at this time by the issuance of notes in anticipation of the receipt of loan moneys from Rural Utilities Service, of Rural Development, United States Department of Agriculture (the "USDA") in the form of the purchase by USDA of tax allocation revenue obligations to be issued or incurred by the Agency (the "USDA Loan"); and

WHEREAS, a commitment for the USDA Loan in the amount of \$4,525,000 is evidenced by the USDA Letter of Conditions, dated July 3, 2001 (the "Commitment");

NOW, THEREFORE, it is hereby DETERMINED and ORDERED as follows:

Section 1. Authorization and Terms of Notes; Definitions.

(a) **Authorization of Notes.** Solely for the purpose of anticipating receipt of the USDA Loan, the Agency hereby determines to and shall borrow the aggregate principal amount of not to exceed \$4,525,000 by the issuance of notes pursuant to the Bond Law, to be designated "Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes" (the "Notes"). The actual principal amount of the Notes shall be set forth in Exhibit A attached hereto and made a part hereof.

(b) **Terms of the Notes.**

(i) **Form; Numbering.** The Notes shall be issued as fully registered Notes, without coupons, in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Notes issued. Notes shall be lettered and numbered as the Stanislaus County Treasurer (the "Paying Agent") shall prescribe.

(ii) **Date of Notes.** The Notes shall be dated as set forth in Exhibit A hereto.

(iii) **CUSIP Identification Numbers.** "CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the Agency to use such CUSIP numbers in any notice to registered owners of the Notes shall not constitute an event of default or any violation of the Agency's contract with such registered owners and shall not impair the effectiveness of any such notice.

(iv) **Maturity; Interest.** The Notes shall mature on the date set forth in Exhibit A. The Notes shall bear interest from the date thereof at the rate to be determined upon the sale thereof and shall be payable either semi-annually, or at maturity, as determined prior to the sale of the Notes by an Authorized Officer and set forth in the Notice of Sale referenced in Section 19. Interest on the Notes shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(v) **Payment.** Payment of principal of the Notes is payable in lawful money of the United States of America at the principal corporate trust office of the Paying Agent in Modesto, California (the "Principal Office"). Interest is payable by check of Stanislaus County Treasurer (the "Paying Agent") mailed by first class mail to the Registered Owner thereof at such address as appears on the registration books of the Paying Agent as of the close of business on the fifteenth day of the month next preceding an Interest Payment Date.

(c) **Definitions.**

Unless the context otherwise requires, the terms defined in this Section 1(c) shall, for all purposes of this Resolution, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Closing Date" means the date on which the Notes are delivered by the Agency to the successful bidder for the Notes.

"Authorized Officer" means the Executive Director, or any other officer designated by the Agency to act as an Authorized Officer hereunder.

"Interest Payment Date" means the date on which interest on the Notes is payable, as set forth in the Notice of Sale.

"Outstanding Debt" means the obligation of the Agency to repay a loan obligation incurred by the County to the State Water Resources Control Board in the principal amount of \$2,120,000, with annual payments of \$179,153, and which matures on December 12, 2015, which obligation of the County was assumed by the Agency on March 24, 1992.

"Pass-Through Agreements" means the following Agreements, all between the Agency and the public agencies hereinafter identified: (1) Turlock Mosquito Abatement District, dated February 25, 1992; (2) Empire Union School District, dated June 30, 1992; (3) Modesto City Schools, dated June 30, 1992; (4) Ceres Unified School District, dated June 30, 1992; (5) Yosemite Community College District, dated June 30, 1992; (6) Stanislaus County Office of Education, dated June 30, 1992; and (7) the obligation of the Agency to the Industrial Fire District, approved by the Agency on June 30, 1992, in the original principal amount of \$442,092.20, of which \$292,092 remains outstanding as of the date of this Resolution, and maturing June 30, 2009, as such agreements may be amended from time to time in accordance with their terms.

"Plan Limitations" means the limitations contained or incorporated in the Redevelopment Plan on (a) the aggregate principal amount of indebtedness payable from Tax Allocation Revenues which may be outstanding at any time, (b) the aggregate amount of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, (c) the period of time for establishing or incurring indebtedness payable from Tax Allocation Revenues, and (d) the last date on which indebtedness of the Agency may be paid from Tax Allocation Revenues.

"Redevelopment Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the acts amendatory thereof and supplemental thereto.

"Redevelopment Plan" means the Redevelopment Plan for the Stanislaus County Redevelopment Project No. 1, approved by Ordinance No. C.S. 440, enacted July 7, 1991, together with any amendments thereof heretofore or hereafter duly enacted pursuant to the Redevelopment Law.

"Redevelopment Project" means the project area described in the Redevelopment Plan.

"Refunding Bonds" means tax allocation bonds or other obligations issued by the Agency to pay the Notes at maturity.

"Supplemental Resolution" means any resolution, agreement or other instrument which amends, supplements or modifies this Resolution and which has been duly adopted or entered into by the Agency; but only if and to the extent that such Supplemental Resolution is specifically authorized hereunder.

"Tax Allocation Revenues" means all taxes annually allocated and paid to the Agency with respect to the Redevelopment Project following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations; but excluding (a) amounts payable to entities other than the Agency under and pursuant to the Pass-Through Agreements, and (b) amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law. The amount of such taxes shall be calculated with regard to all limitations contained in the Redevelopment Plan, pursuant to Section 33333.2(1) of the Redevelopment Law, on the amount of taxes which may be allocated to the Agency in any year.

Section 2. Redemption. The Notes shall not be subject to redemption prior to maturity.

Section 3. Security; Covenant to Refund. The principal amount of the Notes shall be payable from moneys received with respect to the USDA Loan and, to the extent needed, Tax Allocation Revenues of the Agency's Redevelopment Project, and interest on the Notes shall be payable from Tax Allocation Revenues of the Agency's Redevelopment Project, as hereinafter set forth in this Section 3.

As security for the payment of the principal of the Notes, the Agency hereby pledges: (i) the total amounts to be received by the Agency with respect to the USDA Loan (such pledged amounts being hereinafter called the "Pledged Loan Receipts"); and (ii) to the extent the Pledged Loan Receipts are insufficient for such purpose, the Tax Allocation Revenues. The principal of the Notes shall constitute a first lien and charge on the Pledged Loan Receipts and shall be payable from the Pledged Loan Receipts and, to the extent needed, the Tax Allocation Revenues. As security for the payment of the interest on the Notes, the Agency hereby pledges Tax Allocation Revenues. The interest on the Notes shall constitute a first lien and charge thereon, superior to the obligation of the Agency to repay the Outstanding Debt, and shall be payable from the Tax Allocation Revenues.

If for any reason the Agency has not received the USDA Loan at least 60 days prior to the maturity date of the Notes, the Agency hereby covenants with the Owners of the Notes to commence proceedings to issue, sell and deliver Refunding Bonds in a timely manner (but in no event later than the Business Day prior to the Maturity Date of the Notes) and in such amounts which, together with moneys, if any, contributed by the Agency for such purpose, will be sufficient to pay the principal of and interest of all of the Notes due and payable on the Maturity Date. The Agency further covenants not to issue or incur tax allocation obligations which would have the effect of inhibiting the issuance of the Refunding Bonds.

Notwithstanding the foregoing, to the extent the principal of or interest on the Notes is not paid from: (i) Pledged Loan Receipts; or (ii) the proceeds of Refunding Bonds; or (iii) Tax Allocation Revenues, as herein provided, such principal of or interest on the Notes shall be paid, to the extent permitted by law, from any other moneys of the Agency lawfully available therefor.

Section 4. Note Proceeds Account. There is hereby created, within the Agency's Redevelopment Fund, a special account to be designated the "2001 Loan Anticipation Note Proceeds Account" (the "Proceeds Account") and applied as directed in this Resolution. Net proceeds received by the Agency from the sale of the Notes to the Underwriter (as hereafter defined) shall be deposited in the Proceeds Account. Moneys deposited in the Proceeds Account shall be used and expended by the Agency solely for the purpose for which the USDA Loan is to be received.

Section 5. Deposit and Investment of Proceeds Account. All moneys held by the Agency in the Proceeds Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Proceeds Account shall, to the greatest extent possible, be invested by the Agency's authorized investment officer directly in investments as permitted by the laws of the State of California, as now in effect and as hereafter amended. Any interest earned on amounts deposited in the Proceeds Account shall be retained therein and shall, until the Notes shall be paid in full, be used and expended by the Agency solely for the purpose for which the USDA Loan is to be received, and thereafter shall be available for any lawful purpose of the Agency.

Section 6. Repayment Account. There is hereby created, within the Agency's Redevelopment Fund, a special account to be designated the "2001 Loan Anticipation Note Repayment Account" (the "Repayment Account") and applied as directed in this Resolution. Any money placed in the Repayment Account shall be for the benefit of the registered owners of the Notes and, until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created, including interest earnings thereon.

It is specifically intended that the proceeds of the USDA Loan be placed in the Repayment Account for purposes of paying the principal and interest on the Notes. On or prior to the maturity date of the Notes, the Agency shall transfer to the Paying Agent the moneys in the Repayment Account necessary to pay the principal of and interest on the Notes. Any moneys remaining in the Repayment Account after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the Agency for use as may be permitted under the USDA Loan.

Section 7. Deposit and Investment of Moneys. All moneys held by the Agency in any fund or account provided by this Resolution, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Section 8. Form of Notes; Book Entry Only System. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit B attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward in order of issuance, shall be in the denomination of \$5,000 each or any integral multiple thereof.

"CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the Agency to use such CUSIP numbers in any notice to the registered owners of the Notes shall not constitute an event of default or any violation of the Agency's contract with such owners and shall not impair the effectiveness of any such notice.

Except as provided below, the owner of all of the Notes shall be The Depository Trust Company, New York, New York ("DTC"), and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes. The Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the Agency shall not be affected by any notice to the contrary. The Agency shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or a Participant (a "Beneficial Owner"), or any other person not shown on the register of the Agency as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The Agency shall pay all principal and interest with respect to the Notes only to DTC or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the Agency of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the Agency determines that it is in the best interest of the Beneficial Owners that they be able to obtain Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the Agency shall issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Agency shall be obligated to deliver Notes to the Beneficial Owners as described in this Resolution. Whenever DTC requests the Agency to do so, the Agency will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of Certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Note and all notices with respect to such Note shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Notes.

Section 9. Execution of Notes. The Notes shall be executed on behalf of the Agency by the facsimile signatures of the Executive Director and the Agency Secretary who are in office on the date of adoption of this Resolution or at any time thereafter, and the seal of the Agency shall be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any Note ceases to be such officer before delivery of the Notes to the purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Notes to the purchaser. Any Note may be signed and attested on behalf of the Agency by such persons as at the actual date of the execution of such Note shall be the proper officers of the Agency although at the nominal date of such Note any such person shall not have been such officer of the Agency.

Only such Notes as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit B attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Notes so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

Section 10. Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section _ hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the Principal Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent shall require the payment by the registered owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Note or Notes shall be surrendered for transfer, the Agency shall execute and the Paying Agent shall authenticate and deliver a new Note or Notes, for like aggregate principal amount.

Section 11. Exchange of Notes. Notes may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Notes of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the registered owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 12. Note Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the Agency upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided.

Section 13. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the Agency upon the same conditions and in substantially the same manner as the definitive Notes. If the Agency issues

temporary Notes it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Paying Agent and the Paying Agent shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder.

Section 14. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated the Agency, at the expense of the registered owner of said Note, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent of the Note so mutilated. Every mutilated Note so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the Agency. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and, if such evidence be satisfactory to the Agency and indemnity satisfactory to it shall be given, the Agency, at the expense of the registered owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The Agency may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 14 and of the expenses which may be incurred by the Agency and the Paying Agent in the premises. Any Note issued under the provisions of this Section 14 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution.

Section 15. Paying Agent. The Paying Agent is hereby appointed to act as the paying agent and depository of the Agency for the purpose of receiving the payments of principal and interest made by the Agency on the Notes, to hold, allocate, use and apply said payments and to perform such other duties and powers of the Paying Agent as are prescribed in this Resolution.

The Paying Agent may become the owner of any of the Notes in its own or any other capacity with the same rights it would have if it were not Paying Agent.

The recitals of facts, covenants and agreements herein and in the Notes shall be taken as statements, covenants and agreements of the Agency, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Notes, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the Agency, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Agency shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The Agency further agrees to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

Section 16. Covenants and Warranties. It is hereby covenanted and warranted by the Agency that all representations and recitals contained in this Resolution are true and correct, and that the Agency and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for carrying out the provisions of this Resolution. In addition, it is hereby covenanted by the Agency that the Agency will (a) proceed to complete, with all practicable dispatch, the construction and acquisition of the Project, (b) not make or cause or permit to be made any application of the proceeds of the Notes or of any moneys in the Repayment Account except in accordance with this Resolution, (c) comply in all respects with the terms and provisions of the Commitment and with all applicable state and federal laws and regulations governing implementation of the Commitment, (d) take all actions necessary to preserve its right to receive payments under the Commitment, (e) apply or continue to apply the appropriated local share and any other available funds to pay those costs not expected to be reimbursed from Pledged Receipts until all such costs have been paid, and (f) promptly request each reimbursement to which it has become entitled under the Commitment.

Section 17. Tax Covenants.

(a) No Arbitrage. The Agency shall not take, nor permit nor suffer to be taken, any action with respect to the proceeds of the Notes which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Notes to be "Arbitrage Bonds" within the meaning of section 148 of the Internal Revenue Code of 1986 (the "Tax Code").

(b) Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government.

(c) Private Activity Note Limitation. The Agency shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private business tests of section 141(b) of the Tax Code.

(d) Private Loan Financing Limitation. The Agency shall assure that proceeds of the Notes are not so used as to cause the Notes to satisfy the private loan financing test of section 141(c) of the Tax Code.

(e) Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Notes to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(f) Maintenance of Tax-Exemption. The Agency shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the Owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Section 18. Official Statement. The Official Statement describing the Notes, in substantially the form to be filed with the Agency, together with any changes therein or additions thereto deemed advisable by Authorized Officer or other qualified officer of the Agency, is hereby approved. The distribution by Leifer Capital, as financial advisor to the Agency (the "Financial Advisor") of the Official Statement to prospective purchasers of the Notes is hereby approved, and the Authorized Officer is hereby directed on behalf of the Agency to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Official Statement prior to its distribution by the Financial Advisor. The execution of the Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer, and such information permitted to be excluded from the Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Official Statement by the Agency.

Section 19. Sale of Notes. The Agency hereby approves the sale of the Notes by competitive bid and awarded as set forth in an Official Notice of Sale, which the Financial Advisor and the Authorized Officer are hereby authorized to prepare, consistent with this Resolution. The Authorized Officer is hereby directed to cause Jones Hall, as bond counsel to the Agency, to arrange for the publication of a notice of intention of the sale of the Notes in *The Bond Buyer*, at least 15 days before the sale of the Notes.

The Authorized Officer is hereby directed to execute the Official Notice of Sale. The Authorized Officer is hereby authorized and directed to open the bids at the time and place specified in the Official Notice of Sale. The Authorized Officer is hereby authorized and directed to receive and record the receipt of all bids made pursuant to the Official Notice of Sale, to cause said bids to be examined for compliance with the Official Notice of Sale, to cause computations to be made as to which bidder has bid the lowest true interest cost, as provided in the Official Notice of Sale, to announce the bidder of the lowest true interest cost, and to award the sale to said bidder.

Section 20. Continuing Disclosure. The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate in substantially the form thereof contained as Exhibit C attached hereto and hereby made a part hereof.

Section 21. Preparation of Notes; Official Action. Jones Hall, A Professional Law Corporation, as Bond Counsel, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate or rates specified in the successful bid for the Notes, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution, and to procure their execution and authentication by the proper officers, and to cause the Notes to be delivered when so executed to the successful bidder for the Notes.

The Authorized Officer is further authorized and directed to make, execute and deliver such certificates, agreements and other closing documents as are necessary to consummate the transactions contemplated by this Resolution, including the completion of Exhibit A to conform to the final terms and conditions of the Notes.

Section 22. Effective Date. This Resolution shall take effect upon its adoption.

* * * * *


PASSED AND ADOPTED by the Stanislaus County Redevelopment Agency at a regular meeting held on June 12, 2001, by the following vote:

AYES: Mayfield, Simon, Caruso, Blom and Chair Paul

NOES: None

ABSENT: None

I certify that the above and foregoing Resolution No. 2001-447 was duly introduced, read and adopted by the Stanislaus County Redevelopment Agency at a regular meeting held on June 12, 2001.



Agency Secretary
Stanislaus County Redevelopment Agency

EXHIBIT A

**STANISLAUS COUNTY REDEVELOPMENT AGENCY
2001 LOAN ANTICIPATION NOTE**

Terms and Conditions

The following terms and conditions shall be part of the within Resolution Authorizing the Issuance of Notes (the "Resolution of Issuance") as if set forth in the text thereof:

Principal Amount: The actual principal amount of the Notes is \$4,525,000, and the Note Date is [June][July] __, 2001.

Maturity Date and Interest: The Notes mature on [June][July] __, 200__, and bear interest at the rate of _____% per annum.

Deposits of Funds: On the Closing Date the following amounts will be deposited:

\$ _____ to the Note Proceeds Account; and
[\$ _____ to the Note Repayment Account.]

As security for the payment of the principal of the Notes, the Agency has pledged: (i) the total amounts to be received by the Agency with respect to the USDA Loan (the "Pledged Loan Receipts"); and (ii) to the extent the Pledged Loan Receipts are insufficient for such purpose, the Tax Allocation Revenues. The principal of the Notes shall constitute a first lien and charge on the Pledged Loan Receipts and shall be payable from the Pledged Loan Receipts and, to the extent needed, the Tax Allocation Revenues. As security for the payment of the interest on the Notes, the Agency has pledged Tax Allocation Revenues. The interest on the Notes shall constitute a first lien and charge thereon, superior to the obligation of the Agency to repay the Agency's Outstanding Debt, and shall be payable from the Tax Allocation Revenues.

If for any reason the Agency does not receive the USDA Loan, the Agency has covenanted with the Owners of the Notes to issue, sell and deliver tax allocation bonds or other refunding obligations ("Refunding Bonds") in a timely manner (but in no event later than the Business Day prior to the Maturity Date of the Notes) and in such amounts which, together with moneys, if any, contributed by the Agency for such purpose, will be sufficient to pay the principal of and interest of all of the Notes due and payable on the Maturity Date. The Agency further covenants not to issue or incur tax allocation obligations which will have the effect of inhibiting the issuance of the Refunding Bonds.

Notwithstanding the foregoing, to the extent the principal of or interest on the Notes is not paid from: (i) Pledged Loan Receipts; or (ii) the proceeds of Refunding Bonds; or (iii) Tax Allocation Revenues, as herein provided, such principal of or interest on the Notes shall be paid, to the extent permitted by law, from any other moneys of the Agency lawfully available therefor.

The Notes are issuable as fully registered Notes, without coupons, in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations and of the same maturity.

This Note is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in San Francisco, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Note. Upon registration of such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Agency and the Paying Agent may treat the Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Paying Agent shall not be affected by any notice to the contrary.

The Notes are not subject to redemption prior to maturity.

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

This Note shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying Agent.

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

IN WITNESS WHEREOF, the Stanislaus County Redevelopment Agency has caused this Note to be executed in its name and on its behalf with the facsimile signatures of Executive Director of the Agency and the Agency Secretary and its seal to be reproduced hereon, all as of the Issue Date stated above.

STANISLAUS COUNTY
REDEVELOPMENT AGENCY

By: _____
Executive Director

(S E A L)

ATTEST:

By: _____
Agency Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Resolution.

Authentication Date: .

as Paying Agent

By: _____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
UNIF GIFT MIN ACT ___ Custodian
TEN ENT -- as tenants by the entireties
(Cust) ___ (Minor)
under Uniform Gifts to Minors
JT TEN -- as joint tenants with ___ right of survivorship
___ and not as tenants in ___ common
Act _____
(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Note and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT C

CONTINUING DISCLOSURE CERTIFICATE

STANISLAUS COUNTY REDEVELOPMENT AGENCY 2001 LOAN ANTICIPATION NOTES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Stanislaus County Redevelopment Agency (the "Issuer") in connection with the issuance of its \$4,525,000 Stanislaus County Redevelopment Agency, 2001 Loan Anticipation Notes, dated [June][July] __, 2001 (the "Notes"). The Notes are being issued pursuant to a Resolution adopted by the Issuer on June 12, 2001 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Note Resolution, which apply to any capitalized term used herein unless otherwise defined in this Section, the following capitalized terms shall have the following meanings.

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

"*Dissemination Agent*" shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

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

"*National Repository*" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at www.sec.gov/consumer/nrmsir.htm.

"*Participating Underwriter*" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"*Repository*" shall mean each National Repository and each State Repository.

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

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

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than eight months after the end of the Agency's fiscal year (which currently would be March 1 based upon the Agency's current June 30 fiscal year), commencing with the report for the 2000-01 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). 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 Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

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

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

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

(a) Audited Financial Statements of the Agency 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 such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements 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 prior to the annual filing deadline for the Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement for the Notes, as follows:

[(i) summary of Agency indebtedness payable from tax increment generated in the Redevelopment Project Area, including the amount outstanding as of June 30 of the most recent fiscal year;

(ii) information about pending and successful appeals of assessed values in the Project Area exceeding, in the aggregate, 5% of assessed value in the Project Area; and

- (iii) summary of assessed values and Tax Allocation Revenues in the Redevelopment Project Area in substantially the form of Table _.]

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 Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Agency 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 Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, 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 Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes pursuant to the Resolution.

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

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency 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 Notes, 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 Notes, 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 Notes in the manner provided in the Resolution for amendments to the Resolution 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 Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to 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 Agency 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 sent to the Repositories 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 Agency 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 Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency 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 Agency to comply with any provision of this Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Notes, shall), or any holder or beneficial owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency 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 Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency 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 Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including 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 Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

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

Date: _____, 2001

STANISLAUS COUNTY
REDEVELOPMENT AGENCY

By: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Stanislaus County Redevelopment Agency

Name of Bond Issue: Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes

Date of Issuance: _____, 2001

NOTICE IS HEREBY GIVEN that the Stanislaus County Redevelopment Agency (the "Agency") has not provided an Annual Report with respect to the above-named Notes as required by Section ___ of that certain Resolution, adopted by the Agency on June 12, 2001. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

STANISLAUS COUNTY
REDEVELOPMENT AGENCY

By _____

cc: Paying Agent