NEW ISSUE—BOOK ENTRY ONLY **RATINGS:**
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon existing laws, regulations, rulings and court decisions, and assuming among other matters, compliance with certain covenants, interest on the 2001 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2001 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of the interest on, the 2001 Series B Bonds. See "TAX MATTERS" herein.

$23,775,000
COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS (VARIOUS CAPITAL PROJECTS), 2001 SERIES B

Dated: May 1, 2001 **Due: June 1, as shown on inside cover**

The County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2001 Series B (the "2001 Series B Bonds") are being issued to finance the construction of an ambulatory care clinic and attendant parking on the campus of the Contra Costa Regional Medical Center, the main county hospital for the County of Contra Costa, California (the "County"), to fund a portion of the costs of a new animal shelter in the County and other capital projects, to purchase a reserve fund surety bond, to fund capitalized interest on the animal shelter project for one year and to pay costs of issuance relating to the 2001 Series B Bonds. See "THE 2001 SERIES B PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS."

Interest on the 2001 Series B Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2001. The 2001 Series B Bonds will be initially delivered in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Principal of, redemption premium, if any, and interest on the 2001 Series B Bonds will be paid by State Street Bank and Trust Company of California, N.A., as Trustee, to DTC. DTC is obligated to remit such principal and interest to its DTC Participants for disbursement to the beneficial owners of the 2001 Series B Bonds. See "APPENDIX G—Book-Entry Only System." **The 2001 Series B Bonds are subject to optional, extraordinary and mandatory redemption as described herein.**

Payment of the principal of and interest, when due, on the 2001 Series B Bonds will be insured by a bond insurance policy to be issued concurrently with the delivery of the 2001 Series B Bonds by MBIA Insurance Corporation.

MBIA

The 2001 Series B Bonds are being issued pursuant to a Trust Agreement, dated as of February 1, 1999, as supplemented by the First Supplemental Trust Agreement, dated as of January 1, 2001, and the Second Supplemental Trust Agreement, dated as of May 1, 2001, between the County of Contra Costa Public Financing Authority (the "Authority") and the Trustee.

The 2001 Series B Bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of Base Rental Payments (as defined herein) to be made by the County to the Authority pursuant to a Facility Lease (Various Capital Projects), dated as of February 1, 1999, as amended by the First Amendment to Facility Lease, dated as of January 1, 2001, and the Second Amendment to Facility Lease, dated as of May 1, 2001 (the "Facility Lease"), between the Authority and the County. Pursuant to the Facility Lease, the County will lease the Facilities (defined herein) from the Authority. The County has covenanted in the Facility Lease to take such action as may be necessary to include Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The County has agreed in the Facility Lease to make all Base Rental Payments, subject to abatement in the event of damage to or destruction or condemnation of all or a portion of the Facilities which results in substantial interference with the County's use and occupancy of the Facilities, except as otherwise described herein.

THE 2001 SERIES B BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR THE COUNTY OR ANY OF THEIR INCOME OR RECEIPTS, EXCEPT THE REVENUES (AS DESCRIBED HEREIN). NEITHER THE FULL FAITH NOR THE CREDIT OF THE AUTHORITY OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE 2001 SERIES B BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2001 SERIES B BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS UNDER THE FACILITY LEASE CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR THE COUNTY FOR WHICH EITHER ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH EITHER ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

MATURITY SCHEDULE, CUSIP NUMBERS, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES/YIELDS
(see inside cover)

The 2001 Series B Bonds were sold via competitive sale on April 24, 2001 pursuant to an Official Notice of Sale dated as of April 9, 2001. The 2001 Series B Bonds are offered when, as and if issued, subject to approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain other legal matters will be passed upon for the County and the Authority by County Counsel, and by Brown & Wood LLP, San Francisco, California, Disclosure Counsel. Sperry Capital Inc. is Financial Advisor to the County in connection with the issuance of the 2001 Series B Bonds. The 2001 Series B Bonds, in book-entry form, will be available for delivery through DTC on or about May 10, 2001.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Dated: April 24, 2001

MATURITY SCHEDULE
(Base CUSIP Number: 21226P)
$15,215,000 Serial Bonds

Maturity Date (June 1)	CUSIP Number	Principal Amount	Interest Rate	Price/ Yield
2003	CX4	$525,000	4.25 %	3.50 %
2004	CY2	545,000	4.25	3.70
2005	CZ9	570,000	4.25	3.80
2006	DA3	595,000	4.25	3.95
2007	DB1	620,000	4.25	4.05
2008	DC9	645,000	4.25	4.20
2009	DD7	670,000	4.25	4.30
2010	DE5	700,000	4.375	4.40
2011	DF2	730,000	4.40	4.50
2012	DG0	765,000	5.00	102.560(1)
2013	DH8	$ 800,000	5.00 %	101.820%(1)
2014	DJ4	840,000	5.00	101.086(1)
2015	DK1	885,000	5.00	100.358(1)
2016	DL9	930,000	5.00	100
2017	DM7	975,000	5.00	100
2018	DN5	1,025,000	5.10	100
2019	DP0	1,075,000	5.125	100
2020	DQ8	1,130,000	5.20	100
2021	DR6	1,190,000	5.20	100

$2,565,000 5.25% Term Bonds due June 1, 2023—Price 100%, CUSIP Number 21226PDS4
$5,995,000 5.25% Term Bonds due June 1, 2027—Price 100%, CUSIP Number 21226PDT2
(Plus accrued interest from May 1, 2001)

(1) Priced to yield to call to June 1, 2010.

No dealer, broker, salesperson or other person has been authorized by the County or the Authority to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2001 Series B Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the 2001 Series B Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from the County or the Authority and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the 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 County or the Authority since the date hereof. This Official Statement is submitted in connection with the sale of the 2001 Series B Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Facility Lease. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more nationally recognized municipal securities information repositories.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such infromation.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2001 SERIES B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

COUNTY OF CONTRA COSTA PUBLIC FINANCING AUTHORITY

Gayle B. Uilkema
Chair

John Gioia
Vice-Chair

John R. Sweeten
Executive Director and Secretary

Kenneth J. Corcoran
Treasurer

COUNTY OF CONTRA COSTA, CALIFORNIA

BOARD OF SUPERVISORS OF THE COUNTY

Gayle B. Uilkema
(District 2)
Chair

John Gioia
(District 1)
Vice Chair

Donna Gerber
(District 3)

Mark DeSaulnier
(District 4)

Federal Glover
(District 5)

COUNTY OFFICIALS

John R. Sweeten
Clerk of the Board and County Administrator

Laura W. Lockwood
Director, Capital Facilities and Debt Management

Kenneth J. Corcoran
Auditor-Controller

William J. Pollacek
Treasurer-Tax Collector

Silvano Marchesi
County Counsel

Gus Kramer
Assessor

Stephen L. Weir
County Clerk-Recorder

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Los Angeles, California

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(VARIOUS CAPITAL PROJECTS),
2001 SERIES B

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (the "Official Statement") provides certain information concerning the issuance of County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2001 Series B (the "2001 Series B Bonds"), in an aggregate principal amount of $23,775,000 by the County of Contra Costa Public Financing Authority (the "Authority"). The 2001 Series B Bonds are limited obligations of the Authority payable solely from Revenues (as hereinafter defined), consisting primarily of certain base rental payments (the "Base Rental Payments") to be made by the County of Contra Costa (the "County"), as rent for the Facilities (as defined herein). The County leases the Facilities to the Authority pursuant to a Master Site Lease, dated as of February 1, 1999, as amended by the First Amendment to Master Site Lease, dated as of January 1, 2001, and the Second Amendment to Master Site Lease, dated as of May 1, 2001 (collectively, the "Site Lease"). The Facilities are leased-back by the County pursuant to a Facility Lease (Various Capital Projects), dated as of February 1, 1999, as amended by the First Amendment to Facility Lease, dated as of January 1, 2001 and the Second Amendment to Facility Lease, dated as of May 1, 2001 (collectively, the "Facility Lease"), between the County, as lessee, and the Authority, as lessor. All real property leased by the County from the Authority under the Facility Lease in connection with the Facilities is herein referred to as the "Demised Premises."

The 2001 Series B Bonds are being issued to finance the construction of an ambulatory care clinic and attendant parking on the campus of the Contra Costa Regional Medical Center, the main County hospital") and to finance a portion of the costs of a new animal shelter in the County and other capital projects (the "2001 Series B Project"). In addition, the Authority will utilize proceeds of the 2001 Series B Bonds to purchase a reserve fund surety bond, to fund capitalized interest on the animal shelter project for one year and to pay certain costs associated with the issuance of the 2001 Series B Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2001 Series B Bonds will be issued pursuant to a Trust Agreement, dated as of February 1, 1999, as supplemented by the First Supplemental Trust Agreement, dated as of January 1, 2001, and the Second Supplemental Trust Agreement, dated as of May 1, 2001 (collectively, the "Trust Agreement"), between the Authority and State Street Bank and Trust Company of California, N.A., as trustee (the "Trustee"). Pursuant to the Trust Agreement, the Authority will pledge to the Trustee, for the benefit of the Bondholders (as hereinafter defined), all of the Revenues, consisting primarily of the Base Rental Payments made by the County to the Authority under the Facility Lease.

The Authority has previously issued $74,685,000 County of Contra Costa Public Financing Authority Lease Revenue Bonds (Refunding and Various Capital Projects), 1999 Series A (the "1999 Series A Bonds") and $18,030,000 County of Contra Costa Public Financing Authority Lease Revenue Bonds (Various Capital Projects), 2001 Series A (the "2001 Series A Bonds") pursuant to the Trust Agreement, which 1999 Series A Bonds and 2001 Series A Bonds are payable on a parity with the 2001 Series B Bonds.

The Authority may in the future issue additional bonds under the Trust Agreement ("Additional Bonds") secured on a parity with the 1999 Series A Bonds, the 2001 Series A Bonds and the 2001 Series B Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The 1999 Series A Bonds, the 2001 Series A Bonds and the 2001 Series B Bonds, together with any Additional Bonds issued pursuant to the Trust Agreement, are herein referred to as the "Bonds."

The term "Bondholders" as used throughout this Official Statement means the holders of the 1999 Series A Bonds, the 2001 Series A Bonds, the 2001 Series B Bonds and any Additional Bonds.

The County has covenanted under the Facility Lease that so long as the Facilities are available for the County's use and occupancy, it will take such action as may be necessary to include all Base Rental Payments and Additional Payments (as defined below) in its annual budgets and to make the necessary annual appropriations therefor. The County has also covenanted, subject to applicable law, to appropriate applicable amounts from its Courthouse Funds (as defined below) to pay Base Rental attributable to the Courts Project (as defined below) or to replenish the portion of the Reserve Fund allocable to the Courts Project, which pledge is not subject to the use and occupancy of the Facilities. The County has timely made to date all Base Rental Payments and Additional Payments required under the Facility Lease for the 1999 Series A Bonds and the 2001 Series A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Base Rental Payments are subject to complete or partial abatement due to substantial interference with the use and occupancy by the County of the Facilities (except for the portion of Base Rental Payments attributable to the Courts Project for which Courthouse Funds are available for the payment thereof) caused by damage to or destruction or condemnation of the Facilities. See "CERTAIN RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Courthouse Funds." Abatement of Base Rental Payments under the Facility Lease could result in 2001 Series B Bondholders receiving less than the full amount of principal and interest on the 2001 Series B Bonds, except to the extent proceeds of insurance or moneys in the Reserve Fund (as described herein) are available to make payments of principal of or interest on the 2001 Series B Bonds (or the relevant portion thereof) during periods of abatement of Base Rental.

As additional security for the 2001 Series B Bonds, payment of the principal of and interest on the 2001 Series B Bonds when due will be insured by a municipal bond insurance policy to be issued by MBIA Insurance Corporation (the "Insurer") simultaneously with the delivery of the 2001 Series B Bonds. See "THE MUNICIPAL BOND INSURANCE POLICY."

Summaries of certain provisions of the principal legal documents relating to the 2001 Series B Bonds are contained in Appendix D hereto. The summaries and descriptions in this Official Statement of the Trust Agreement, the Facility Lease, the Site Lease, the Continuing Disclosure Agreement, and other agreements relating to the 2001 Series B Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the 2001 Series B Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in such documents. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Facility Lease. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Certain Definitions."

Authority for Issuance

The 2001 Series B Bonds are being issued pursuant to the Constitution and the laws of the State, resolutions adopted by the Authority and the County on February 6, 2001 and the Trust Agreement.

THE 2001 SERIES B PROJECT

The projects to be financed with the proceeds of the 2001 Series B Bonds (the "2001 Series B Project") are as follows: (i) approximately $19.5 million of the proceeds will be used to finance the construction of an ambulatory care clinic and attendant parking to be located on the campus of Contra Costa Regional Medical Center in the City of Martinez, California, the main County public hospital; and (ii) approximately $3.45 million of the proceeds will be used to finance a portion of the costs of a new Martinez animal shelter to be located adjacent to the County's corporation yard on Imhoff Way near the City of Martinez, California. The new clinic will be a three-story, 60,000 square-foot facility that is expected to serve over 50,000 patients per year. The new animal shelter will be the County's main animal shelter facility, providing housing for stray and abandoned animals, as well as spay and neuter services and public education courses on animal care. In addition to the 2001 Series B Bond proceeds to be applied to the costs of the animal shelter facility, the County will use general fund moneys, including amounts received from the sale of an existing animal shelter property to another governmental agency.

The remaining proceeds of the 2001 Series B Bonds will be utilized to fund the purchase of a debt service reserve fund surety bond, to fund capitalized interest on the animal shelter project for one year and to pay costs of insurance related to the 2001 Series B Bonds.

The County may change the 2001 Series B Project from time to time by filing a notice of change with the Trustee. The facilities presently anticipated to be improved as part of the 2001 Series B Project are not Facilities being leased pursuant to the Facility Lease.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the issuance of the 2001 Series B Bonds.

Sources

2001 Series B Bonds Aggregate Principal Amount	$23,775,000
Net Original Issue Premium (+)	79,451
Accrued Interest[1]	29,428
Total Sources	$23,883,879

Uses

Interest Account[1]	$ 29,428
Capitalized Interest[2]	198,184
2001 Series B Project Fund	22,898,803
Underwriter's Discount	314,464
Costs of Issuance Fund[3]	443,000
Total Uses	$23,883,879

(1) Represents interest on the 2001 Series B Bonds from their dated date to their delivery date.
(2) Represents one year of capitalized interest on the portion of the 2001 Series B Bonds relating to the animal shelter project. See "THE 2001 SERIES B PROJECT" above.
(3) Includes legal and professional fees, municipal bond insurance policy and debt service reserve fund surety bond premiums, printing costs and other costs of issuance.

THE LEASED FACILITIES

The County leases the Facilities to the Authority pursuant to the Site Lease, and the Authority leases back the Facilities to the County pursuant to the Facility Lease. The County is committed to the use of the Facilities as County property.

Pursuant to the Facility Lease, the County and the Authority may substitute other properties for the Facilities or portions thereof upon meeting certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Substitution of Property."

The Facilities consist of the West County Detention Facility, the Bray Courthouse, the East County Social Services Building, the Summit Centre administration building and the medical laboratory facility located on the campus of the Contra Costa Regional Medical Center in the City of Martinez, California, and the sites thereof, as further described below. The Facilities include site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant and related facilities located on the Demised Premises.

Facility	Address	Original Completion Date	Approx. Acreage of Site	Approx. Building Square Footage	Term of Site Lease	Value (millions)
West County Detention Facility	5555 Giant Highway Richmond, California	1991	47.4	243,300	2028	$ 63.00[1]
Bray Courthouse	1020 Ward Street Martinez, California	1988[2]	0.6	48,900	2016	10.35[1]
East County Social Services Building	4545 Delta Fair Blvd. Antioch, California	1988	4.9	52,700	2008	5.00[1]
Summit Centre	2530 Arnold Dr. Martinez, California	1988	20.8	113,000	2026	25.80[3]
Contra Costa Regional Medical Center Laboratory	2500 Alhambra Dr. Martinez, California	2001	0.6	24,600	2027	8.855[4]
					TOTAL	$113.005

(1) Based upon independent appraisals completed in December 1998.
(2) A third story to the facility was completed in 1992.
(3) Based upon (i) an outside appraisal conducted in September 2000 that valued the property at $18.0 million, (ii) a purchase price of $2.3 million for an adjacent 13.4 acres (which were purchased on February 18, 2000), and (iii) the value of tenant improvements totaling $5.5 million that are currently underway.
(4) Based upon construction cost of the laboratory project.

THE 2001 SERIES B BONDS

General Provisions

The 2001 Series B Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the County under the Facility Lease.

The 2001 Series B Bonds will be prepared in the form of fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2001 Series B Bonds. Ownership interests in the 2001 Series B Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth. See "APPENDIX G – Book-Entry Only System" hereto.

Ownership interests in 2001 Series B Bonds will be in $5,000 denominations or any integral multiple thereof. Interest on the 2001 Series B Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months and is payable on June 1 and December 1 (each an "Interest Payment Date") of each year, commencing December 1, 2001. The 2001 Series B Bonds will be dated and bear interest from May 1, 2001. The 2001 Series B Bonds will mature on the dates (each a "Maturity Date") and in the principal amounts, and the interest payable thereon will be computed at the rates, all as set forth on the inside cover page of this Official Statement.

Redemption Provisions

Optional Redemption. The 2001 Series B Bonds maturing on or prior to June 1, 2009 are not subject to optional redemption. The 2001 Series B Bonds maturing on or after June 1, 2010 are subject to optional redemption prior to their respective stated maturities, at the written direction of the Authority, from any moneys deposited by the Authority or the County, as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after June 1, 2009 at the following redemption prices (expressed as a percentage of the principal amount of the 2001 Series B Bonds called for redemption) plus accrued interest thereon to the date fixed for redemption, as follows:

Redemption Period (dates inclusive)	Redemption Price
June 1, 2009 through May 31, 2010	101%
June 1, 2010 and thereafter	100

Mandatory Sinking Fund Redemption. The 2001 Series B Bonds maturing on June 1, 2023 and June 1, 2027 are subject to mandatory sinking fund redemption prior to their stated maturity, in part on June 1 of each year on or after June 1, 2022 and June 1, 2024, respectively, by lot, from and in the amount of the mandatory sinking account payment due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date, without premium, in the amounts and on the dates set forth below.

2001 Series B Bonds Maturing on June 1, 2023		2001 Series B Bonds Maturing on June 1, 2027	
Sinking Account Payment Date (June 1)	Mandatory Sinking Account Amount	Sinking Account Payment Date (June 1)	Mandatory Sinking Account Amount
2022	$1,250,000	2024	$1,385,000
2023*	1,315,000	2025	1,460,000
		2026	1,535,000
		2027*	1,615,000

* Maturity

Extraordinary Redemption. The 2001 Series B Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity of the 2001 Series B Bonds in Authorized Denominations, from prepayments of Base Rental Payments made by the County from the net proceeds received by the County due to the taking of the Facilities or portions thereof under the power of eminent domain, or from the net proceeds of title insurance or insurance received for damage to or destruction of the Facilities or portions thereof, under the circumstances described in the Trust Agreement and the Facility Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance.” The redemption price will be equal to the principal amount of the 2001 Series B Bonds to be redeemed and accrued interest thereon to the date of redemption, without premium. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written instructions from the Authority, the Bonds to be redeemed so that the aggregate annual amounts of principal of and interest on the Bonds which will be payable after such redemption date will be as nearly proportional as practicable to the aggregate annual amounts of principal of and interest on the Bonds outstanding prior to such redemption date.

Notice of Redemption

Notice of redemption is to be mailed, first class postage prepaid, to the respective Owners of any 2001 Series B Bonds designated for redemption at their addresses appearing on the registration books required to be kept by the Trustee not less than 30 nor more than 60 days prior to the redemption date. Each notice of redemption will state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the redemption place, the redemption price, and the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the 2001 Series B Bonds to be redeemed, and in the case of each 2001 Series B Bond called for redemption in part, state the amount which is to be redeemed. Each such notice will also state that from and after the redemption date, interest on the 2001 Series B Bonds to be redeemed will cease to accrue. Failure to receive such notice will not invalidate any of the proceedings taken in connection with such redemption.

Selection of 2001 Series B Bonds for Optional Redemption

The Authority will designate which maturities of Bonds are to be redeemed. Whenever less than all the Outstanding 2001 Series B Bonds maturing on any one date are to be redeemed, the Trustee will select the 2001 Series B Bonds of such maturity date to be redeemed from the Outstanding 2001 Series B Bonds payable on such maturity date by lot. For purposes of such selection, 2001 Series B Bonds will be deemed to be composed of $5,000 portions, and any such portion may be separately redeemed. In the event 2001 Series B Bonds subject to sinking fund redemption are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Effect of Redemption

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the 2001 Series B Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice 2001 Series B Bonds so called for redemption will become due and payable, and from and after the date so designated interest on such 2001 Series B Bonds will cease to accrue, and the Owners of such 2001 Series B Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are secured by the Revenues, which consist primarily of Base Rental Payments to be made by the County under the Facility Lease. Pursuant to the Facility Lease, the Authority leases the Facilities to the County. As rental for the use and occupancy of the Facilities, the County covenants to pay Base Rental Payments to the Trustee. The Base Rental Payments, which are subject to abatement (except for that portion of Base Rental Payments attributable to the Courts Project for which Courthouse Funds are available for the payment thereof, as described in "Pledge of Courthouse Funds" below), are calculated to be sufficient to pay principal of and interest on the Bonds when due.

The County has covenanted in the Facility Lease to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The Authority will pledge the Base Rental Payments to the Trustee for the benefit of the Owners of the Bonds. By the 15th day of the month immediately preceding each Interest Payment Date, the County must pay to the Trustee Base Rental Payments (to the extent required under the Facility Lease) which will be sufficient to pay, when due, the scheduled principal of and interest on the Bonds. Base Rental Payments are not subject to acceleration. The County has timely made to date all Base Rental Payments and Additional Payments due under the Facility Lease for the 1999 Series A Bonds and the 2001 Series A Bonds.

Under the Facility Lease, the County agrees to pay Additional Payments for the payment of all expenses and all costs of the Authority and the Trustee related to the Facilities, including expenses of the Trustee payable by the Authority under the Trust Agreement, and fees of accountants, attorneys and consultants. The County is responsible for repair and maintenance of the Facilities during the term of the Facility Lease.

The Base Rental Payments will be abated proportionately (except for the portion of Base Rental Payments attributable to the Courts Project, which will not be abated to the extent Courthouse Funds are available for the payment thereof, as described below in "Pledge of Courthouse Funds"), during any period in which by reason of any damage to or destruction of the Facilities, there is substantial interference with the use and occupancy of the Facilities by the County, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. See "Pledge of Courthouse Funds." During any such period of abatement, except to the extent that amounts held by the Trustee in the Revenue Fund or the Reserve Fund are otherwise available to pay the Bonds, Revenues will not be available to pay the Bonds. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facility Lease will continue in full force and effect and the County waives any right to terminate the Facility Lease by virtue of any such damage or destruction.

If the whole of the Facilities, including the Demised Premises, or so much therefor as to render the remainder unusable, is taken under power of eminent domain, the term of the Facility Lease will cease as of the day possession is so taken. If less than the whole of the Facilities is taken by eminent domain, there will be a partial abatement of the rental due under the Facility Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds.

Should the County default under the Facility Lease, the Authority may (i) terminate the Facility Lease and take possession of the Facilities or (ii) retain the Facility Lease and may seek to hold the County liable for all Base Rental Payments and Additional Payments thereunder (without acceleration) as they become due on an annual basis. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Default and Remedies." Base Rental Payments and Additional Payments may not be accelerated. See "CERTAIN RISK FACTORS."

As additional security for the 2001 Series B Bonds, payment of the principal of and interest, when due, on the 2001 Series B Bonds will be insured by a municipal bond insurance policy to be issued by the

Insurer simultaneously with the delivery of the 2001 Series B Bonds. See "MUNICIPAL BOND INSURANCE POLICY."

Pledge of Revenues

The Revenues consist primarily of the Base Rental Payments made by the County to the Authority. In accordance with the Trust Agreement, all Revenues are irrevocably pledged to and will be used for the punctual payment of interest and premium, if any, on and principal of the Bonds and Reserve Facility Costs, if any, and the sums due and payable by the Authority in connection with any Swaps, if any, and will not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues may be applied such sums as are permitted under the Trust Agreement. This pledge constitutes a first lien on the Revenues in accordance with the terms of the Trust Agreement.

The Authority has directed that all Base Rental Payments be paid directly to the Trustee to be held in trust by the Trustee in the Revenue Fund for the benefit of the Bondholders. The County has covenanted under the Facility Lease that as long as the Facilities are available for the County's use and occupancy, it will take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets and to make the necessary annual appropriations therefor. The County has timely made to date all Base Rental Payments and Additional Payments due under the Facility Lease for the 1999 Series A Bonds and the 2001 Series A Bonds.

Base Rental Payments

Base Rental Payments are calculated on an annual basis for twelve-month periods commencing on June 1 and ending on May 31, and each annual Base Rental Payment will be divided into two interest components, due on June 1 and December 1, and one principal component, due on June 1, except that the first Base Rental Payment period commenced on the original date of recordation of the Facility Lease (March 4, 1999) and ended on May 31, 1999. Each Base Rental Payment with respect to the 2001 Series B Bonds will be payable on the 15th day of the month immediately preceding its due date. Each annual Base Rental Payment (to be payable in installments as aforesaid) will be for the use of the Facilities for the twelve-month period commencing on June 1 of the period in which such installments are payable (except the first Base Rental period which commenced on the date of recording of the Facility Lease).

The Trust Agreement requires that Base Rental Payments be deposited in the Revenue Fund maintained by the Trustee. In accordance with the Trust Agreement, the Trustee will transfer such amounts as are necessary to the Interest Account or the Principal Account, as the case may be, to pay principal of and interest on the Bonds as the same become due and payable. On each Principal Payment Date, following the payment of principal of and interest on the Bonds, any excess amount in the Revenue Fund will be transferred to the Reserve Fund, as necessary, and thereafter returned to the County. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Creation of Funds and Accounts."

THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL PAYMENTS IS AN OBLIGATION PAYABLE FROM AMOUNTS IN THE GENERAL FUND AND THE COURTHOUSE FUNDS OF THE COUNTY, AND DOES NOT CONSTITUTE A DEBT OF THE COUNTY, THE AUTHORITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THERE-OF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION OR AN OBLIGATION FOR WHICH THE COUNTY MUST LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION.

The following table shows the debt service schedule relating to the 1999 Series A Bonds, the 2001 Series A Bonds and the 2001 Series B Bonds.

DEBT SERVICE SCHEDULE

Payment Date	Outstanding Debt Service[(1)]	2001 Series B Bonds Principal	2001 Series B Bonds Interest	2001 Series B Bonds Total	Fiscal Year Total
06/01/01	$ 4,322,731.25	--	--	--	$4,322,731.25
12/01/01	2,331,472.71	--	$ 686,658.44	$ 686,658.44	--
06/01/02	5,203,317.50	--	588,564.38	588,564.38	8,810,013.02
12/01/02	1,941,166.25	--	588,564.38	588,564.38	--
06/01/03	5,276,166.25	$ 525,000	588,564.38	1,113,564.38	8,919,461.25
12/01/03	1,875,816.25	--	577,408.13	577,408.13	--
06/01/04	5,340,816.25	545,000	577,498.13	1,122,408.13	8,916,448.75
12/01/04	1,807,678.75	--	565,826.88	565,826.88	--
06/01/05	5,402,678.75	570,000	565,826.88	1,135,826.88	8,912,011.25
12/01/05	1,736,858.75	--	553,714.38	563,714.38	--
06/01/06	5,466,858.75	595,000	553,714.38	1,148,714.38	8,906,146.25
12/01/06	1,663,125.00	--	541,070.63	541,070.63	--
06/01/07	5,543,125.00	620,000	541,070.63	1,161,070.63	8,908,391.25
12/01/07	1,586,297.50	--	527,895.63	527,895.63	--
06/01/08	5,626,297.50	645,000	527,895.63	1,172,895.63	8,913,386.25
12/01/08	1,488,507.50	--	514,189.38	514,189.38	--
06/01/09	4,648,507.50	670,000	514,189.38	1,184,189.38	7,835,393.75
12/01/09	1,423,118.75	--	499,951.88	499,951.88	--
06/01/10	4,723,118.75	700,000	499,951.88	1,199,951.88	7,846,141.25
12/0110	1,353,856.25	--	484,639.38	484,639.38	--
06/01/11	4,788,856.25	730,000	484,639.38	1,214,639.38	7,841,991.25
12/01/11	1,279,336.25	--	468,579.38	468,579.38	--
06/01/12	4,864,336.25	765,000	468,579.38	1,233,579.38	7,845,831.25
12/01/12	1,188,640.00	--	449,454.38	449,454.38	--
06/01/13	4,953,640.00	800,000	449,454.38	1,249,454.38	7,841,188.75
12/01/13	1,093,058.75	--	429,454.38	429,454.38	--
06/01/14	5,048,058.75	840,000	429,454.38	1,269,454.38	7,840,026.25
12/01/14	992,446.25	--	408,454.38	408,454.38	--
06/01/15	5,152,446.25	885,000	408,454.38	1,293,454.38	7,846,801.25
12/01/15	886,242.50	--	386,329.38	386,329.38	--
06/01/16	5,251,242.50	930,000	386,329.38	1,316,329.38	7,840,143.75
12/01/16	774,417.50	--	363,079.38	363,079.38	--
06/01/17	2,934,417.50	975,000	363,079.38	1,338,079.38	5,409,993.75
12/01/17	723,695.00	--	336,704.38	338,704.38	--
06/01/18	2,983,695.00	1,025,000	336,704.38	1,363,704.38	5,409,798.75
12/01/18	670,422.50	--	312,566.88	312,566.88	--
06/01/19	3,035,422.50	1,075,000	312,566.88	1,387,566.88	5,405,978.75
12/01/19	612,557.50	--	285,020.00	285,020.00	--
06/01/20	3,092,557.50	1,130,000	285,020.00	1,415,020.00	5,405,155.00
12/01/20	551,657.50	--	255,640.00	255,640.00	--
06/01/21	3,161,657.50	1,190,000	255,640.00	1,445,640.00	5,414,595.00
12/01/21	487,563.75	--	224,700.00	224,700.00	--
06/01/22	3,222,563.75	1,250,000	224,700.00	1,474,700.00	5,409,527.50
12/01/22	420,395.00	--	191,887.50	191,887.50	--
06/01/23	3,290,395.00	1,315,000	191,887.50	1,506,887.50	5,409,565.00
12/01/23	349,660.00	--	157,368.75	157,368.75	--
06/01/24	3,359,660.00	1,385,000	157,368.75	1,542,368.75	5,409,057.50
12/01/24	275,470.00	--	121,012.50	121,012.50	--
06/01/25	3,440,470.00	1,460,000	121,012.50	1,581,012.50	5,417,965.00
12/01/25	197,460.00	--	82,687.50	82,687.50	--
06/01/26	3,512,460.00	1,535,000	82,687.50	1,617,687.50	5,410,295.00
12/01/26	115,750.00	--	42,393.75	42,393.75	--
06/01/27	2,375,750.00	1,615,000	42,393.75	1,657,393.75	4,191,287.50
12/01/27	59,250.00	--	--	--	--
06/01/28	2,429,250.00	--	--	--	2,488,500.00
TOTAL	$146,336,416.46	$23,775,000	$20,016,409.06	$43,791,409.06	$190,127,825.52

(1) Reflects debt service on outstanding 1999 Series A Bonds and 2001 Series A Bonds issued pursuant to the Trust Agreement.

Pledge of Courthouse Funds

The County has covenanted that, subject to applicable law, it will utilize moneys in the County's Criminal Justice Facility Temporary Construction Fund and Courthouse Temporary Construction Fund (collectively, the "Courthouse Funds") to pay the Authority in immediately available funds (from amounts on hand from time to time in the Courthouse Funds) (i) the amount due as Base Rental attributable to financing the Courts Project (as defined in the Trust Agreement) including amounts attributable to the Family Law Center portion of the 1999 Series A Project and the 2001 Series A Project, or (ii) the amount necessary to replenish the portion of the Reserve Fund allocable to the Courts Project. Courthouse Funds are also pledged to pay the portion of Base Rental attributable to the refinancing of improvements to the Bray Courthouse undertaken with the 1999 Series A Bonds.

The County's obligation to make amounts in the Courthouse Funds available for construction of court facilities began in 1982 and 1983. The pledge of such funds to repay the Courts Project debt service was approved by the Board of Supervisors on December 8, 1998 (in the case of the 1999 Series A Bonds) and on October 17, 2000 (in the case of the 2001 Series A Bonds) and will continue until the Bonds allocable to the Courts Project mature in 2026 or are redeemed or defeased. The County's obligation to make payments from the Courthouse Funds is not subject to abatement. Notwithstanding the foregoing, nothing will prevent the County from utilizing the Courthouse Funds for any other lawful purpose after the allocable amount of Base Rental allocable to the County Project has been funded, the only obligation under the Facility Lease being that the County must utilize any moneys therein available, pursuant to applicable law, including the restricted purposes for which the respective funds may be expended, to pay the Base Rental attributable to the Courts Project when the same is otherwise due and payable or to replenish the Reserve Fund as specified below, but there is no obligation on the County to set aside moneys in such fund in each fiscal year in excess of the amount needed in such fiscal year to pay such portion of the Base Rental. The average annual amount of revenues received from the Courthouse Funds over the past ten years is approximately $2.1 million and the amount of Base Rental allocable to the Courts Project is approximately $2.05 million annually.

Reserve Fund

The Trust Agreement requires the Reserve Fund (which secures all of the Bonds) to be funded in an amount equal to the Reserve Fund Requirement, which will be equal to $8,782,697.04, upon the delivery of the 2001 Series B Bonds, with cash, permitted investments, a surety bond, an insurance policy, or a letter of credit, or any combination thereof, as further described in the Trust Agreement. The portion of the Reserve Fund Requirement determined by reference to the 1999 Series A Bonds and the 2001 Series A Bonds was satisfied through the issuance of a surety bond (the "Prior Reserve Facility") issued in the amount of $6,685,736.36 by MBIA Insurance Corporation, which also provided a municipal bond insurance policy for a portion of the 1999 Series A Bonds and for the 2001 Series A Bonds. In addition, a new reserve facility in the form of a surety bond in the amount of $2,096,960.68, the difference between the Reserve Fund Requirement and the Prior Reserve Facility (the "2001 Series B Reserve Facility"), will be issued by MBIA Insurance Corporation, which is also insuring the 2001 Series B Bonds. The 2001 Series B Reserve Facility, as well as the Prior Reserve Facility, will be available to pay the 1999 Series A Bonds, the 2001 Series A Bonds and the 2001 Series B Bonds and any parity Bonds. See "2001 SERIES B DEBT SERVICE RESERVE FUND SURETY FACILITY," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Creation of Funds and Accounts—Reserve Fund" and "DEBT SERVICE RESERVE FUND SURETY BOND." Moneys in the Reserve Fund will be applied solely for the purpose of funding the Interest Account or the Principal Account, in that order, in the event of any deficiency in either account on an Interest Payment Date or a Principal Payment Date; provided that, so long as the Authority is not in default under the Trust Agreement, certain excess amounts in the Reserve

Fund will be transferred to the Revenue Fund or, if so directed by the Authority, deposited into the 2001 Series B Project Fund during construction of the 2001 Series B Project.

The Trust Agreement requires that, as a condition to the issuance of Additional Bonds, an amount will be deposited in the Reserve Fund so that following such deposit there will be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement for all Outstanding Bonds.

For the definition of the term "Reserve Fund Requirement," see "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Certain Definitions."

Substitution of Property

The County and the Authority, with the written consent of the Insurer, may substitute other real property as part of the Facilities for purposes of the Facility Lease provided the County has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(a) Executed copies of the Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of the Demised Premises as modified, if necessary.

(b) A Certificate of the County with copies of the Facility Lease or the Site Lease as applicable, or amendments thereto containing the amended description of the Facilities stating that such documents have been duly recorded in the official records of the County Recorder of the County.

(c) A Certificate of the County, together with an appraisal performed by an independent appraiser, evidencing that the annual fair rental value of the Facilities which will constitute the Facilities after such substitution be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending May 31 or in any subsequent year ending May 31.

(d) A Certificate of the County stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the County, the County has good merchantable title to the Facilities which will constitute the Facilities after such substitution. The term "good merchantable title" shall mean such title as is satisfactory and sufficient for the needs and operations of the County.

(e) A Certificate of the County stating that such substitution does not adversely affect the County's use and occupancy of the Facilities.

(f) An Opinion of Bond Counsel stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and by the Trust Agreement; (ii) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the County; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

There is no requirement that any substitute Facilities be of the same or a similar nature or function as the then existing Facilities. The Insurer may require additional conditions to the substitution of Facilities.

Insurance

The Facility Lease requires the County to maintain or cause to be maintained, throughout the term of the Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost as determined by the County. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $250,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter described, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, to at least the same condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee will hold such proceeds in the Insurance and Condemnation Fund and will permit withdrawals upon written request for such purposes. Any balance of said proceeds not required for such repair, reconstruction or replacement will be treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Base Rental attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facilities bears to the cost of the Facilities), the Authority, with the written consent of the County, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon will cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the County covenant to promptly apply for federal or State disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the County and the Authority, to redeem Outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by the Facility Lease, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. So long as such method or plan is being provided to satisfy the requirements of the Facility Lease, there will be filed with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may be the Risk Manager of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facility Lease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the County setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the County under the Facility Lease will be limited to the amounts in the self-insurance reserve fund or funds created under such method.

The Facility Lease requires the County to maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the fire and extended coverage insurance required by the Facility Lease described in the preceding paragraphs (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the County), in an amount sufficient to pay the part of the total rent attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed $250,000 (or comparable amount adjusted for inflation or more in the case of earthquake coverage). Any proceeds of such insurance will be used by the Trustee to reimburse to the County any rental theretofore paid by the County under the Facility Lease attributable to such structure for a period of time during which the payment of rental under the Facility Lease is abated, and any proceeds of such insurance not so used will be applied to pay Base Rental Payments and Additional Payments.

The County also agrees to deliver to the Authority title insurance on the Demised Premises, subject only to Permitted Encumbrances, in an amount equal to the aggregate principal amount of the Bonds.

The County is required under the Facility Lease to purchase commercial insurance to cover damage due to earthquake if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the County. The County has purchased an earthquake insurance policy for all of its property, including the Facilities, through the California State Association of Counties Excess Insurance Authority. The County's current earthquake insurance policy expires on March 31, 2002. No assurance is given that the County will renew such insurance or continue to maintain earthquake insurance. See "APPENDIX B – COUNTY FINANCIAL INFORMATION—Insurance."

The County is also required to obtain certain liability insurance coverage in protection of the Authority and the Trustee.

Additional Bonds

Additional Bonds may, with the consent of the Insurer (who also must consent as the Insurer of the 1999 Series A Bonds and the 2001 Series A Bonds), be issued on a parity with the 1999 Series A Bonds, the 2001 Series A Bonds and the 2001 Series B Bonds upon the terms and subject to the conditions set forth in the Trust Agreement. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—TRUST AGREEMENT—Additional Bonds."

MUNICIPAL BOND INSURANCE POLICY

The following information has been furnished by the Insurer for use in this Official Statement. Reference is made to Appendix H for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the 2001 Series B Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the 2001 Series B Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any 2001 Series B Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of 2001 Series B Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the 2001 Series B Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the 2001 Series B Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Trustee or any owner of a 2001 Series B Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 2001 Series B Bonds or presentment of such other proof of ownership of the 2001 Series B Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the 2001 Series B Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the 2001 Series B Bonds in any legal proceeding related to payment of insured amounts on the 2001 Series B Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Trustee payment of the insured amounts due on such 2001 Series B Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of $7.0 billion (audited), total liabilities of $4.6 billion (audited), and total capital and surplus of $2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of

September 30, 2000, the Insurer had admitted assets of $7.5 billion (unaudited), total liabilities of $5.1 billion (unaudited), and total capital and surplus of $2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York l0504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA."

Fitch IBCA, Inc. rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 2001 Series B Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2001 Series B Bonds. The Insurer does not guaranty the market price of the 2001 Series B Bonds nor does it guaranty that the ratings on the 2001 Series B Bonds will not be revised or withdrawn.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

2001 SERIES B DEBT SERVICE RESERVE FACILITY

The Authority has received a commitment from the Insurer to issue the 2001 Series B Reserve Facility in the amount of $2,096,960.68. The 2001 Series B Reserve Facility will provide that upon notice from the Trustee to the Insurer to the effect that insufficient amounts are on deposit in the Revenue Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the 1999 Series A Bonds, the 2001 Series A Bonds, the 2001 Series B Bonds and any parity Bonds, the Insurer will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the Bonds or the available amount of the 2001 Series B Reserve Facility, whichever is less. Upon the later of: (i) three (3) days after receipt by the Insurer of a Demand for Payment in the form attached to the 2001 Series B Reserve Facility, duly executed by the Trustee; or (ii) the payment date of the 2001 Series B Bonds as specified in the Demand for Payment presented by the Trustee to the Insurer, the Insurer will make a deposit of funds in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of the 2001 Series B Reserve Facility is the initial face amount of the 2001 Series B Reserve Facility less the amount of any previous deposits by the Insurer with the Trustee which have not been reimbursed by the Authority. The Authority and the Insurer will enter into a Financial Guaranty Agreement if and when the 2001 Series B Bonds are issued (the "Agreement"). Pursuant to the Agreement, the Authority is required, but only from available Revenues, to reimburse the Insurer, within one year of any deposit, the amount of such deposit made by the Insurer with the Trustee under the 2001 Series B Reserve Facility. Such reimbursement shall be made only after all required deposits to the Principal Account and the Interest Account have been made.

Under the terms of the Agreement, the Trustee is required to reimburse the Insurer, with interest, until the initial face amount of the 2001 Series B Reserve Facility is reinstated. No optional redemption of 2001 Series B Bonds may be made until the Insurer's 2001 Series B Reserve Facility is reinstated. The 2001 Series B Reserve Facility will be held by the Trustee in the Reserve Fund and is provided as an alternative to the Authority depositing funds or using other eligible methods to satisfy the Reserve Fund Requirement for outstanding 2001 Series B Bonds. The 2001 Series B Reserve Facility will be issued in the initial face amount of $2,096,960.68, which is equal to the difference between the Reserve Fund Requirement and the Prior Reserve Facility previously credited to the Reserve Fund in connection with the 1999 Series A Bonds and the 2001 Series A Bonds, and the premium therefor will be fully paid by the Authority at the time of delivery of the 2001 Series B Bonds. The 2001 Series B Reserve Facility is available to pay the 1999 Series A Bonds, the 2001 Series A Bonds, the 2001 Series B Bonds, and any parity Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund."

CERTAIN RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of 2001 Series B Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2001 Series B Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limited Obligation

The 2001 Series B Bonds are not County debt and are limited obligations of the Authority. Neither the full faith and credit of the Authority nor the County is pledged for the payment of the interest on or principal of the 2001 Series B Bonds nor for the payment of Base Rental Payments. The Authority has no taxing power. The obligation of the County to pay Base Rental Payments when due is an obligation payable from amounts in the General Fund of the County. The obligation of the County to make Base Rental Payments under the Facility Lease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to make Base Rental Payments under the Facility Lease constitute a debt or indebtedness of the Authority, the County, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Base Rental Payments

General. The Base Rental Payments due under the Facility Lease (and insurance, payment of costs of repair and maintenance of the Facilities, taxes and other governmental charges and assessments levied against the Facilities) are not secured by any pledge of taxes or any other revenues of the County but are payable from any funds lawfully available to the County. The County may incur other obligations in the future payable from the same sources as the Base Rental Payments. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other municipal services before making Base Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. The County's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution. For information on the County's current limitations on appropriations see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Valid and Binding Covenant to Budget and Appropriate. Pursuant to the Facility Lease, the County covenants to take such action as may be necessary to include Base Rental Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the 2001 Series B Bonds, Bond Counsel will render its opinion (substantially in the form of "APPENDIX E – PROPOSED FORM OF BOND COUNSEL OPINION" hereto) to the effect that, subject to the limitations and qualifications described therein, the Facility Lease constitutes a valid and binding obligation of the County. As to the Authority's practical realization of remedies upon default by the County, see "Default and Remedies" and "Limitations on Remedies" below.

Abatement

In the event of loss or substantial interference in the use and occupancy of the Facilities by the County caused by damage or destruction or condemnation of the Facilities, Base Rental Payments (except for the portion of debt service attributable to the Courts Project, which will not be abated to the extent Courthouse Funds are available for the payment thereof) will be subject to abatement. In the event that the Facilities or any component thereof, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments plus the period for which funds are available from the Reserve Fund or the Revenue Fund, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Facilities or such component of the Facilities or redemption of the Bonds, there could be insufficient funds to make payments to Owners in full. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS—Facility Lease—Abatement."

The County's obligation to make payments from the Courthouse Funds for the Courts Project is not subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Courthouse Funds."

Default and Remedies

The enforcement of remedies provided in the Facilities Lease and the Trust Agreement could be both expensive and time consuming. The Trustee has no interest in the Authority's title to the Demised Premises, and has no right to terminate the Facility Lease or reenter or relet the Facilities. Upon the occurrence of one of the "events of default" described below, the County will be deemed to be in default under the Facility Lease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Facility Lease. Upon any such default, including a failure to pay Base Rental Payments, the Authority may either (1) terminate the Facility Lease and seek to recover certain damages or (2) without terminating the Facility Lease, (i) continue to collect rent from the County on an annual basis by seeking a separate judgment each year for that year's defaulted Base Rental Payments and/or

(ii) reenter the Facilities and relet them. In the event of default, there is no right to accelerate the total Base Rental Payments due over the term of the Facility Lease, and the Trustee has no possessory interest in the Facilities and is not empowered to sell the Facilities.

Events of default under the Facility Lease include (i) the failure of the County to make rental payments under the Facility Lease when the same become due and payable, (ii) the failure of the County to keep, observe or perform any term, covenant or condition of the Facility Lease to be kept or performed by the County for a period of 60 days after notice of the same has been given to the County, and (iii) the bankruptcy or insolvency of the County.

Upon a default, the Trustee may elect to proceed against the County to recover damages pursuant to the Facility Lease. Any suit for money damages would be subject to statutory and judicial limitations on lessors' remedies under real property leases, other terms of the Facility Lease and limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Limitations on Remedies

The rights and remedies provided in the Trust Agreement and the Facility Lease may be limited by, and are subject to, the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors rights. In addition, judicial action against public agencies in California is subject to certain limitations.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, there are no involuntary petitions in bankruptcy. If the County were to file a petition under Chapter 9 of the Bankruptcy Code, the Bondholders, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Facility Lease, and from taking any steps to collect amounts due from the County under the Facility Lease.

All legal opinions with respect to the enforcement of the Facility Lease and the Trust Agreement will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

Risk of Earthquake

There are several earthquake faults in the greater San Francisco Bay Area that potentially could result in damage to buildings, roads, bridges, and property within the County in the event of an earthquake. Past experiences, including the 1989 Loma Prieta earthquake, have resulted in minimal damage to the infrastructure and property in the County. Earthquake faults that could affect the County include the San Andreas and Hayward Faults west of the County and the Calaveras Fault within portions of the County.

The Facility Lease does not require the County to maintain insurance on the Facilities against certain risks such as earthquakes unless such insurance is available from a reputable insurance company at a reasonable cost to the County. The County has purchased an earthquake insurance policy that expires on March 31, 2002 to cover all County property, including the Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance."

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance whether or not the owner (or operator) has or had anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the County.

The County knows of no existing hazardous substances which require remedial action on or near the Demised Premises. However, it is possible that such substances do currently or potentially exist and that the County is not aware of them.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

In 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A was subsequently amended in 1986, as discussed below, and on November 7, 2000 to reduce the percentage of voter approval required for the passage of school bonds. Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and or bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash" or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

Article XIII B of the California Constitution

On October 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIII B. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 fiscal year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in fiscal year 1990-91 each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitations of a local government under Article XIII B include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs. Appropriations for "qualified capital outlays" are excluded from the limits of Proposition 111. The County is of the opinion that debt service on the Bonds and capital outlays for the 2001 Series B Project are excluded from the limits imposed by Proposition 111.

For Fiscal Year 2000-2001, the County's Article XIII B limit is estimated to be $3,584,519,056 and budget appropriations subject to limitation are estimated to be $183,748,841. The County has never exceeded its Article XIII B appropriations limit and does not anticipate having any difficulty in operating within the appropriations limit.

The Base Rental Payments to be made by the County pursuant to the Facility Lease with respect to the Bonds are not subject to an appropriations limit

Article XIII C and Article XIII D

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 likely will be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax which the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The County believes that no existing County-imposed taxes deposited into its General Fund will be affected by the voter approval requirements of Proposition 218, although as indicated below certain tax levies may be affected by Proposition 62. The voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. The County estimates that in Fiscal Year 2000-2001 it will collect no such fees and assessments. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. If such repeal or reduction occurs, the County's ability to pay Base Rental Payments under the Facility Lease could be adversely affected.

Proposition 62

On September 28, 1995, the California Supreme Court affirmed the lower court decision in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) ("*Guardino*"). The action held invalid a half-cent sales tax to be levied by the Santa Clara County Local Transportation Authority because it was approved by a majority but not two-thirds of the voters in Santa Clara County voting on the tax. The California Supreme Court decided the tax was invalid under Proposition 62, a statutory initiative adopted at the November 4, 1986 election that (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November 5, 1986 or be terminated by November 15, 1988 and (g) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

In deciding *Guardino* on Proposition 62 grounds, the Court disapproved the decision in *City of Woodlake v. Logan*, 230 Cal. App. 3d 1058 (1991) ("*Woodlake*"), where the Court of Appeal had held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. The California Supreme Court determined that the voter approval requirement of Proposition 62 is a condition precedent to the enactment of each tax statute to which it applies, while referendum refers to a process invoked only after a statute has been enacted. Numerous taxes to which Proposition 62 would apply were imposed or increased without any voter approval in reliance on *Woodlake.* The Court noted as apparently distinguishable, but did not confirm, the decision in *City of Westminster v. County of Orange*, 204 Cal. App. 3d 626 (1988), that held unconstitutional the section of Proposition 62 requiring voter approval of taxes imposed during the "window period" of August 1, 1985 until November 5, 1986. Proposition 62 as an initiative statute does not have the same level of authority as a constitutional initiative, but is akin to legislation adopted by the State Legislature.

The County has two taxes to which Proposition 62 could apply: a business license tax enacted in 1991, which generates approximately $950,000 per year, and a transient occupancy tax, an increase in which was enacted in 1990, that generates approximately $1,200,000 per year (approximately $180,000 per year of which is from the 1990 increase).

Future Initiatives and Changes of Law

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62 were each adopted as measures that qualified for the ballot through California's initiative process. From time to time other initiative measures could be adopted, further affecting the County's revenues. In addition, the State legislature could amend or enact laws resulting in a reduction of moneys available to the County. Similarly, the State legislature could enact legislation with the approval of the electorate amending the State Constitution, which could result in a reduction of moneys available to the County.

Limitations on Remedies

The rights of the Bondholders are subject to the limitations on legal remedies against counties in the State, including applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

THE AUTHORITY

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of April 7, 1992 (the "JPA Agreement"), between the County and the Contra Costa

County Redevelopment Agency. The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing projects for the benefit of the County.

The Authority is governed by a five member Board of Directors. The Board of Supervisors of the County constitutes the Board of Directors of the Authority. The Executive Director and Secretary of the Authority is the County Administrator and Clerk of the Board of Supervisors, the Assistant Executive Director of the Authority is the County Community Development Director, the Deputy Executive Directors of the Authority are the Director, Capital Facilities and Debt Management of the County and the County Deputy Director-Redevelopment, the Treasurer of the Authority is the County's Auditor-Controller and the Assistant Secretary of the Authority is the Director, Capital Facilities and Debt Management of the County. The Authority's powers include, but are not limited to, the power to issue bonds and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority is entitled to exercise the powers common to its members and necessary to accomplish the purposes for which it was formed. These powers include the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate buildings, works or improvements; to acquire, hold or dispose of property within the County; and to incur debts, liabilities or obligations.

THE COUNTY

The County of Contra Costa lies northeast of San Francisco and is the ninth most populous county in California. The County seat is in the City of Martinez. Major industries in the County include petroleum refining and telecommunications. The Fiscal Year 2000-2001 General Fund Budget of the County totals approximately $888.2 million.

For certain economic, demographic and financial information with respect to the County, see "APPENDIX A – GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION," "APPENDIX B – COUNTY FINANCIAL INFORMATION" and "APPENDIX C – EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000."

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("S&P"), are expected to assign the 2001 Series B Bonds the ratings of "Aaa" and "AAA," respectively, with the understanding that upon delivery of the 2001 Series B Bonds the Policy insuring payment when due of the principal of and interest on the 2001 Series B Bonds will be issued by the Insurer.

Certain information was supplied by the Authority and the County to the rating agencies to be considered in evaluating the 2001 Series B Bonds. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2001 Series B Bonds.

There is no assurance that such ratings will continue for any given period of time or that they will not be reduced or withdrawn entirely by the rating agencies, or either of them, if in their, or its, judgment circumstances so warrant. The Authority, the County and the Trustee undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2001 Series B Bonds.

LITIGATION

At the time of delivery of and payment for the 2001 Series B Bonds, the County and the Authority will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the County or the Authority threatened, against the County or the Authority in any material respect affecting the existence of the County or the Authority or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale or delivery of the 2001 Series B Bonds, the Trust Agreement, the Facility Lease, the Site Lease or the payment of Base Rental Payments or challenging, directly or indirectly, the location of the Facilities, or the proceedings to lease the Facilities from the Authority.

Various legal actions are pending against the County. The aggregate amount of the uninsured liabilities of the County which may result from all legal claims currently pending against it will not, in the opinion of the County, materially affect the County's finances or impair its ability to make Base Rental Payments under the Facility Lease.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2001 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the opinion that interest on the 2001 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

2001 Series B Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium for bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and a purchaser's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2001 Series B Bonds. The Authority and the County have covenanted to comply with certain restrictions designed to assure that interest on the 2001 Series B Bonds will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the 2001 Series B Bonds being included in federal gross income, possibly from the date of issuance of the 2001 Series B Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2001 Series B Bonds may adversely affect the value of the 2001 Series B

Bonds or the tax status of interest on the 2001 Series B Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code will not adversely affect the value of, or the tax status of interest on, the 2001 Series B Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the Facility Lease, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2001 Series B Bonds) may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2001 Series B Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the 2001 Series B Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of the 2001 Series B Bonds, or the accrual or receipt of interest on the 2001 Series B Bonds, may otherwise affect a Bondholder's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, will render an opinion with respect to the validity of the 2001 Series B Bonds. Copies of such approving opinion will be available at the time of delivery of the 2001 Series B Bonds. The form of the legal opinion proposed to be delivered by Bond Counsel is included as Appendix E to this Official Statement. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the County and the Authority by County Counsel, and by Brown & Wood LLP, San Francisco, California, Disclosure Counsel. Compensation paid to Bond Counsel and Disclosure Counsel is contingent on the sale of the 2001 Series B Bonds.

CONTINUING DISCLOSURE

The County will undertake all responsibilities for any continuing disclosure to Owners of the 2001 Series B Bonds as described below.

The County will enter into a Continuing Disclosure Agreement with the Trustee, to be dated the date of delivery of the 2001 Series B Bonds (the "Continuing Disclosure Agreement"), which provides for certain disclosure obligations on the part of the County. Under the Continuing Disclosure Agreement, the County will covenant for the benefit of Owners and Beneficial Owners of the 2001 Series B Bonds to provide certain financial information and operating data relating to the County by not later than nine months after the end of its fiscal year (which fiscal year currently ends on June 30), commencing with the report for the fiscal year ending June 30, 2000 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"), if material. The Annual Report is to be filed with each Nationally Recognized Municipal Securities Information Repository and with any then-existing State Repository for the State of California. Currently, there is no State Repository for the State of California. The notices of material events are to be filed with the Municipal Securities Rulemaking Board. These covenants will be made in order to assist the Underwriter in complying with Securities and

Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The County has not failed to comply with any prior such undertaking under the Rule. For a form of the Continuing Disclosure Agreement, see "APPENDIX F – PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT."

UNDERWRITING

The 2001 Series B Bonds will be purchased from the Authority by Banc of America Securities LLC, the "Underwriter"). The Underwriter has agreed to purchase the 2001 Series B Bonds at a price of $23,539,987.59 (which is equal to the aggregate principal amount of the 2001 Series B Bonds less an underwriting discount of $314,463.51 and plus a net original issue premium of $79,451.10) plus accrued interest. The Underwriter will purchase all of the 2001 Series B Bonds if any are purchased. The 2001 Series B Bonds may be offered and sold to certain dealers (including dealers depositing said 2001 Series B Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS INFORMATION

References are made herein to certain documents, reports and laws which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents, reports and laws 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 Authority (or the County) and the purchasers or Owners of any of the 2001 Series B Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority and approved by the County Board of Supervisors.

COUNTY OF CONTRA COSTA
PUBLIC FINANCING AUTHORITY

By: /s/ John R. Sweeten
Executive Director

APPENDIX A

GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County of Contra Costa, California (the "County") was incorporated in 1850 as one of the original 27 counties of the State of California (the "State"), with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles and extends from the northeastern shore of San Francisco Bay easterly about 50 miles to San Joaquin County. The County is bordered on the south and west by Alameda County and on the north by Suisun and San Pablo Bays. The western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial and light industrial. The County contains 19 incorporated cities, including Richmond in the west, Oakley in the northeast, and Concord in the middle.

A large part of the County is served by the Bay Area Rapid Transit District ("BART"), which has enabled the expansion of both residential and commercial development. In addition, economic development along the Interstate 680 corridor in the County has been substantial and has accounted for significant job creation in the Cities of Concord, Walnut Creek and San Ramon.

For a discussion of the current energy shortage in California, see "APPENDIX B – COUNTY FINANCIAL INFORMATION—2001-02 Fiscal Year State Proposed Budget—California Energy Shortage."

County Government

The County has a general law form of government. A five-member Board of Supervisors, each member of which is elected to a four-year term, serves as the County's legislative body. Also elected are the County Assessor, Auditor-Controller, Clerk-Recorder, District Attorney-Public Administrator, Sheriff-Coroner and Treasurer-Tax Collector. A County Administrator appointed by the Board of Supervisors runs the day-to-day business of the County. The current County Administrator is John R. Sweeten.

Population

The County is the ninth most populous county in California, with its population reaching approximately 930,000 as of January 1, 2000. This represents an increase of approximately 16% compared to the County's population in 1990. The availability of rapid transit, close proximity to major employment hubs in San Francisco and Oakland, and relatively affordable existing and new housing have combined to attract more residents to the County over the past decade.

While population grew in every city in the County during the 1990s, population growth has been strongest in unincorporated areas as well as in the eastern portion of the County, particularly in Antioch, Brentwood and Clayton.

The following is a summary of the County's population levels since 1960.

COUNTY OF CONTRA COSTA
POPULATION(1)

	1960	1970	Special Census 1975	1980	1990	2000
Antioch	17,305	28,060	33,215	42,683	62,195	84,500
Brentwood	2,186	2,649	3,662	4,434	7,563	23,100
Clayton	--	1,385	1,790	4,325	7,317	11,350
Concord	36,208	85,164	94,673	103,763	111,308	114,900
Danville*	--	--	--	26,143	31,306	40,500
El Cerrito	25,437	25,190	22,950	22,731	22,869	23,850
Hercules	310	252	121	5,963	16,829	19,550
Lafayette	--	20,484	19,628	20,837	23,366	24,350
Martinez	9,604	16,506	18,702	22,582	31,810	37,050
Moraga	--	14,205	14,418	15,014	15,987	17,000
Orinda*	--	--	--	17,070	16,642	17,450
Pinole	6,064	15,850	15,337	14,253	17,460	18,650
Pittsburg	19,062	20,651	24,347	33,465	47,607	54,400
Pleasant Hill	--	24,610	25,398	25,547	31,583	33,150
Richmond	71,584	79,043	70,126	74,676	86,019	94,400
San Pablo	19,687	21,461	19,392	19,750	25,158	26,850
San Ramon*	--	--	--	20,511	35,303	45,700
Walnut Creek	9,903	39,844	46,034	54,033	60,569	64,700
Unincorporated	191,680	163,035	173,036	128,551	152,841	178,600
Total	409,030	558,389	582,829	656,331	803,732	930,000
California	15,717,204	18,136,045	21,185,000	23,668,145	29,758,213	34,336,000

(1) Totals may not equal sums due to independent rounding; official data not yet available for the City of Oakley which incorporated in 1999.

* Dates of incorporation: Danville (7/1/82); Orinda (7/1/85); San Ramon (7/1/83); the 1990 Census Report created 1980 population levels for these cities prior to official incorporation.

Source: United States Census: 1960-1990; State Department of Finance: 2000.

Industry and Employment

The County has one of the fastest growing work forces among Bay Area counties, with growth in its employment base being driven primarily by the need to provide services to an increasing local population. The County has experienced an immigration of white-collar jobs due to the relocation of companies from costlier locations in the Bay Area. The combined impact of population growth and immigration has resulted in significant job creation in the County, with the 1999 job base of 328,400 having grown about 15% since 1993.

As shown below, the County's civilian labor force was 504,800 in 2000. With average 2000 unemployment rates of 2.7% and 4.9% for the County and the State, respectively, the County has achieved a lower unemployment rate than the State in each of the past six years.

COUNTY OF CONTRA COSTA
EMPLOYMENT AND UNEMPLOYMENT OF
RESIDENT LABOR FORCE
WAGE AND SALARY WORKERS BY INDUSTRY
ANNUAL AVERAGES (IN THOUSANDS)

	1995	1996	1997	1998	1999	2000
Civilian Labor Force[1]	456.0	459.5	472.8	479.9	490.1	504.8
Employment	429.9	437.0	453.2	462.6	475.3	491.1
County Unemployment	26.1	22.5	19.6	17.3	14.8	13.7
Unemployment Rate:						
County	5.7%	4.9%	4.1%	3.6%	3.0%	2.7%
State of California	7.8%	7.2%	6.3%	5.9%	5.2%	4.9%
Wage and Salary Employment[2]	1995	1996	1997	1998	1999	2000
Agriculture	1.0	1.0	1.1	0.9	0.8	N/A
Mining and Construction	19.7	20.5	22.1	23.3	26.9	N/A
Manufacturing	26.6	26.0	26.0	25.6	23.9	N/A
Transportation and Public Utilities	20.3	19.8	20.4	20.1	20.1	N/A
Wholesale Trade	10.6	11.8	11.3	11.0	12.5	N/A
Retail Trade	56.1	56.2	57.4	59.2	59.7	N/A
Finance, Insurance, and Real Estate	26.7	26.0	27.9	28.1	28.9	N/A
Services	86.7	91.1	98.9	103.8	108.5	N/A
Government	45.1	45.3	45.6	45.5	47.1	N/A
Total[3]	292.7	297.7	310.8	317.6	328.4	

(1) Based on place of residence.
(2) Based on place of work.
(3) "Total" may not be precise due to independent rounding.
Source: State of California, Employment Development Department, Labor Market Information Division, March 2000 benchmark.

Major Employers

Major industries in the County include petroleum refining, telecommunications, financial and retail services, steel manufacturing, prefabricated metals, chemicals, electronic equipment, paper products and food processing. Most of the County's heavy manufacturing is located along the County's northern boundary fronting on the Suisun and San Pablo Bays leading to San Francisco Bay and the Pacific Ocean. Descriptions of major employers in selected industries follow.

Petroleum and Petroleum Products. The production of petroleum products formed the initial basis of industrial development in the County. Currently, three companies manufacture products from crude oil. The largest in terms of capacity is Chevron Corporation's Richmond Refinery, which began operations in 1902 and is the company's oldest and third-largest refinery. The Richmond refinery, located on 3,000 acres, has a capacity of 365,000 barrels per day. The refinery produces a complete line of petroleum products and imports the bulk of the crude oil from Alaska. Shipping facilities include the company's own wharf, which is capable of handling four tankers at a time, making it the largest in the Bay Area in terms of tonnage. Chevron operates a fleet of 37 tankers, of which seven are for intrastate business. Petroleum products are also shipped by truck and by two railroad carriers as well as distributed by pipeline. The company has completed construction of a $160 million natural-gas-fired cogeneration plant to fulfill its requirements for electricity and steam.

A number of Chevron's divisions are located throughout the County. Chevron Products Company is located in Richmond where approximately 1,500 employees work at an oil refinery and management office. Chevron Research and Technology Company, located in Richmond, is the only non-geological research arm of the company. This facility employs approximately 400 people and is used by Chevron in its continuing program to improve the efficiency of conventional auto, aircraft and marine fuels. Chevron Accounting Division is located in a 400,000 square-foot building in Concord where over 1,000 employees operate the accounting and credit card center for Chevron's entire domestic operations. Chevron also operates a facility in San Ramon where approximately 2,100 employees are involved in computer, marketing, consumer services and other administrative functions and in Walnut Creek where approximately 250 employees work in various divisions.

Chevron is the fifth largest company in the San Francisco Bay Area (as measured by net income) and is one of the largest employers in the County. The company has approximately 6,500 employees located among its various facilities in the County and East Bay communities.

Shell Oil Company, which recently merged with Texaco to become Equilon Enterprises LLC ("Equilon"), began operating in Martinez in 1915. The Martinez Refining Company, located on 1,100 acres, is a combined oil refinery and industrial chemical production plant. It is one of three facilities on the West Coast that supply all Shell-brand products to the western states. The complex currently has the capacity to process about 145,000 to 160,000 barrels of crude oil per day. Approximately 70%-80% of this crude oil is transferred via the company's pipeline from California oil fields, while the remainder is shipped from Alaska. Equilon's docking facilities can handle two tankers and two barges simultaneously. Finished petroleum products are shipped via a company owned pipeline, Southern Pacific Railroad's pipeline, rail car and truck.

Equilon employees in the County total approximately 900, of whom approximately 850 work at the Martinez complex and approximately 50 work from their homes to provide marketing services to Shell and Texaco gas stations.

Tosco Refining Company, a wholly owned subsidiary of Tosco Corporation ("Tosco"), operates an oil refinery at Rodeo between the cities of Richmond and Martinez, and a distribution terminal for Northern California at Richmond, which began operations in 1896, occupies 1,100 acres and processes up to 100,000 barrels of raw materials per day. There are approximately 600 full-time employees at the refinery and approximately 75 at the distribution terminal. Tosco also owns a carbon plant on Franklin Canyon Road near Highway 4 in the County and until recently owned a refinery with a capacity of 150,000 barrels per day at Avon near Martinez. Total Tosco employment in the County is approximately 1,200. Tosco shut down the Avon refinery in March 1999 following an explosion that claimed the lives of four employees. On April 27, 1999, the company announced that it would reopen the refinery as well as adopt all 72 recommendations in a consulting firm's critical safety report on the plant. The refinery reopened in June 1999. Prior to the Avon refining accident, Tosco had announced a major restructuring of its San Francisco Area Refinery Complex, which includes the facilities in Richmond and Rodeo. This restructuring will affect production capacity but is not expected to have a major impact on employment. Recently, Tosco sold the Avon refinery to Ultramar Diamond Shamrock Corporation for approximately $800 million. The new owners have retained outside experts to study the condition of the plant and to assure that safety measures recommended by consultants for the County have been implemented. Ultramar Diamond Shamrock Corporation expects to increase production at the refinery.

In order to comply with State and federal clean air laws, the County's major oil refineries have built new facilities to produce cleaner gasoline and other products. The refinery projects are known as "Clean Fuels Projects." The following are the locations and capital investment amounts spent for each of the Clean Fuels Projects.

County of Contra Costa
Clean Fuels Projects
(as of April 2001)
(in millions)

Company	City	Investment
Chevron Corp.	Richmond	$ 500
Ultramer Diamond Shamrock (formerly owned by Tosco)	Avon	400
Equilon	Martinez	1,300
Tosco	Rodeo	300
Total		$2,500

Source: County.

Health Care. One of the Bay Area's largest private employers, Kaiser Permanente Medical Group ("Kaiser"), has approximately 4,730 employees in the County and East Bay communities. Kaiser provides medical coverage to about one in three Bay Area residents and operates hospital and clinic facilities in Martinez, Antioch and Walnut Creek and opened a major facility in Richmond in 1999.

Telephone Services. SBC (formerly known as "Pacific Telesis"), a major provider of telephone services, employs approximately 11,800 employees in the East Bay. Its headquarters in the East Bay is located in the Bishop Ranch office complex in the County.

The following table provides a listing of major employers headquartered or located in the East Bay and their employment levels.

MAJOR EMPLOYERS IN THE EAST BAY WITH EMPLOYEES IN THE COUNTY[1]

Firm	Primary Location In County	Product Or Service	Employment
SBC	San Ramon	Telephone Services	11,800
U.S. Postal Service	Countywide	Postal Services	10,600
County of Contra Costa[2]	Martinez	County Government	8,090
Safeway	Countywide	Supermarkets	8,000
Bank of America	Countywide	Banking	7,081
Chevron Companies	Countywide	Energy, Oil & Gas	6,586
Pacific Gas & Electric[3]	Countywide	Gas & Electric Service	5,200
Kaiser Permanente Medical Center[2]	Walnut Creek, Martinez	Health Care	4,730
Lucky Stores	Countywide	Supermarkets	4,631
Wells Fargo & Co.	Countywide	Banking	4,000
AT&T	Countywide	Telecommunications	3,341
Longs Drug Stores[2]	Walnut Creek	Retail Drug Stores	2,900
Western Contra Costa School District[2]	Richmond	K-12 Education	2,844
Mt. Diablo Unified School District[2]	Concord	K-12 Education	2,502
John Muir/Mt. Diablo Health System[2]	Walnut Creek	Health Care	2,170
Contra Costa Newspapers[2]	Walnut Creek	Newspaper Publishing	1,417
Round Table Franchise Corp.	Countywide	Pizza Restaurants	1,230
Tosco	Martinez	Oil Refinery	1,200
Hill Physicians Med. Group	Countywide	Health Care	1,050
USS Posco Industries	Pittsburg	Steel Manufacturing	1,000
Shell Martinez Refining Co.	Martinez	Oil Refinery	930

(1) Source: The companies; East Bay Business Times, November 2000; San Francisco Business Times, November 1999. Data is for the reported entity's latest fiscal year.
(2) Headquartered in the County.
(3) On April 6, 2001, Pacific Gas & Electric Company filed for voluntary protection under Chapter 11 of the federal Bankruptcy Code. See "Taxation of State-Assessed Utility Property" in Appendix B of this Official Statement.

Measures of Income

Due to the presence of relatively high-wage skilled jobs and relatively high income residents, the County achieves high rankings among all California counties on a variety of income measurements. For example, as reported in the 2000 Sales and Marketing Management Survey of Buying Power, the County's median household effective buying income for the 1999 calendar year of $53,234 was in the top four among all California counties. According to the U.S. Department of Commerce's Bureau of Economic Analysis, the County's per capita personal income of $36,006 in 1998 was the fifth highest among California counties. The medians for the State were $39,492 (1999 household effective buying income) and $28,163 (1998 per capita personal income).

Commercial Activity

Commercial activity comprises an important part of the County's economy, with taxable transactions totaling approximately $11.1 billion in 1999.

COUNTY OF CONTRA COSTA
TAXABLE TRANSACTIONS
1994 TO 1999
(IN THOUSANDS)

	1994	1995	1996	1997	1998	1999
Apparel Stores	$ 263,835	$ 246,879	$ 261,695	$ 277,962	$ 289,750	$ 304,915
General Merchandise Stores	1,166,204	1,223,187	1,213,152	1,283,994	1,379,504	1,467,490
Specialty Stores	754,092	817,531	890,623	957,508	1,070,135	1,259,681
Food Stores	428,585	433,694	458,877	478,924	486,580	509,062
Packaged Liquor Stores	38,242	39,972	42,925	44,700	48,261	54,563
Eating and Drinking Places	563,770	591,767	625,283	664,184	708,982	764,682
Home Furnishings and Appliances	270,691	283,020	323,400	333,179	366,400	414,384
Building Materials and Farm Implements	492,850	493,436	543,324	591,710	643,052	749,681
Service Stations	507,073	551,686	538,840	780,857	922,502	669,467
Automotive and Vehicle Dealers, Parts and Supplies	868,095	927,563	1,046,980	1,143,170	1,308,493	1,524,336
Total Retail Outlets	$5,353,437	$5,608,735	$5,945,099	$6,556,188	$7,223,699	$7,718,261
Business and Personal Services	326,664	330,063	365,029	407,816	442,696	467,124
All Other Outlets	2,138,064	2,400,957	2,265,576	2,313,414	2,869,991	2,929,091
Total All Outlets	$7,818,165	$8,339,755	$8,575,704	$9,277,418	$10,093,690	$11,114,476

Source: State Board of Equalization

Much of the County's commercial activity is concentrated in central business districts of the cities and unincorporated towns. In addition, four regional shopping centers and numerous smaller centers serve County residents. The regional centers, located in the cities of Richmond, Concord, Walnut Creek and Antioch are each anchored by at least three major department stores. The largest regional shopping center in the County is Sun Valley Shopping Center, Concord, which features 130 stores, including Macy's, Sears, J.C. Penney's and Mervyn's. In addition, Costco's large warehouse stores are located in Richmond, Antioch and Danville, and Sam's Club is located in Concord.

The County is served by all major banks including Bank of America and Wells Fargo Bank. In addition there are numerous local banks and branches of smaller California and foreign banks. There are over 30 savings and loan associations in the County, including Washington Mutual, World Savings and California Federal.

Construction Activity

The value of residential building activity declined by 1.2% in 2000 from 1999 levels. The decrease was attributable to a decline in single family units, although the number of multiple family units more than doubled.

Within incorporated cities in the County, Brentwood accounted for the greatest activity with $176.9 million of construction in 2000.

The following table provides a summary of building permit valuations and number of new dwelling units authorized in the County since 1990.

COUNTY OF CONTRA COSTA
BUILDING PERMIT VALUATIONS 1990 TO 2000

	Valuation ($ millions)	Number of New Dwelling Units		
Year	Residential (New)	Single Family	Multiple Family	Total
1990	$ 560,193	3,132	1,149	4,281
1991	488,939	2,705	1,275	3,980
1992	638,714	3,279	614	3,893
1993	590,135	3,026	451	3,477
1994	699,395	3,682	230	3,912
1995	619,685	2,137	618	3,755
1996	584,108	3,094	450	3,580
1997	582,793	3,105	381	3,486
1998	738,939	3,144	999	4,142
1999	852,256	3,909	504	4,413
2000	841,990	3,692	1,071	4,763

Note: Totals may not be precise due to independent rounding.
Source: Economic Sciences Corporation: 1990-2000.

A number of major construction projects have been completed in the County, including $2.5 billion that was spent by several major oil refiners to comply with federal clean fuels guidelines (see “Major Employers—Petroleum and Petroleum Products”). In addition, $506 million was spent by BART on its extension to the West Pittsburg/Bay Point region of the County which opened in 1996, and $450 million of new construction was completed by the Contra Costa Water District on the Los Vaqueros Reservoir in the eastern portion of the County.

Approximately $10.8 billion of construction projects are currently approved or underway in the County, including a $2.2 billion development known as “Dougherty Valley” that will add approximately 11,000 new homes to the County’s housing stock and construction projects totaling more than $1 billion on three major bridges. Other major subdivisions have been approved that will add $4.6 billion in new home construction, primarily in the eastern half of the County. Approximately $2.6 billion of projects are pending approval, including a project known as “Cowell Ranch,” which involves $1.0 billion of construction spending on approximately 5,000 residential units.

Within the last year, the California Energy Commission has licensed and approved the construction of two new natural gas power plants within the County. Using state-of-the-art environmental control technology, these new facilities will emit 90% less than the average gas-fired power plant in the United States. The Calpine Corporation broke ground in February 2000 for the construction of the $300 million Los Medanos Energy Center. Located in Pittsburg, this natural gas-fired facility will generate 500 megawatts of electricity upon completion in August 2001. In June 2000, the joint partnership of Calpine Corporation and Bechtel Enterprises also broke ground on the Delta Energy Center; this facility is estimated to cost $450 million and will generate 880 megawatts of electricity upon completion in early 2002. In addition, construction of an additional natural gas-fired power plant that would be located outside the City of Antioch and that would generate 550 megawatts of electricity has been proposed to the County.

Following months of hearings and the preparation of an environmental impact report, the Board of Supervisors, on August 1, 2000, unanimously adopted an amendment to the Contra Costa County General Plan, 1995-2010, which modifies the boundaries of the County's Urban Limit Line. This action shrinks the growth limit line by 22 square miles, thus removing approximately 14,000 acres from future development. The two regions primarily affected by the Board's action are eastern Contra Costa County and the Tassajara Valley in the south-central part of the County. Two cities within the County have filed lawsuits challenging the environmental justifications for the boundary shift. The County anticipates that other parties may also file lawsuits or take other actions challenging the boundary shift. Consequently, the actual number of acres ultimately removed from future development may be less than 14,000 acres.

Transportation

Availability of a broad transportation network has been one of the major factors in the County's economic and population growth. Interstate 80 connects the western portion of the County to San Francisco, Sacramento and points north to Interstate 5, the major north-south highway from Mexico to Canada. Interstate 680 connects the central County communities to the rest of the Bay Area via State Routes 4 and 24, the County's major east-west arteries.

Caltrans has completed Northern California's largest freeway interchange reconstruction project at the intersection of Interstate 680 and Highway 24 in Walnut Creek. The $315 million project added traffic lanes, an elevated bypass, and redesigned access patterns. Caltrans is currently widening Interstate 80 in the western portion of the County at a cost of $200 million.

In addition to private automobiles, ground transportation is available to County residents from the following service providers:

- Central Contra Costa Transit Authority provides local bus service to the central area of the County including Walnut Creek, Pleasant Hill and Concord.

- BART connects the County to Alameda County, San Francisco and Daly City and Colma in San Mateo County with two main lines, one from the San Francisco area to Richmond and the other to the Concord/Walnut Creek/Pittsburg/Bay Point area. BART finished construction of a 14 mile extension to the City of Pleasanton in nearby Alameda County at a cost of $517 million in May 1997. BART now has 39 stations and 95 miles of roadway in its system. BART is currently in the process of building an extension to the San Francisco International Airport expected to be completed by 2003.

- AC Transit, a daily commuter bus service based in Oakland, provides local service and connects Contra Costa communities to San Francisco and Oakland.

- Other bus service is provided by Greyhound.

- Commuter rail service is provided by the Capital Corridor, with daily runs between the Bay Area and Sacramento that stops at the rail station in Martinez, the County seat.

- The Santa Fe and Union Pacific Railroads' main lines serve the County, both in the industrial coastal areas and the inland farm section.

Commercial water transportation and docking facilities are available through a number of port and marina locations in the County. The Port of Richmond on San Francisco Bay and several privately owned industrial docks on both San Pablo and Suisun Bays serve the heavy industry located in the area.

The Port of Richmond, owned and operated by the City of Richmond, covers 202 acres and handles nearly 20 million metric tons annually. The majority of the shipments are bulk liquids with the remainder consisting of scrap metal, autos, and gypsum rock.

Major scheduled airline passenger and freight transportation for County residents is available at either Oakland or San Francisco International Airports, located about 20 and 30 miles, respectively, from the County. In addition there are two general aviation fields, one at Byron and the other at Concord.

Agriculture

The County is comprised of 470,400 acres, with over half (254,445) of these acres allocated to farmlands and harvested cropland. In 1999, the total gross value of agricultural products and crops reached $86,693,780, a decline of $71,470 compared to 1998. The value of agricultural production since 1995 is illustrated in the following table.

COUNTY OF CONTRA COSTA
AGRICULTURAL PRODUCTION, 1995 TO 1999

	1995	1996	1997	1998	1999
Nursery products	$21,782,000	$26,219,000	$31,287,800	$31,643,300	$28,202,200
Livestock & poultry	3,444,000	4,668,400	5,040,800	3,911,300	3,997,000
Field crops	10,616,900	12,281,800	12,696,000	9,291,000	9,525,000
Vegetable & seed crops	19,037,000	19,899,000	20,033,000	16,756,000	18,298,000
Fruit and nut crops	14,967,500	15,294,000	18,520,000	17,180,400	18,197,300
Livestock, apiary & poultry products	5,970,430	7,260,490	7,597,420	8,083,250	8,474,280
Total	$75,817,830	$85,622,690	$95,175,220	$86,765,250	$86,693,780

Source: Contra Costa County Department of Agriculture.

Environmental Control Services

Water. The East Bay Municipal Utilities District ("EBMUD") and the Contra Costa County Water District ("CCCWD") supply water to the County. EBMUD, the second largest retail water distributor west of the Mississippi, supplies water to the western part of the County. Ninety-five percent of its supply is from the Mokelumne River stored at the 68 billion gallon capacity Pardee Dam. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 325 million gallons per day under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation). EBMUD does not plan to draw on its federal entitlement for the foreseeable future.

CCCWD obtains its water from the Sacramento-San Joaquin Delta and serves 400,000 customers in Concord, Pleasant Hill, Martinez, Clayton, Pittsburg and Antioch. It is entitled under a contract with the U.S. Water and Power Resources Service to 195,000 acre-feet per year. Water sold has ranged between 80,000 and 110,000 acre-feet annually. In addition, a number of industrial users and several municipalities draw water directly from the San Joaquin River under their own riparian rights, so that actual water usage in the service area averages about 125,000 acre-feet annually. To provide expanded water storage capacity, CCCWD constructed the Los Vaqueros Reservoir south of the City of Antioch at an estimated cost of $450 million.

Sewer. Sewer services for the County are provided by approximately 20 sanitation districts and municipalities. Federal and State environmental requirements, plus grant money available from these two sources, have resulted in about 14 agencies upgrading, expanding and/or building new facilities.

Flood Control. The Contra Costa County Flood Control District has been in operation since 1951 to plan, build, and operate flood control projects in unincorporated areas of the County except for the Delta area on its eastern border. The Delta is interspersed with inland waterways that fall under the jurisdiction of the U.S. Corps of Engineers and the State Department of Water Resources. The District has recently completed construction of the West Antioch Capacity Improvement Project and the Martinez Improvement Project.

Education and Community Services

Public school education in the County is available through nine elementary school districts, two high school districts and seven unified school districts. These districts provide 133 elementary schools, 35 middle, junior high and intermediate schools, 26 high schools, and a number of preschool, adult school, and special education facilities. In addition, there are 123 private schools with six or more students in the County. School enrollment in January of 1999 numbered approximately 154,019 students in public schools and 15,373 students in regular graded private schools. The County's average SAT scores exceed regional, State and national averages.

Higher education is available in the County through a combination of two-year community colleges and four-year colleges. The Contra Costa County Community College District has campuses in Richmond, Pleasant Hill and Pittsburg. California State University at Hayward operates a branch campus, called Contra Costa Center, in the City of Concord where late afternoon and evening classes in business, education and liberal arts are offered. St. Mary's College of California, a four-year private institution, is located on a 100-acre campus in Moraga. Also located within the County is the John F. Kennedy University campus in Orinda, which is completing a move into expanded space in downtown Concord. In addition, County residents are within easy commuting distance of the University of California, Berkeley. Approximately 64% of County adult residents have attended college, and approximately 49% of County adult residents have completed four or more years of college.

There are nine privately operated hospitals and one public hospital in the County, with a combined total of approximately 1,900 beds. Three of the private hospitals are run by Kaiser, the largest health maintenance organization in the United States. Kaiser has opened a new hospital in Richmond with new critical care beds, surgical suites and a full service emergency department. The public hospital is Contra Costa Regional Medical Center ("CCRMC"), a 156-bed facility that the County rebuilt and opened to the public in 1998 on the existing campus in Martinez. A portion of the proceeds of the 2001 Series B Bonds are being issued to finance the construction of a new ambulatory care clinic on the campus of CCRMC. See "THE 2001 SERIES B PROJECT" in the forepart of the Official Statement.

APPENDIX B

COUNTY FINANCIAL INFORMATION

Changes in State Funding and County's Response

California counties administer numerous health and social service programs as the administrative agent of the State pursuant to State law. Historically, many of these programs have been either wholly or partially funded with State revenues that have been subject each year to the State budget and appropriation process. Currently, the County is required to provide health care to all indigents, administer welfare programs, provide justice facilities (courts and jails) and administer the property tax system and real estate recordings.

Over the last several years, State and federally mandated expenditures in justice, health and welfare have grown at a greater rate than the County's discretionary general purpose revenues. The result has been that the County has increased its contribution to maintain mandated services while optional local services have been reduced. The Board of Supervisors has responded to this trend in part by instituting measures to improve management, thereby reducing costs while increasing productivity and maintaining services with diminished funding.

In 1991-92, the State and county governments collectively developed a program realignment system which removed State funding for certain programs from the State budget process but, in return, gave counties enhanced program flexibility in the administration of these certain health and welfare programs. Pursuant to this realignment system, a half-cent increase in the sales tax and an increase in vehicle license fees were dedicated to support specific health and welfare programs administered by the counties. The flow of these funds is no longer subject to the State budget process and the counties now receive these funds on a fixed formula under State law. As a result of this realignment, approximately $2.2 billion has been shifted out of the State budget process to local governments statewide. However, this program realignment system also poses a continuing risk for the counties in that the annual sales tax and vehicle license fee revenues may not be realized as projected. If this occurs, county governments will nonetheless have to manage these same programs within available funding levels.

Impact of State Budget on County

Starting in fiscal year 1990-91, the State faced substantial budget deficits and balanced its annual budgets, in part, by requiring local governmental entities to fund certain costs previously borne by the State. As a result, the State made substantial corresponding cuts and significant reallocations of revenues among local agencies. From fiscal years 1990-91 to 1999-00, the County closed funding gaps created by these reallocations of revenue. If the State encounters budgetary problems in the future, it is not known what measures the State will take to balance its budget as required by law. Accordingly, the County cannot predict the ultimate impact that the State's budgets will have on the County's finances and operations.

While the composition of State revenues has shifted over recent years, the overall proportion of the County's General Fund budget financed by State revenues has remained steady at approximately 35%.

The level of intergovernmental revenues that the County will receive from the State in Fiscal Year 2000-01 and in subsequent fiscal years is likely to be affected by the financial condition of the State. Presented below is a summary of recent State budget issues and financial performance.

1999-2000 Fiscal Year State Budget

Following a severe recession beginning in 1990, the State's financial condition improved markedly during the fiscal years (July 1- June 30) beginning with Fiscal Year 1995-96, due to a combination of better than expected revenues, slowdown in growth of social welfare programs, and continued spending restraint based on actions taken in earlier years. The State's cash position also improved, and no external deficit borrowing occurred over the end of the last five fiscal years.

The economy grew strongly during the fiscal years beginning with Fiscal Year 1995-96, and as a result, the General Fund took in substantially greater tax revenues (increases of approximately $2.2 billion in Fiscal Year 1995-96, $1.6 billion in Fiscal Year 1996-97, $2.4 billion in Fiscal Year 1997-98, $1.7 billion in Fiscal Year 1998-99, and $8.2 billion in Fiscal Year 1999-2000) than were initially planned when the budgets were enacted. These additional funds were largely directed to school spending as mandated by Proposition 98 (approved by the California voters in 1988 to provide certain educational funding), to make up shortfalls from reduced federal health and welfare aid in Fiscal Year 1995-96 and Fiscal Year 1996-97 and to fund new program initiatives, including education spending above Proposition 98 minimums, tax reductions, aid to local governments and infrastructure expenditures.

The principal features of the 1999 Budget Act included the following:

1. Proposition 98 funding for K-12 schools was increased by $1.6 billion in General Fund moneys over revised Fiscal Year 1998-99 levels, $108.6 million higher than the minimum Proposition 98 guarantee. Of the Fiscal Year 1999-2000 funds, major new programs included money for reading improvement, new textbooks, school safety, improving teacher quality, funding teacher bonuses, providing greater accountability for school performance, increasing preschool and after school care programs and funding deferred maintenance of school facilities. The 1999 Budget Act also included $310 million as repayment of prior years' loans to schools, as part of the settlement of a lawsuit.

2. Funding for higher education increased substantially above the actual Fiscal Year 1998-99 level. General Fund support was increased by $184 million (7.3 percent) for the University of California system and $126 million (5.9 percent) for the California State University system. In addition, Community Colleges funding increased by $324.3 million (6.6 percent). As a result, undergraduate fees at University of California and California State University systems were reduced for the second consecutive year, and the per unit charge at Community Colleges was reduced by $1.

3. Increased funding of nearly $600 million for health and human services.

4. About $800 million from the General Fund was directed toward infrastructure costs, including $425 million in additional funding for the California Infrastructure and Economic Development Bank, initial planning costs for a new prison in the Central Valley, additional equipment for train and ferry service, and payment of deferred maintenance for State parks.

5. The Legislature enacted a one-year additional reduction of 10 percent of the Vehicle License Fee ("VLF") for calendar year 2000, at a General Fund cost of about $250 million in each of Fiscal Year 1999-2000 and Fiscal Year 2000-01 to make up lost funding to local governments. Several other targeted tax cuts, primarily for businesses, were also approved, at a cost of $54 million to the State General Fund in Fiscal Year 1999-2000.

6. A one-time appropriation of $150 million, split between cities and counties, was made to offset property tax shifts during the early 1990s. Additionally, an ongoing $50 million was appropriated

as a subvention to cities for jail booking or processing fees charged by counties when an individual arrested by city personnel is taken to a county detention facility.

The combination of resurging exports, a strong stock market, and a rapidly-growing economy in 1999 and early 2000 resulted in unprecedented growth in State General Fund revenues during Fiscal Year 1999-2000. The latest estimates from the Department of Finance indicate revenues of about $71.9 billion, an increase of over 20 percent over final Fiscal Year 1998-99 revenues and $8.9 billion higher than projected for the 1999 Budget Act. The latest estimates indicate expenditures of $66.5 billion in Fiscal Year 1999-2000, a $2.8 billion increase over the 1999 Budget Act, but the result still left a record balance in the Special Fund for Economic Uncertainties ("SFEU") at June 30, 2000 of over $8.7 billion.

2000-01 Fiscal Year State Budget

Background. On January 10, 2000, Governor Davis released his proposed budget for Fiscal Year 2000-01. The 2000-01 Governor's Budget ("2000 Governor's Budget") generally reflected an estimate that General Fund revenues for Fiscal Year 1999-2000 would be higher than projections made at the time of the 1999 Budget Act. Even these positive estimates proved to be greatly understated as continuing economic growth and stock market gains resulted in a surge of revenues. The Administration estimated in the 2000 May Revision that General Fund revenues would total $70.9 billion in Fiscal Year 1999-2000, and $73.8 billion in Fiscal Year 2000-01, a two-year increase of $12.3 billion above the 2000 Governor's Budget revenue estimates. Actual revenues for Fiscal Year 1999-2000 were $71.9 billion.

2000 Budget Act. The 2000 Budget Act was signed by the Governor on June 30, 2000. The spending plan assumed General Fund revenues and transfers of $73.9 billion, an increase of 3.8 percent above the estimates for Fiscal Year 1999-2000. The 2000 Budget Act appropriated $78.8 billion from the General Fund, an increase of 17.3 percent over Fiscal Year 1999-2000, and reflects the use of $5.5 billion from the SFEU. In order not to place undue pressure on future budget years, about $7.0 billion of the increased spending in Fiscal Year 2000-01 will be for one-time expenditures and investments.

At the time the 2000 Budget Act was signed, the Department of Finance estimated the SFEU would have a balance of $1.781 billion at June 30, 2001. In addition, the Governor held back $500 million as a set-aside for litigation costs. If this amount is not fully expended during Fiscal Year 2000-01, the balance will increase the SFEU. The Governor vetoed just over $1 billion in General Fund and Special Fund appropriations from the 2000 Budget Act, in order to achieve the budget reserve.

The 2000 Budget Act also included Special Fund expenditures of $15.6 billion, and Bond Fund expenditures of $5.0 billion. Special Fund revenues are estimated at $16.5 billion.

Some of the major features of the 2000 Budget Act were the following:

1. Proposition 98 funding for K-12 schools was increased by $3.0 billion in General Fund moneys over revised Fiscal Year 1999-2000 levels, $1.4 billion higher than the minimum Proposition 98 guarantee. Per pupil spending is estimated at $6,701 per ADA, an 11 percent increase from the 1999 Budget Act. Of the Fiscal Year 2000-01 funds, over $1.8 billion is allowed for discretionary spending by school districts. Major new programs included money for high school scholarship to high-achieving students, English language and literacy, improving teacher quality, funding teacher bonuses and salaries for beginning teachers, increasing investments in technology and funding professional development institutes. The 2000 Budget Act also includes an income tax credit to compensate credentialed teachers for the purchase of classroom supplies and a $350 million repayment of prior years' loans to schools, as part of the settlement of a lawsuit.

2. Funding for higher education increased substantially above the revised 1999-2000 level. General Fund support was increased by $486 million (17.9 percent) for the University of California system and $279 million (12.7 percent) for the California State University system. In addition, Community Colleges funding increased by $497 million (9.0 percent). Undergraduate fees at University of California and California State University systems and the per-unit charge at Community Colleges will be unchanged. The 2000 Budget Act anticipates enrollment increases in all sectors, and an expansion of financial aid.

3. Increased funding of $2.7 billion from the State General Fund for health and human services.

4. Significant moneys were devoted for capital outlay. A total of $2.0 billion of General Fund money was appropriated for transportation improvements, supplementing gasoline tax revenues normally used for that purpose. This was part of a $6.9 billion Transportation Congestion Relief Program to be implemented over six years. In addition, the Budget Act included $570 million from the General Fund in new funding for housing programs.

5. A total of about $1.5 billion of tax relief was enacted as part of the budget process. The program to rebate a portion of vehicle license fees started in 1998, was accelerated to the final 67.5 percent level for calendar year 2001, two years ahead of schedule. The acceleration will cost the State General Fund about $887 million in Fiscal Year 2000-01 and $1.426 billion in Fiscal Year 2001-02. A one-time Senior Citizens Homeowner and Renters Tax Assistance program will cost about $154 million. A personal income tax credit for teachers will cost $218 million and a refundable credit for child care expenses will cost $195 million. Several other targeted tax cuts, primarily for businesses, were also approved, at a cost of $89 million in Fiscal Year 2000-01.

6. A one-time appropriation of $200 million, to be split between cities and counties, was made to offset property tax shifts during the early 1990s of which the County received $3.0 million. Additionally, $121 million was appropriated for support of local law enforcement, and $75 million in one-time funding was provided for local law enforcement agencies to purchase high technology equipment.

Subsequent Developments. Prior to the end of its session on August 31, 2000, the Legislature passed a number of bills with fiscal impacts on the General Fund in Fiscal Year 2000-01, which were not included in the 2000-01 Budget. Among these were bills to expedite the licensing of new power plants ($57.5 million), to establish a juvenile crime prevention program ($122 million) and to augment the Senior Citizens Property Tax Assistance Program ($60 million). Another bill would enhance retirement benefits for both active and retired teachers. Excess assets and normal cost surplus in the program would fund the costs of enhanced retirement benefits and also provide a $100 million State General Fund savings for Fiscal Year 2000-01 from reduced contributions to the State Teachers Retirement System.

Based on results through the first quarter of Fiscal Year 2000-01, the Department of Finance estimated that revenues were sufficiently strong to make it likely that the State would end the fiscal year at June 30, 2001 with a balance in the budget reserve greater than 4 percent of General Fund revenues. Based on this estimate, since the reserve for the year ended June 30, 2000 was also above 4 percent of General Fund revenues, the Governor announced on October 25, 2000 that, pursuant to provisions in the law enacted in 1991 when the State sales tax rate was last raised, the State sales tax rate would be reduced by 0.25 percent for a period of at least one calendar year, effective January 1, 2001. This reduction will result in approximately $553 million less General Fund revenue in the last half of Fiscal Year 2000-01 and approximately $600 million less in the first half of Fiscal Year 2001-02. If the General Fund reserve falls below 4 percent of General Fund revenue in the future, the sales tax rate could be raised by 0.25%.

2001-02 Fiscal Year State Proposed Budget

The Fiscal Year 2001-02 Governor's Budget estimates Fiscal Year 2001-02 General Fund revenues and transfers to be about $79.4 billion, or 3.3 percent higher than the revised Fiscal Year 2000-01 estimate. This estimate assumes a slowing economy, still showing moderate growth short of a recession. The estimate also accounts for a $553 million drop in sales tax revenues as a result of the 0.25 percent sales tax reduction which took effect on January 1, 2001. The Governor proposes $82.9 billion in expenditures, a 3.9 percent increase over the revised 2000-01 estimate. The Governor proposes budget reserves in Fiscal Year 2001-02 of $2.4 billion. Of this amount, $500 million is intended for unplanned litigation costs.

The Fiscal Year 2001-02 Governor's Budget proposes to use $3.7 billion of the new resources since the 2000 Budget Act for one-time expenditures, including $1 billion for energy initiatives, $772 million for capital outlay projects, $250 million in fiscal relief to local government, $200 million for new housing initiatives, and a variety of other proposals. With regard to ongoing programs, the Fiscal Year 2001-02 Governor's Budget proposes substantial additions in Proposition 98 funding for K-12 education (an 8.1% increase over the revised Fiscal Year 2000-01 spending level) and funding for all units of higher education, funding for health and welfare programs to cover anticipated caseloads, and a modest increase in youth and adult corrections funding. The final expenditure program for Fiscal Year 2001-02 will be determined by June 2001 by the Legislature and the Governor. The State's Department of Finance will publish an update of revenues and expenditures for the current year and of projected revenues for the upcoming fiscal year in May, 2001.

California Energy Shortage. During the past year, California has experienced significant energy shortages that have resulted in numerous requests for energy conservation and "rolling blackouts" in central and northern California. The energy shortage, which is likely to continue for several years, has also resulted in dramatic increases in the cost of electricity to many electricity customers in California. In addition, two of the State's largest investor-owned utilities, Pacific Gas & Electric Company ("PG&E") and Southern California Edison, have failed to meet all of their financial obligations. On April 6, 2001, PG&E filed for voluntary protection under Chapter 11 of the federal Bankruptcy Code. PG&E is one of the largest taxpayers in the County. See "Largest Taxpayers" and "Taxation of State-Assessed Utility Property" below.

On January 17, 2001, the Governor determined that the electricity available from California's utilities was insufficient to prevent widespread and prolonged disruption of electric service in California and proclaimed a state of emergency to exist in California under the California Emergency Services Act (the "Emergency Act"). Under the Emergency Act, the Governor has directed all agencies of State government to utilize and employ State personnel, equipment, and facilities for the performance of any and all activities designed to prevent or alleviate the emergency. The Emergency Act permits the Governor to direct the expenditure of any appropriated funds legally available to perform the activities required under a proclamation. The Governor directed the State Department of Water Resources to enter into contracts and arrangements for the purchase and sale of electric power as necessary to assist in mitigating the effects of the emergency. The Emergency Act also authorizes the Governor to commandeer or utilize any private property deemed by the Governor necessary in carrying out his responsibilities and requires the State to pay the reasonable value of the use of such property. The Governor has used this authority to seize certain power purchase contracts of investor-owned utilities.

The State has expended, and continues to expend, substantial amounts of money in an attempt to address the situation. In addition, the Governor and the State Legislature have taken various legislative actions, and further actions are being considered. The federal government also is considering actions that it might take. Neither the State nor the County can determine at this time what the ultimate economic impact will be to the State (including the State's budget) and the County, respectively, as well as to various local governments, schools, businesses and other entities.

From Welfare to Work

In Fiscal Year 1994-95, 4,600 single adults and 14,977 families were on welfare (based upon the Fiscal Year 1994-95 average monthly caseload) in the County. In Fiscal Year 1999-2000, that number was only 693 single adults and 10,919 families (based upon the Fiscal Year 1999-2000 average monthly caseload). This dramatic decline, 41% overall, is in part due to State and federal policies which set time limits on cash assistance and created a new "welfare-to-work" system.

Driving Forces of Change. The federal government and the State have been the driving forces of change in development of the current system. In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (the "Welfare Reform Act"), which placed a five-year lifetime limit on cash welfare benefits and expanded the scope of the program to include supportive services for achieving economic self sufficiency. In California, the Welfare Reform Act has been implemented under the California Work Opportunity and Responsibility to Kids Act ("CalWORKs"), which sets the parameters under which counties provide welfare services, including cash benefits and supportive services. In California, welfare recipients are eligible for up to two years of welfare-to-work services, specifically designed to help the transition from welfare to work. In 1998, Congress also passed the Workforce Investment Act, which reorganized federal funding for job training employment services, broadened the program to include services for the welfare population and required consolidation of employment services to one stop employment centers.

Employment and Human Services—the New Department. In 1998, the Board of Supervisors created the Employment and Human Services Department (the "Department"), an amalgamation of the County's Social Service Department and the Private Industry Council. The reorganization recognized the convergence of the missions and mandates of the two former departments, driven by both the Welfare Reform Act and the Workforce Investment Act. Both the organizational structure and budget structure of the Department differ from its predecessors' departments. It is divided into five bureaus: Workforce Services; the Workforce Investment Board; Children and Families Services; Aging and Adult Services; and Administrative Support. The Department's budget units are aligned to ensure fiscal accountability.

In Fiscal Year 1994-95, the combined budgets of the two former departments were $222.9 million, with a net County cost of $27.5 million. In Fiscal Year 2000-01, the Department's budget is $259.6 million, with a net County cost of $24.5 million. Overall, the Department's reliance on County General Funds has been reduced from 12.7% to 9.4%, demonstrating the County's ability to effectively leverage State, federal and other funds to finance its welfare related programs and services.

Department Budget and County Cost

	Fiscal Year 1994-1995	Fiscal Year 2000-01
Total Department Budget	$215,608,937	$259,632,763
County Cost	27,466,711	24,501,866
County Cost as % of Total	12.7%	9.4%

Focusing on the Workforce. Economic self-sufficiency and prosperity for welfare recipients are core missions of the Department. The Department is focused on "a job, better job, a career" for its welfare clients. The two bureaus with primary responsibility for fulfilling these missions are the Workforce Investment Board ("WIB") and the Workforce Services Bureau ("WSB").

The WIB is responsible for creating partnerships in the areas of education, training and career development under the guidance of a countywide workforce development strategic plan. The purpose of this plan is to identify the roles and responsibilities of each employment sector and to better link educational and training service strategies with emerging employment needs for the businesses of the County. In addition, the WIB is responsible for overseeing the One-Stop Career Centers, of which four are currently operational. One-Stop Career Centers offer access to all job seekers and integrate numerous employment and job training programs at one location.

The WSB is responsible for operating the CalWORKs program, including cash assistance and supportive services, as well as the One-Stop Career Centers. The operational responsibility for the One-Stop Career Centers is vested by the WIB to the Mandated One-Stop Operator Consortium of which the WSB is lead agency.

Supportive Services—Partnerships in Practice. Many of the challenges faced by current and former CalWORKs families cannot be addressed by the Department alone. The Department has taken the initiative to increase coordination, collaboration and partnerships among public agencies, the employer community and community-based organizations as well as providing its own resources to increase support of working CalWORKs participants as well as ex-CalWORKs families. Partnerships include:

- *Child Welfare Services*. Managing both a family and work can be overwhelming for some individuals. The Workforce Services Bureau works closely with Child Welfare Services to support family stability.

- *Mental Health*. Mental health counseling services are available both to parents and their children as part of a welfare to work plan.

- *Substance Abuse*. Similar to mental health, substance abuse treatment is available to both parents and their children and is available on both an outpatient and inpatient basis.

- *Child Care*. The Department is working with the Local Child Care Planning Development Council, schools and the County's Community Services Department to address child care capacity issues. The County is recognized for its innovation in creating a full day, full year child care program, Child Start, which combines the resources of the part day, part year federally funded Head Start, and State funded Child Development programs. In Fiscal Year 1999-2000, 657 families in the County were transitioned to non-subsidized child care, while 2,381 children in the County received subsidized care.

- *Transportation*. Most low income families rely on public transit, which can be both time consuming and expensive, particularly when a parent must drop off and pick up a child from child care. The Department successfully competed for over $750,000 of grant funding for a demonstration program for child care transportation and is collaborating with the public transit industry to better meet transportation needs of low income families. For example, night time bus service was instituted in North Richmond, a very low income area of the County, in acknowledgment of the high number of night shift job opportunities.

Job Retention and Career Development. For many CalWORKs participants, their first job pays minimum wage or a little more. To ensure that former CalWORKs participants do not return to welfare dependency, the Department is also focusing on education, skill development and training for former CalWORKs recipients. This initiative is under the direction of the WIB through its education, training and career development partnerships. Job retention services are critical to forming long term attachments to the workforce by former CalWORKs clients, which will help mitigate the caseload impact of an economic downturn.

Declining Welfare Caseloads. To date, the implementation of the CalWORKs program has continued the trend of declining welfare caseloads. The CalWORKs caseload is projected to be 494,000 in Fiscal Year 2001-02, down from 521,000 in Fiscal Year 2000-01 and a high of 921,000 cases in Fiscal Year 1994-95.

Although the Department has had substantial success in recent years, challenges still remain. The decline of the CalWORKs caseload has left the Department with a remaining caseload increasingly concentrated with individuals experiencing severe barriers to employment such as mental illness and substance abuse. The Department is currently implementing a collaborative effort with the County's Health Services Department to provide specialized services to these program participants that will assist them in overcoming their barriers to employment.

In addition, while the CalWORKs caseload has declined substantially in recent years, many CalWORKs participants have left cash assistance for low paying jobs at the margins of the workforce. A continuing challenge for the Department is to assist former cash aid recipients in retaining their jobs and advancing to better paying jobs. Effective job retention services will help stabilize the long-term attachment of CalWORKs participants to the workforce and mitigate the caseload impact of the next economic downturn.

The Department has benefited financially from CalWORKs "incentive funds" that the Department receives from the State for decreasing cash assistance and moving program participants into employment. The Department is increasingly using these incentive funds, which totaled $24 million in Fiscal Year 1999-2000, to ensure that program participants successfully transition from welfare to work.

Health Care Funding

The County has the responsibility for providing health care to all persons, regardless of their ability to pay or insurance status. In recent years, it has become more and more difficult to meet this obligation as an "open door provider" for the federal and state governments, due to declining and inadequate federal and state health care financing coupled with rising service demands and service costs.

The County is not alone in its health care financing difficulties. A recent survey of California's ten major counties found that all public hospitals are experiencing revenue losses. A May 2000 study by the Association of American Medical Colleges reported that medical centers providing indigent care must either close because of the cuts following the 1997 Balanced Budget Act or must downsize to survive such cuts. The County has taken steps to eliminate the gap between revenue and expenditures in its health care system.

Revenue Enhancement. Pursuant to the Master Settlement Agreement ("MSA") pertaining to national tobacco litigation and the Memorandum of Understanding between the State and the counties and four cities in California which are parties thereto, the County expects to receive annual revenues from the tobacco industry as reimbursement for prior expenditures on health problems related to tobacco consumption. The Board of Supervisors has dedicated 100% of its MSA revenues to the Health Services Department. The County received approximately $3.7 million in discretionary revenue in Fiscal Year 1998-99 and approximately $9.5 million in Fiscal Year 1999-2000. The County anticipates that its share of tobacco settlement revenues will be approximately $9.2 million in Fiscal Year 2000-01.

A major new initiative is also expected to increase revenue through an increase in enrollment in the County's health maintenance organization known as the Contra Costa Health Plan ("CCHP"). Currently, when CalWORKs clients transition from welfare to work, they lose eligibility to receive health care from CCHP. Yet, depending upon income level, many are still eligible for Medi-Cal or for Healthy Families (California's child health insurance program), both of which are eligible to receive health care from CCHP. The Department has initiated a major outreach effort to increase CCHP enrollment by working with school districts in the County to recruit eligible children. Health insurance assistance centers have been set up in West County and Central County that target outreach through schools. Additional centers are being set up in East County. Initial data show that school outreach has been very effective in increasing enrollment. In addition, this strategy has the further benefit of reducing non-reimbursed health care costs and increasing revenue associated with health care plan enrollment.

Departmental Reductions and Internal Operational Efficiencies. On June 27, 2000, the Board of Supervisors approved the closure of the Home Health Agency. This action recognized that the program was no longer cost effective due to changes in Medicare reimbursement rates and reporting requirements. The annual General Fund savings of the closure is estimated to be $740,000.

The Department is also reconfiguring services to be more cost effective. For example, an estimated $720,000 per year of expenses will be avoided by transferring psychiatric patients from institutes of mental disease, for which Medi-Cal does not pay the cost of care, to a new skilled nursing facility, which is eligible for reimbursement.

Other reductions include the non-renewal of nonessential contracts and re-negotiation of contracts wherever possible. For example, the Department realized budget savings of $102,000 by negotiating a contract for beds at the Alameda County Criminal Inpatient Unit.

The Health Services Department is also involved in a management consultant study to identify management actions that could lead to additional budget savings.

Trial Court Funding

Assembly Bill 233 ("AB 233"), which was adopted by the State Legislature in 1997 and became effective January 1, 1998, transferred responsibility from the counties to the State for local trial court funding commencing in Fiscal Year 1997-98. Under the legislation, the State assumed a greater degree of responsibility for trial court operations costs starting in Fiscal Year 1997-98. The County's trial court funding requirement declined from $22.8 million in Fiscal Year 1997-98 to $15.4 million in Fiscal Year 1999-2000 as a result of AB 233. The County's trial court funding requirement is expected to be approximately $15.4 million in Fiscal Year 2000-2001.

The County will continue to be obligated to provide court facilities for all judicial officers and support positions authorized prior to July 1, 1996. This includes those judicial officers and positions which replace those officers and positions created prior to July 1, 1996. However, AB 233 does not require that the County finance new capital facility expenditures related to judicial officers and support staff required for any judgeships authorized during the period from January 1, 1998 to June 30, 2001. The final decision as to who will finance new capital facility expenditures related to this period of time and into the future is being evaluated by a State task force.

County Budget Process

The County is required by State law to adopt a balanced budget by August 30 of each year, although the Board of Supervisors may, by resolution, extend the date on a permanent basis or for a limited period, to October 2. The County's budget process involves a number of steps.

First, upon release of the Fiscal Year 2001-02 Governor's Budget in January, the County Administrator prepares a preliminary forecast of the County's budget based on current year expenditures, the assumptions and projections contained in the Fiscal Year 2001-02 Governor's Budget and other projected revenue trends.

Second, the County Administrator presents the County's Proposed Budget to the Board of Supervisors. Absent the adoption of a final County budget by June 30, the current existing budget is continued into the new fiscal year until a final budget is adopted.

Third, between January and the time the State adopts its own budget, legally due no later than June 15, representatives of the County Administrator monitor, review and analyze the State budget and all adjustments made by the State legislature. Upon adoption of the final State budget, the County Administrator recommends revisions to the County's Proposed Budget to align County expenditures with approved State revenue. After conducting public hearings and deliberating the details of the budget, the Board of Supervisors adopts the County's Final Budget by August 30, or by October 2 if the Board of Supervisors has adopted a resolution to extend the deadline.

The County adopted its Final Budget for 2000-01 on August 8, 2000, ahead of the legally extended deadline of October 2, 2000.

In order to ensure that the budget remains in balance throughout the fiscal year, the County Administrator monitors actual expenditures and revenue receipts each month. In the event of a projected year-end deficit, steps are taken, in accordance with the State Constitution, to reduce expenditures. On a quarterly basis, the County Administrator's staff prepares a report that details the activity within each budget category and provides summary information on the status of the budget. Actions that are necessary to ensure a healthy budget status at the end of the fiscal year are recommended in the quarterly budget status reports. Other items which have major fiscal impacts are also reviewed quarterly. The County's ability to increase its revenues is limited by State laws that prohibit the imposition of fees to raise general revenue, except to recover the cost of regulation or provisions of services. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS" in the forepart of this Official Statement.

Recent County General Fund Budgets

Set forth below is a description of the County's comparative budgetary and expenditure experience for Fiscal Years 1996-97 through 2000-01. For a summary of the actual audited financial results of the County for Fiscal Year 1999-2000, see "EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000" in Appendix C to this Official Statement.

Fiscal Year 1996-97. The County's Fiscal Year 1996-97 Final Budget reflected a 3.9% decline from Fiscal Year 1995-96. However, the County experienced a decline in general assistance and welfare caseloads compared to the prior fiscal year, thereby resulting in greater discretionary County revenue than in the recent past. The County's 1996-97 Final Budget did not contain any significant budget cuts as a result of improvement in both the State and local economies.

Fiscal Year 1997-98. The County's Fiscal Year 1997-98 Final Budget was slightly smaller than that of the prior fiscal year. Public assistance costs continued to drop significantly, paced by General Assistance expenditures that fell to $3.5 million compared to over $6.3 million in Fiscal Year 1996-97. Expenditure increases in the Public Protection and Health and Welfare categories were primarily due to federal and State grant increases identified in the 1997-98 State Budget Act. The fund balance increased 13% to a level of $77 million compared to Fiscal Year 1996-97. As in Fiscal Year 1996-97, the County budget did not contain any significant budget cuts, as both the State and local economies continued to improve.

Fiscal Year 1998-99. The County's Fiscal Year 1998-99 Final Budget, as adjusted through April 1999, was 3.8% percent larger than that of the prior fiscal year due to increases in costs for general government, health and sanitation, public assistance, and public ways and facilities. Health and sanitation costs increased due to increased grant funding of public health programs, increases in SB 855/1255 Disproportionate Share healthcare funding, and expansion of mental health programs. Public assistance rose by $20 million compared to the prior fiscal year due to increased funds for federally-funded Head Start programs and State-funded CalWORKs programs for childcare. The general fund balance reached $85 million, representing an increase of 11% over Fiscal Year 1997-98.

In Fiscal Year 1998-99, the County began receiving payments pursuant to the MSA and the Memorandum of Understanding relating to the MSA between the State and the counties and four cities in California which are parties thereto. The County has been allocating these revenues to the Health Services Department. See "Health Care Funding—Revenue Enhancement." The County received approximately $3.7 million in Fiscal Year 1998-99 and approximately $9.5 million in Fiscal Year 1999-2000. The County expects to receive approximately $9.2 million in Fiscal Year 2000-2001.

In addition, a levy of 50 cents on every pack of cigarettes sold is collected in California pursuant to Proposition 10, effective January 1, 1999. Tobacco tax revenue generated in excess of $10 million in Fiscal Year 1998-99 and in excess of $14 million in Fiscal Year 1999-2000 for health and children's programs in the County.

Fiscal Year 1999-2000. The County's 1999-2000 Final Budget grew 13% over the prior year budget. Public Assistance accounted for nearly half of the increase as State and federal government revenues have enriched children and family services as well as employment training and referral services. Public Works accounted for one quarter of the increase as federal, State and local revenues were allocated primarily for State Highway 4 expansion. The remaining increase was attributable to staffing additions in criminal justice and health services. The fund balance increased to $112.7 million.

Fiscal Year 2000-01. The County's Fiscal Year 2000-01 Final Adopted Budget was 4% larger than the prior fiscal year. Salary and benefit increases accounted for the largest share of the increased costs. Capital projects and building maintenance costs represent a smaller portion of the increase.

A comparison of the County's General Fund budgets for Fiscal Years 1999-2000 and 2000-01 is shown below.

COUNTY OF CONTRA COSTA
GENERAL FUND BUDGET
FOR FISCAL YEARS 1999-2000 AND 2000-01
(IN THOUSANDS OF DOLLARS)

	Final Adopted Budget 1999-2000	Final Adopted Budget 2000-01
REQUIREMENTS		
General Government	$ 99,309	$138,939
Public Protection	218,768	249,389
Health and Sanitation	168,717	184,432
Public Assistance	276,520	280,127
Education	161	172
Public Ways and Facilities	21,184	19,625
Recreation and Culture	1	1
Reserves and Debt Service	16,251	15,501
Total Requirements	$800,911	$888,186
AVAILABLE FUNDS		
Property Taxes	$ 93,202	$101,497
Fund Balance Available	44,648	63,882
Other Taxes	10,230	14,663
Licenses, Permits and Franchises	6,717	6,814
Fines, Forfeitures and Penalties	13,656	13,404
Use of Money and Property	11,943	13,011
Intergovernmental	443,444	484,010
Charges for Current Services	128,035	149,046
Other Revenue	49,036	41,859
Total Available Funds	$800,911	$888,186

Source: County Auditor-Controller.

For a discussion of the current energy shortage in California, see "2001-02 Fiscal Year State Proposed Budget—California Energy Shortage."

Fiscal Year 2001-02 Budget. Based upon the County's mid-year update and preliminary projections for Fiscal Year 2001-02, it appears that a budget deficit may occur in Fiscal Year 2001-02 due to (1) an imbalance of revenues and expenses in the County's health care operations and (2) increased facility and energy costs. The preliminary estimate of the budget shortfall is $15 million. The County is required by law to present a balanced budget and may have to undertake budget cutbacks in Fiscal Year 2001-02 if such estimated imbalances actually occur.

Ad Valorem Property Taxes

The County administers the property tax levy and collection system for the County and all local governments in the County. Taxes are levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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

Legislation established the "supplemental roll" in 1984, which directs the Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings are made on a monthly basis and are due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue beginning November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) by filing a civil action against the taxpayer; (2) by filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) by filing a certificate of delinquency for recordation in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) by the seizure and sale of personal property, improvements or possessory interest, belonging to the taxpayer.

The County and its political subdivisions operate under the Teeter Plan pursuant to provisions of Sections 4701-4717 of the California Revenue and Taxation Code. Pursuant to those sections, the accounts of all political subdivisions that levy taxes on the County tax rolls are credited with 100% of their respective tax levies regardless of actual payments and delinquencies. The County Treasury's cash position (from taxes) is protected by a special fund (the "Tax Losses Reserve Fund") into which all countywide delinquent penalties are deposited. The County has used this method since Fiscal Year 1950-51.

Major property tax assessment appeals by business and the oil industry total $5.3 billion in disputed value, with potential loss of revenue in the millions to various units of County local government. The County has hired Baker and O'Brien, a firm with international experience in the oil refinery sector, to do refining valuations, and the County Assessor will vigorously contest the appeals. A recent appeal of $894 million by an oil refinery (Unocal) has been decided in favor of the County Assessor and may affect future negotiations with companies whose appeals are pending. The oil refinery could appeal the recent decision to the courts. Another oil refinery (Chevron) filed a number of tax appeals with the County and an agreement was reached to reduce a portion of its assessed valuation. On June 11, 1999, the Contra Costa County Assessment Appeals Board approved the reduction in assessed values for certain Chevron parcels. The approved reductions and other adjustments to the assessed value of the Chevron refinery and Chevron Research Center reduced the overall assessed value by $599.9 million, or approximately 10.3% from Fiscal Year 1996-97 through Fiscal Year 1998-99, resulting in a one-time County-wide refund in Fiscal Year 1999-2000 of approximately $7.6 million, which includes the property tax refund plus interest. Four oil refineries (Chevron, Tosco, Martinez Refining Co., and Unocal) are currently seeking property tax refunds totaling $50 million for a number of tax years by attempting to reduce their assessments by as much as sixty (60) percent. The total assessed values for the refineries over the years still under appeal amount to $6.9 billion. The refiners are seeking value reductions of $4.482 billion. Heavy industry accounts for 17 percent of the collected property taxes in the County.

The County has incorporated $3.0 million of property tax revenue adjustments in its Fiscal Year 2000-2001 budget as a precaution against potential assessment appeal decisions.

A recent history of County tax levies, delinquencies and the Tax Losses Reserve Fund cash balances as of June 30 is shown below.

COUNTY OF CONTRA COSTA
SUMMARY OF ASSESSED VALUATIONS AND AD VALOREM PROPERTY TAXATION
FOR FISCAL YEARS 1990-91 THROUGH 1999-2000

Fiscal Year	Assessed Valuation	Secured Property Tax Levies	Current Tax Delinquencies June 30	% Levy Delinquent June 30	Balance in Tax Losses Reserve Fund June 30
1990-91	$54,114,860,918	$669,071,124	$19,762,687	2.95	$24,093,615
1991-92	58,422,186,087	714,963,082	24,787,991	3.47	26,558,333
1992-93	61,393,320,088	760,559,294	24,239,204	3.19	29,042,152
1993-94	63,427,696,578	794,435,830	20,652,106	2.60	31,225,565
1994-95	65,294,364,749	823,495,651	20,640,379	2.51	24,709,211
1995-96	67,146,461,590	854,519,586	18,296,237	2.14	18,670,811
1996-97	69,242,099,630	869,580,974	18,057,023	2.08	17,154,539
1997-98	70,314,800,892	892,581,453	15,547,736	1.74	19,508,732
1998-99	73,699,554,452	939,437,116	15,375,159	1.64	21,550,142
1999-00	76,811,775,675	981,579,866	15,904,158	1.62	23,054,893
2000-01	83,094,557,304	--	--	--	--

Source: County Auditor-Controller

During each fiscal year, the Tax Losses Reserve Fund is reviewed and when the amount of the fund exceeds certain levels, the excess is credited to the County General Fund as provided by Sections 4703 and 4703.2 of the California Revenue and Taxation Code. Sections 4703 and 4703.2 allow any county to draw down their tax losses reserve fund to a balance equal to (i) one percent of the total of all taxes and assessments levied on the secured roll for that year, or (ii) 25% of the current year delinquent secured tax levy. The reductions in the Tax Losses Reserve Fund balances from Fiscal Year 1994-95 through Fiscal Year 1996-97 reflected multiple reductions in minimum reserve requirements legislated over that period. The impact of these reductions was to allow increased credits to the County General Fund. No other material drawdowns have occurred.

Largest Taxpayers

The ten largest taxpayers in the County, as shown on the Fiscal Year 1999-2000 secured tax roll, and the approximate amounts of their property tax payments are shown below. These ten taxpayers paid a total of $97.8 million in taxes, or about 10.21% of the County's 1999-2000 secured tax collection.

COUNTY OF CONTRA COSTA
TEN LARGEST PROPERTY TAXPAYERS

Company	Total Taxes Paid 1999-2000	% of Total County Tax Roll
Chevron USA	$23,546,329.03	2.46%
Pacific Gas & Electric[(1)]	17,841,995.08	1.86
Tosco Corporation	15,670,776.34	1.64
Equilon/Shell	13,630,256.40	1.42
Pacific Bell	12,147,840.16	1.27
USS Posco	4,500,127.10	0.47
Seeno & Associates	4,228,763.20	0.44
Bank of America	2,378,178.02	0.25
Taubman (Mall)	2,034,934.17	0.21
Cornerstone (Buildings)	1,847,830.37	0.19
TOTAL	$97,827,029.87	10.21%

(1) On April 6, 2001, PG&E filed for voluntary protection under Chapter 11 of the federal Bankruptcy Code. See "2001-02 Fiscal Year State Proposed Budget—California Energy Shortage" above and "Taxation of State-Assessed Utility Property" below.
Source: County Treasurer-Tax Collector

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (the "SBE") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. Currently, approximately 3.69% of the County's total net assessed valuation constitutes unitary property subject to State assessment by the SBE, for which approximately $32,820,000 of property taxes were collected in Fiscal Year 1998-99. The portion of these tax collections attributable to the County General Fund was $7,286,000.

Until recently, SBE assessment of investor-owned gas and electric companies, incumbent local exchange companies, AT&T Corp., and AT&T Communications of California, Inc. was subject to a Settlement Agreement, dated May 1, 1992, among those companies, the SBE and all California counties (the "Agreement"), under which, for many fiscal years, the SBE set the assessed property value equal to historical cost less depreciation less 25% of each utility's deferred tax reserve (all as defined in the Agreement). The Agreement provided that this valuation method was not intended to be precedent for calculating fair market value in years after the term of the Agreement. The Agreement was in response to a February 1, 1991, Sacramento Superior Court decision in *AT&T Communications of California, Inc. et al v. State Board of Equalization*, in which the court held that the SBE's valuation approaches had overvalued AT&T's unitary property, and ordered AT&T's statewide assessed value to be reduced from approximately $1.75 billion to approximately $1.1 billion. With the expiration of the Agreement, the SBE has greater flexibility in determining the factors to be considered in establishing assessed property values. The SBE has provided significant relief to various large companies during Fiscal Year 1999-2000 and Fiscal Year 2000-01, and such relief will result in the loss by the County of more than $2.3 million of property taxes during this period.

In 1999, the SBE adopted a rule that provides for local assessment of certain investor-owned electric utility facilities. As a result of this rule, the County Assessor now assesses two power plants located in the County.

For a discussion of two proposed power plants that are expected to increase assessed property values in the County, see "GENERAL COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION—Construction Activity" in Appendix A to this Official Statement.

In addition, the California electric utility industry is currently undergoing significant changes in its structure and in the way in which components of the industry are or are not regulated. Further sales of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed in the future and which local agencies are to receive the property taxes. The County is unable to predict the impact of these changes on its utility property tax revenues, or whether further legislation may be proposed or enacted in response to industry restructuring, or whether any future litigation may affect methods of assessing utility property and the allocation of assessed value to or among local taxing agencies. See "2001-02 Fiscal Year State Proposed Budget—California Energy Shortage." On April 6, 2001, PG&E, one of the largest employers and taxpayers in the County, filed for voluntary protection under Chapter 11 of the federal Bankruptcy Code. The bankruptcy proceedings (hereafter the "PG&E Bankruptcy") are pending in U.S. Bankruptcy Court in San Francisco, California. During the PG&E Bankruptcy, PG&E's operations will continue under current management, while the Bankruptcy Court decides on the allocation of PG&E's available cash flow and assets among its various creditors. PG&E has paid the pro-rata share of its second installment of property taxes for the period from the date of its bankruptcy petition through June 30. PG&E has contacted the County about the possibility of making payment of the pro-rata portion of its property taxes for the period preceding the date of its bankruptcy petition prior to the approval of a debt repayment plan by the Bankruptcy Judge. The County has filed a claim as a secured creditor in the Bankruptcy proceedings. Bankruptcies involving large and complex companies typically take several years to reach a conclusion. PG&E's parent company has not filed for bankruptcy protection.

Redevelopment Agencies

The California Community Redevelopment Law authorizes city or county redevelopment agencies to issue bonds payable from the allocation of tax revenues resulting from increases in full cash values of properties within designated project areas. In effect, local taxing authorities other than the redevelopment agency realize tax revenues only on the "frozen" tax base. The following table shows redevelopment agency full cash value increments and tax allocations for agencies within the County.

COUNTY OF CONTRA COSTA
COMMUNITY REDEVELOPMENT AGENCY PROJECTS
FULL CASH VALUE INCREMENTS AND TAX ALLOCATIONS[1]
FISCAL YEARS 1990-91 THROUGH 1999-2000

Fiscal Year	Base Year Value	Full Cash Value Increment[2]	Total Tax Allocations[3]
1990-91	$1,696,768,706	$3,966,154,674	$42,171,285
1991-92	1,806,223,553	4,573,718,772	48,590,841
1992-93	1,864,029,147	5,009,792,773	53,485,897
1993-94	1,864,029,147	5,236,543,696	55,748,579
1994-95	2,715,784,139	5,320,724,209	56,677,717
1995-96	3,051,303,629	5,337,629,341	57,204,637
1996-97	3,195,085,095	5,493,724,548	58,807,082
1997-98	2,198,412,524[4]	5,687,404,922	60,454,787
1998-99	2,343,330,103	6,080,461,083	64,427,525
1999-00	2,480,670,587	6,660,417,603	69,321,686

(1) Full cash values for all redevelopment projects above the "frozen" base year valuations. These data represent growth in full cash values generating tax revenues for use by the community redevelopment agencies.
(2) Does not include unitary and operating non-unitary utility roll values which are determined by the State Board of Equalization on a countywide basis.
(3) Actual tax revenues collected by the County which have been or will be paid to the community redevelopment agencies.
(4) The Base Year Value is reduced to exclude project areas with negative increment.
Source: County Auditor-Controller

Accounting Policies, Reports and Audits

Except as mentioned below, the County believes that its accounting policies used in preparation of its audited financial statements conform to generally accepted accounting principles applicable to counties. The County's governmental funds and fiduciary funds use the modified accrual basis of accounting. This system recognizes revenues when they become available and measurable. Expenditures, with the exception of unmatured interest on general long-term debt, are recognized when the fund liability is incurred. Proprietary funds use the accrual basis of accounting, whereby revenues are recognized when they are earned and become measurable, while expenses are recognized when they are incurred.

The Treasurer also holds certain trust and agency funds not under the control of the Board of Supervisors, such as those of school districts, which are accounted for on a cash basis.

The California Government Code requires every county to prepare an annual financial report. The Auditor-Controller prepares the Comprehensive Annual Financial Report for the County. This annual report covers financial operations of the County, County districts and service areas, local autonomous districts and various trust transactions of the County Treasury. Under California law, independent audits are required of all operating funds under the control of the Board of Supervisors. The County has had independent audits for more than 40 years. See "APPENDIX C – EXCERPTS FROM

THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000."

In addition to the above-mentioned audits, the County Grand Jury may also conduct management audits of certain offices of the County.

Funds accounted for by the County are categorized as follows:

General County Funds. The general County funds consist of the General Fund and other operating funds. The General Fund is used to account for the revenues and expenditures of the County that are not accounted for by other funds. The other operating funds are used to account for the proceeds from specific revenue sources (other than special assessments) or to account for the financing of specific activities as required by law or administrative regulations.

Special District Funds Under Control of Board of Supervisors. These funds are used to account for the transactions of fire protection districts, flood control and storm drainage districts, sanitation districts and county service areas under the control of the Board of Supervisors.

Special District Funds Under Control of Local Boards and School District Funds. These funds are used to account for cash received and disbursed and cash and investments held by the County for districts controlled by local boards. These districts maintain their own accounting records supporting their separate financial statements which are subject to separate audit under California law.

Trust and Agency Funds. Trust and Agency funds are used to account for money and other assets received and held as trustee, custodian or agent for individuals and governmental agencies.

Presented on the following page is the County's Schedule of Revenues, Expenditures and Changes in Fund Balances as of June 30 for the five most recent fiscal years. More detailed information from the County's audited financial report for the fiscal year ending June 30, 2000 appears in Appendix C to this Official Statement.

COUNTY OF CONTRA COSTA GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FISCAL YEARS 1995-96 THROUGH 1999-2000
(IN THOUSANDS)

	1995-96	1996-97	1997-98	1998-99	1999-00
REVENUES					
Taxes	$ 95,773	$ 99,974	$101,370	$110,242	$116,540
Licenses, permits & franchises	6,689	7,419	6,476	6,597	8,623
Fines, forfeitures & penalties	17,437	14,082	12,725	13,514	15,029
Use of money & property	13,406	12,062	13,459	14,937	14,858
Intergovernmental revenues	373,167	371,750	378,383	411,112	465,245
Charges for services	99,678	103,913	107,530	123,203	143,566
Other revenue	17,456	18,198	15,083	17,750	27,923
TOTAL REVENUES	623,606	627,398	635,026	697,355	791,784
EXPENDITURES					
General government	82,256	77,199	83,847	105,967	100,734
Public protection	141,875	150,121	168,054	198,836	215,919
Health & sanitation	115,286	122,676	138,241	146,927	156,441
Public assistance	233,862	218,081	213,246	233,217	244,934
Education	130	133	145	144	145
Public ways and facilities	6,933	9,266	6,965	11,096	20,140
Recreation and culture	0	0	0	0	0
Interest	4,273	4,204	4,302	5,296	3,878
Capital outlay(1)	1,371	2,615	2,947	3,173	3,301
TOTAL EXPENDITURES	585,986	584,295	617,747	704,656	745,492
Excess of Revenues over (under) Expenditures	37,620	43,103	17,279	(7,301)	46,292
OTHER FINANCING SOURCES (USES)					
Operating transfers in	18,804	24,581	31,318	49,025	31,294
Operating transfers out	(50,911)	(55,844)	(42,005)	(34,834)	(55,993)
Capital lease financing(1)	1,371	2,615	2,955	3,173	5,500
TOTAL OTHER FINANCING SOURCES (USES)	(30,736)	(28,648)	(7,732)	17,364	(19,199)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	6,884	14,455	9,547	10,063	27,093
FUND BALANCE AT BEGINNING OF YEAR, as Previously Reported	51,570	56,524	68,185	79,960	85,430
Adjustment to beginning fund balance	(418)	0	0	0	0
FUND BALANCE AT BEGINNING OF YEAR, as Restated	51,152	56,524	68,185	79,960	85,430
Residual equity transfers in	0	0	0	0	199
Residual equity transfers out	(1,512)	(2,794)	(772)	(1,593)	(1)
FUND BALANCE at End of Year	$ 56,524	$ 68,185	$ 76,960	$ 85,430	$112,721

(1) These entries are required by NCGA Statement 5 to disclose the value of fixed assets acquired during the year under lease purchase agreements. The County does not appropriate these amounts since they apply to future years.

Source: County Auditor-Controller

County Employees

A summary of County employees follows:

COUNTY OF CONTRA COSTA
COUNTY EMPLOYEES[1]

As of June 30	Number of Permanent Employees
1990	6,635
1991	7,008
1992	7,080
1993	6,689
1994	6,658
1995	6,822
1996	6,856
1997	6,974
1998	7,106
1999	7,683
2000	8,090

(1) Excludes temporary or seasonal employees.
Source: County Auditor-Controller.

County employees are represented by 36 bargaining units of 13 labor organizations, the principal ones being Local 1 of the County Employees Association and the Clerical Employees Union which, combined, represent approximately 34% of all County employees in a variety of classifications.

The County has had a positive employee relations program, and has enjoyed successful negotiations of cost effective agreements over the years. The County completed its latest contract negotiations with labor representatives in September 1999 with the agreement providing for, among other things, a five percent salary increase through September 30, 2000, a three percent salary increase effective October 1, 2000, and a four percent salary increase effective October 1, 2001. The agreement covers approximately 75% of the County's employees and expires in September 2002.

Contract negotiations with the firefighters were concluded in August 2000, with a 7% salary increase through June 2001. The term of the contract expires in April 2002.

Pension Plan

The Contra Costa County Employees' Retirement Association ("CCCERA") is a cost-sharing multiple-employer defined pension benefit plan governed by the County Employees' Retirement Law of 1937. The plan covers substantially all of the employees of the County, its special districts, the Housing Authority and thirteen other member agencies.

The plan provides for retirement, disability, and death and survivor benefits, in accordance with the County Employees' Retirement Law. Annual cost-of-living adjustments to retirement benefits can be granted by the Board of Retirement as provided by State statutes.

Except for the new Tier III described below, the CCCERA is divided into three separate benefit sections of the 1937 Act. These sections are known as: General – Tier I, General – Tier II and Safety. Tier I includes all General members hired before August 1, 1980 and electing not to transfer to Tier II. The Tier II section includes all employees hired on or after August 1, 1980 and all General members electing to transfer from Tier I. The Safety section covers all employees in active law enforcement, active fire suppression work or certain other "safety" classifications as designated by the CCCERA's Board of Retirement.

Service retirement benefits are based on age, length of service and final average salary. For the Tier I and Safety sections, the retirement benefit is based on the twelve highest pay months, in accordance with Government Code Section 31462. For Tier II, the benefit is based on a three-year average salary.

Effective October 1, 1998, a Tier III retirement plan was established for permanent County employees with over five years of service, allowing employees to transfer from Tier II to Tier III. Tier III offers a better retirement plan using Tier I pay-out levels, except that the more stringent requirements for disability retirement are retained from Tier II.

CCCERA Funding Status. The most recent actuarial report of the CCCERA reflects its financial status as of December 31, 1999. The market value of the plan's assets was $2,987,089,000. The present value of the plan's unfunded actuarial accrued liability ("UAAL") was estimated in the most recent actuarial report to be $372,039,000, which includes the County's portion of the liability as well as that of the other entities comprising CCCERA. However, a March 2001 estimate of the present value of such UAAL indicates that the present value is $296,060,000, assuming, among other things, an 8.5% actuarial rate of return. The County-only portion of the UAAL is approximately 54%. The Board of Retirement allocated $120,500,000 in 1999 from unrestricted excess earnings toward funding the UAAL. The GASB Statement No. 25 liabilities calculated for 1999 showed that the funded ratio was approximately 85% (and in March 2001, showed that the funded ratio was approximately 88% based upon a UAAL of $296,060,00).

In 2000, Governor Davis signed legislation that permits 1937 Retirement Act counties to provide increased retirement benefits equal to (a) 3% of eligible salary per year of service to safety employees retiring at age 50, and (b) 2% of eligible salary per year of service to regular employees retiring at age 55. If approved by the County Board of Supervisors and the CCCERA Board of Retirement, the cost of such benefits would have to be paid by the employers or CCCERA or some combination of both. There has been no action taken to date with respect to approving such benefit packages. However, the Board of Retirement has requested actuarial studies which will refine projections regarding cost of such benefits. The studies were completed at the end of March 2001 and projected that the cost of the increased benefits would be approximately $199.1 million.

In addition to the above, the Board of Retirement has allocated, to be effective July 1, 2001, $127,000,000 of the Unrestricted Reserve (see the table below) to be used to pay additional retiree benefits in the amount of $200 per month if the Legislature approves special legislation that, if enacted, would result in higher benefits for County retirees compared to retirees in the other 1937 Act counties. In the past, Governor Davis has vetoed legislation that would have resulted in uneven retiree benefits among counties. In the event no such legislation is enacted, the Employer Advance Reserve will belong to the employers and could be used to raise the funded ratio to approximately 90%.

An updated study reported that, as of December 31, 2000, CCCERA had reserves as summarized below:

Type of Reserves	Amount
Unrestricted	$391,333,701
Market Stabilization	30,253,984
Total	$421,587,685

The CCCERA issues a stand-alone financial report which is available at its office located at 1355 Willow Way, Suite 221, Concord, California 94520. For additional information on the County's pension plan, see "APPENDIX C – EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000."

The County has issued $322.135 million (of which $9.5 million has been defeased resulting in a net amount of $311.635 million) aggregate principal amount of pension obligation bonds to fund and refinance its unfunded pension liability. See "Long-Term Obligations" below.

Impact of the *Ventura* Decision

On August 14, 1997, the Supreme Court of the State of California rendered a decision in the matter of *Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County Employees' Retirement Association* which held that compensation not paid in cash, even if not earned by all employees in the same grade or class, must be included in "compensation earnable" and "final compensation" on which an employee's pension is based. This California Supreme Court decision became final on October 1, 1997, requiring, among other things, certain items such as vacation buy-back to be included in the calculations that determine the retirement benefits that a retiree is eligible to receive. The court decision pertains to defined pension plans governed by the County Employees' Retirement Law of 1937, such as the pension plans of many counties in the State, including the County. In addition, two lawsuits against the County on similar issues have been filed by certain retired County employees. The CCERA has settled its litigation of these two cases that were consolidated into one case, entitled *Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa Employees' Retirement Association, et. al.*

The consolidated lawsuit was brought on behalf of a class of retired members of the Association regarding the inclusions and the exclusions from "final" compensation that are used in calculating members' retirement benefits as a result of the Ventura Decision. A settlement agreement has been entered into with all parties and a petitioners' class has been certified consisting of all retired members of the Association whose effective retirement date was on or before September 30, 1997 (i.e., the period prior to the October 1, 1997 effective date of the Ventura Decision).

The Board of Retirement has designated $90 million from unrestricted excess earnings to cover the anticipated liability of the settlement.

Insurance and Self-Insurance Programs

The County self-insures its unemployment, dental, management long-term disability and medical liability exposures. The County is self-insured to $750,000 per occurrence for workers' compensation, and maintains $10 million of excess insurance coverage per occurrence with commercial insurance carriers. The County is self-insured to $1.0 million per occurrence on public and automobile liability (excluding the airport, which is insured for catastrophic losses by a commercial insurance carrier up to $75 million per occurrence) and maintains $10 million excess insurance coverage with commercial insurance carriers. The County is self-insured to $500,000 per occurrence on medical malpractice and maintains $11 million of excess insurance with commercial insurance carriers. All claims are adjusted in-house by the County, except for dental which is adjusted by outside parties.

Excess coverage is provided by the California State Association of Counties' Excess Insurance Authority (the "Insurance Authority"), a joint powers authority, the purpose of which is to develop and fund programs of excess insurance and provide the joint purchase of coverage from independent third parties for its member entities. The Insurance Authority is governed by a Board of Directors consisting of representatives of its member entities.

In addition, the County maintains up to $550 million "All Risk" coverage (including flood insurance) with a $50,000 deductible, and up to $350 million earthquake coverage on all locations with commercial insurance carriers.

During the past three years there have been no instances of the amount of claim settlements exceeding insurance coverage.

Internal Service Funds are used to account for the County's self-insurance activities. It is the County's policy to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated expenditures for self-insured claims. Charges to operating funds are recorded as expenditures/expenses of such funds and revenues of the Internal Service Funds. Accrual and payment of claims are recorded in the Internal Service Funds.

The County has accrued a liability of $80.337 million at June 30, 2000 for all self-insured claims in the Internal Service Funds, which includes an amount for incurred but not reported claims. The self-insurance reserve is based on actuarially determined amounts for workers' compensation, public and automobile liability, and medical liability and based on management's estimates for all other reserves. In the opinion of the County, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

For additional information on the County's insurance coverage, see "APPENDIX C – EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000—Notes to General Purpose Financial Statements" attached hereto.

Long Term Obligations

The County has never defaulted on the payment of principal or interest on any of its indebtedness. Following is a brief summary of the County's general obligation debt, lease obligations and direct and overlapping debt.

General Obligation Debt. The County has no direct general obligation bonded indebtedness, the last issue having been redeemed in Fiscal Year 1977-78. The County has no authorized and unissued debt.

Lease Obligations. The County has made use of various lease arrangements with private and public financing entities, nonprofit corporations, the Authority and the County Employees' Retirement Association for the use and acquisition of capital assets. These capital lease obligations have terms ranging from five to 30 years. The longest capital lease ends in 2028. For a summary of the County's lease obligations as of June 30, 2000, see "APPENDIX C – EXCERPTS FROM THE AUDITED

FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000—Notes to General Purpose Financial Statements" attached hereto.

Pension Obligation Bonds. The County has outstanding $322.135 million (of which $9.5 million has been defeased resulting in a net amount of $311.635 million) aggregate principal amount of Taxable Pension Obligation Bonds, Series 1994 and Refunding Series 2001 (the "1994 Pension Obligation Bonds" and the "2001 Pension Obligation Bonds", respectively), the debt service on which is payable from the County's General Fund.

Annual debt service for the County's outstanding lease obligations and the 1994 and 2001 Pension Obligation Bonds is shown in the next table.

COUNTY OF CONTRA COSTA
Outstanding Lease Obligations and
Pension Obligation Bonds

Fiscal Year Ending 6/30	Total Lease Debt Service[(1)]	Total POB Debt Service[(2)]	Total Debt Service[(3)]	Net Debt Service[(4)]
2001	$ 24,142,071	$23,436,746	$ 47,578,817	$ 48,735,009
2002	27,256,530	35,269,023	62,525,552	54,264,793
2003	27,116,733	35,266,378	62,383,110	54,617,642
2004	27,105,087	35,268,818	62,373,905	54,615,555
2005	27,104,627	30,583,818	57,688,444	50,074,659
2006	27,111,558	32,880,050	59,991,608	52,313,449
2007	27,112,080	35,266,005	62,378,085	54,638,055
2008	27,128,034	35,269,240	62,397,274	54,659,494
2009	25,748,217	35,267,578	61,015,795	53,272,801
2010	24,531,709	33,519,398	58,051,106	50,365,910
2011	24,531,655	35,362,040	59,893,695	52,158,487
2012	24,535,526	35,357,058	59,892,584	52,162,073
2013	24,535,845	35,357,500	59,893,345	52,169,534
2014	24,536,082	35,360,000	59,896,082	52,173,392
2015	24,558,509	--	24,558,509	17,901,431
2016	24,550,568	--	24,550,568	17,893,025
2017	22,131,885	--	22,131,885	15,484,584
2018	22,128,315	--	22,128,315	15,486,721
2019	22,149,909	--	22,149,909	12,244,298
2020	20,422,920	--	20,422,920	13,971,939
2021	20,425,553	--	20,425,553	11,231,679
2022	17,665,166	--	17,665,166	11,535,287
2023	17,683,416	--	17,683,416	5,482,235
2024	7,741,687	--	7,741,687	7,639,746
2025	7,209,644	--	7,209,644	5,366,184
2026	5,410,295	--	5,410,295	5,410,295
2027	4,191,288	--	4,191,288	4,191,288
2028	2,488,500	--	2,488,500	2,488,500
TOTAL: [(4)]	$581,253,408	$473,463,649	$1,054,717,056	$882,548,064

(1) Includes the 2001 Series B Bonds.
(2) Includes unrefunded 1994 Pension Obligation Bonds and 2001 Pension Obligation Bonds.
(3) Excludes deductions based upon estimated reimbursement from the State for County hospital debt service and estimated earnings on various debt service and debt service reserve funds.
(4) Includes deductions based upon estimated reimbursement from the State for County hospital debt service, earnings on various bond funds and the reduction in debt service obligation when the debt service reserve funds are liquidated at the maturity of the applicable obligations.
(4) Totals do not add due to independent rounding.
Source: The County.

Direct and Overlapping Debt. The County contains numerous municipalities, school districts and special purpose districts, as well as the overlapping the East Bay Municipal Utility District, which has issued general obligation bonded and lease indebtedness. Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. that summarizes such indebtedness as of December 1, 2000, as adjusted to reflect the issuance of the County's 2001 Pension

Obligation Bonds. The Debt Report is included for general information purposes only and the County does not guaranty the completeness or accuracy of the information contained in the Debt Report.

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

CONTRA COSTA COUNTY

2000-01 Assessed Valuation:	$84,593,430,240	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	7,446,872,533	
Adjusted Assessed Valuation:	$77,146,557,707	

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/00	
East Bay Municipal Water District and Special District No. 1	48.910 & 5.966%	$ 6,142,705	
Martinez Unified School District	100.	39,739,192	
Pittsburg Unified School District and West Contra Costa Unified School District	100.	68,595,000	
San Ramon Valley Unified School District	100.	70,000,000	
San Ramon Valley Unified School District Lease Tax Obligations	100.	11,635,000	
Acalanes and Liberty Union High School Districts	100.	106,539,911	
Lafayette School District	100.	26,705,000	
Other School Districts	0.442-100.	77,262,442	
Cities	100.	6,495,000	
East Bay Regional Park District	44.440	77,725,560	
Other Special Districts	100.	2,360,000	
Community Facilities Districts	100.	207,060,000	
1915 Act Assessment Bonds (Estimate)	100.	405,078,554	
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$1,105,338,364	
Less: East Bay Municipal Utility District (100% self-supporting)		3,423,700	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$1,101,914,664	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Contra Costa County General Fund Obligations	100. %	$312,995,000	(1)
Contra Costa County Pension Obligations	100.	322,235,000	(2)
Contra Costa County Board of Education Certificates of Participation	100.	3,020,000	
Contra Costa County Mosquito Abatement District Certificates of Participation	100.	1,495,000	
Alameda-Contra Costa Transit District Certificates of Participation	10.575	2,503,631	
Antioch Unified School District Certificates of Participation	100.	21,109,844	
San Ramon Valley Unified School District Educational Facilities Corporation	100.	31,215,000	
Other School District General Fund Obligations	0.112-100.	44,035,583	
City of Antioch General Fund Obligations	100.	15,908,728	
City of Concord General Fund and Judgment Obligations	100.	34,005,000	
City of Richmond General Fund Obligations	100.	26,746,595	
City of Richmond Pension Obligations	100.	36,280,000	
City of San Ramon General Fund Obligations	100.	22,420,000	
Other City General Fund Obligations	100.	31,850,000	
Hospital Authorities	100.	4,870,000	
Other Special District Certificates of Participation	100.	11,980,000	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$922,669,381	
Less: San Ramon Unified School District Certificates of Participation (self-supporting from GIC from Bayerische Landesbank)		11,385,000	
City of Concord lease bonds (100% self-supporting)		450,000	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$910,834,381	
GROSS COMBINED TOTAL DEBT		$2,027,907,745	(3)
NET COMBINED TOTAL DEBT		$2,012,749,045	

(1) Excludes the 2001 Series B Bonds.
(2) Includes the 2001 Pension Obligation Bonds.
(3) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2000-01 Assessed Valuation:
Total Gross Overlapping Tax and Assessment Debt 1.31%
Total Net Overlapping Tax and Assessment Debt..................................1.30%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($635,230,000)..0.82%
Gross Combined Total Debt 2.63%
Net Combined Total Debt..2.58%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/00: $0

Future Financings

No major debt financings of new capital projects are currently scheduled by the County, although the County may undertake the replacement of its main administration building and/or the Richmond Health Center in the next few years.

APPENDIX C

EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED JUNE 30, 2000

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2001 Series B Bonds. The 2001 Series B Bonds will be executed and delivered as fully-registered 2001 Series B Bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be executed and delivered for each maturity date of the 2001 Series B Bonds, each in the aggregate principal amount due on such maturity date, and 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 agency" 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 ("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.

Purchases of 2001 Series B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2001 Series B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2001 Series B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, 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 2001 Series B Bonds 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, except in the event that use of the book-entry system for the 2001 Series B Bonds is discontinued.

To facilitate subsequent transfers, all 2001 Series B Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 2001 Series B Bonds 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 2001 Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2001 Series B Bonds 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 2001 Series B Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities 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 2001 Series B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the 2001 Series B Bonds 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 Trustee, the Authority or the County, 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 Authority or the Trustee, fiscal agent or other designated 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.

DTC may discontinue providing its services as securities depository with respect to the 2001 Series B Bonds at any time by giving reasonable notice to the Trustee and the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, physical certificates are required to be printed and delivered as described in the Trust Agreement.

In the event the Authority and the Trustee determine not to continue the DTC book-entry only system or DTC determines to discontinue its services with respect to the 2001 Series B Bonds and the Authority does not select another qualified securities depository, the Authority will deliver one or more 2001 Series B Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as designated by DTC. In such event, transfers and exchanges of 2001 Series B Bonds will be governed by the provisions of the Trust Agreement.

AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2001 SERIES B BONDS, THE TRUSTEE WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO HOLDERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2001 SERIES B BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

THE COUNTY, THE TRUSTEE, THE AUTHORITY AND THE UNDERWRITER HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECT OF THE RECORDS RELATING TO OR PAYMENTS MADE ON ACCOUNT OF BENEFICIAL OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO BENEFICIAL OWNERSHIP OF INTERESTS IN THE 2001 SERIES B BONDS.

THE COUNTY, THE TRUSTEE, THE AUTHORITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE 2001 SERIES B BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE HOLDER THEREOF OR ANY REDEMPTION NOTICES OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVICE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the 2001 Series B Bonds, payment of principal, redemption premium, if any, and interest with respect to the 2001 Series B Bonds to DTC, its Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2001 Series B Bonds and other related transactions by and between DTC, its Participants and the Beneficial Owners is based solely on the County's understanding of such procedures and record keeping from information provided by DTC. Accordingly, no representations can be made concerning these matters and neither DTC, its Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or its Participants, as the case may be. The County understands that the current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and that the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY