

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2009

**NEW ISSUE – BOOK-ENTRY ONLY**

**Ratings:**  
Moody's: \_\_\_\_\_  
Standard & Poor's: \_\_\_\_\_  
Fitch: \_\_\_\_\_

(See "MISCELLANEOUS – Ratings" herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it 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 interest on, the Bonds. See "LEGAL MATTERS – Tax Matters" herein.*

**[\$[PRINCIPAL AMOUNT]\***  
**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**(Contra Costa County, California)**  
**2009 General Obligation Bonds**  
**Election of 2005, Series \_\_\_\_**

**Dated: Date of Delivery**

**Due: August 1, as shown on the inside cover**

The West Contra Costa Unified School District 2009 General Obligation Bonds, Election of 2005, Series \_\_, in the aggregate principal amount of \$[PRINCIPAL AMOUNT] (the "Bonds"), will be issued by the West Contra Costa Unified School District (the "District"). The Bonds will be issued as current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"). The Board of Supervisors of Contra Costa County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates) for the payment of interest, accreted value, principal, and premium, if any, on the Bonds, all as more fully described herein under "THE BONDS – Security and Sources of Payment for the Bonds" and "AD VALOREM PROPERTY TAXATION."

The Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof. Principal of the Bonds will be paid on August 1 in the years set forth on the inside front cover page hereof. Interest on the Current Interest Bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2010. Interest on the Capital Appreciation Bonds will accrete from the date of delivery and will be compounded on each February 1 and August 1, commencing on February 1, 2010, through and including the respective maturity dates. The Bonds will be initially issued in book-entry form only, registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest, principal, and premium, if any, on the Bonds will be payable to DTC. DTC is obligated to remit such interest, principal, and premium, if any, to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" and APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." The principal of, accreted value of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as paying agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

**The Bonds, are subject to optional and mandatory sinking fund redemption as described herein. See "THE BONDS - Redemption" herein.**

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters are being passed upon for the District by Sidley Austin LLP, San Francisco, California, as Disclosure Counsel to the District. KNN Public Finance, Oakland, California, served as Financial Advisor to the District in connection with the issuance of the Bonds. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York by Fast Automated Securities Transfer (FAST), on or about \_\_\_\_\_, 2009.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. CAPITALIZED TERMS USED ON THIS COVER PAGE NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH HEREIN.

[PIPER JAFFRAY & CO.] [SIEBERT, BRANDFORD, SHANK & CO., LLC] [STONE & YOUNGBERG]

Dated: \_\_\_\_\_, 2009

\* Preliminary, subject to change.

This Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**MATURITY SCHEDULE\***

\$\_\_\_\_\_ **Current Interest Bonds**

<b>Maturity Date August 1</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>	<b>Maturity Date August 1</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>†</sup></b>
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\$\_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_% – CUSIP<sup>†</sup>: \_\_\_\_\_

\$\_\_\_\_\_ **Capital Appreciation Bonds**

<b>Maturity Date August 1</b>	<b>Original Principal Amount</b>	<b>Yield to Maturity</b>	<b>Final Accreted Value</b>	<b>CUSIP<sup>†</sup></b>	<b>Maturity Date August 1</b>	<b>Original Principal Amount</b>	<b>Yield to Maturity</b>	<b>Final Accreted Value</b>	<b>CUSIP<sup>†</sup></b>
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\$\_\_\_\_\_ **Convertible Capital Appreciation Bonds**

Authorized Denominations: Accreted Amounts of \$5,000 or any integral multiple in excess thereof  
Interest Payment Dates: Each February 1 and August 1 following the end of Accretion Period

<b>Maturity (August 1)</b>	<b>Initial Principal Amount</b>	<b>End of Accretion Period</b>	<b>Yield to End of Accretion Period</b>	<b>Accreted Amount at End of Accretion Period</b>	<b>Interest Rate After End of Accretion Period</b>
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\* Preliminary, subject to change.

† CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The District and the Underwriters take no responsibility for the accuracy of such data.

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

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

Such information is believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District or the Underwriters. All other information set forth herein has been obtained from DTC and other sources (other than the District) which are believed to be reliable. However, it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District or the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is being submitted in connection with the sale of the 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 District.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “project,” “projection” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The District maintains a website. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Bonds.

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
(Contra Costa County, California)**

**BOARD OF EDUCATION**

Audrey Miles	.....	President
Madeline Kronenberg	.....	Member
Charles T. Ramsey	.....	Member
Tony Thurmond	.....	Member
Antonio Medrano	.....	Clerk

**ADMINISTRATION**

Bruce Harter	.....	Superintendent
Sheri Gamba	.....	Associate Superintendent for Business Services
Bill Fay	.....	Associate Superintendent for Operations
Andre Bell	.....	Executive Director of Business Services

**PROFESSIONAL SERVICES**

**Financial Advisor**

KNN Public Finance  
Oakland, California

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP  
San Francisco, California

**Disclosure Counsel**

Sidley Austin LLP  
San Francisco, California

**Paying Agent**

The Bank of New York Mellon Trust Company, N.A.  
San Francisco, California

**[\$[PRINCIPAL AMOUNT]\*  
WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
(Contra Costa County, California)  
2009 General Obligation Bonds  
Election of 2005, Series \_\_**

**INTRODUCTION**

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$[PRINCIPAL AMOUNT]\* West Contra Costa Unified School District 2009 General Obligation Bonds, Election of 2005, Series \_\_ (the “Bonds”), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See “MISCELLANEOUS — Continuing Disclosure” and “APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Copies of documents referred to herein and information concerning the Bonds are available from the District through the Associate Superintendent Business Services, West Contra Costa Unified School District, 1108 Bissell Avenue, Richmond, CA 94801-3135, Telephone: (510) 231-1170. The District may impose a charge for copying, mailing and handling.

**The District**

The District is located in Contra Costa County (the “County”), State of California (the “State”), approximately 15 miles northeast of San Francisco. The District encompasses approximately 110 square miles and provides educational services to the residents of the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, the unincorporated communities of El Sobrante and Kensington and certain other unincorporated areas within the County. The District’s average daily attendance for fiscal year 2008-09 is projected to be [27,786] and its 2008-09 general fund expenditures are projected to be approximately [\$316.74] million. Taxable property in the District has a 2008-09 assessed valuation of approximately [\$26.97 billion]. See “THE DISTRICT” and “AD VALOREM PROPERTY TAXATION” herein.

**Authority for Issuance of the Bonds**

The Bonds are issued pursuant to certain provisions of the [State Government Code (the “Government Code”)], the State Education Code (the “Education Code”) and other applicable law, and pursuant to a resolution adopted by the Board of Education of the District. The District received authorization to issue \$400,000,000 of bonds at an election held on November 8, 2005, by an affirmative vote of 55% or more of the votes cast, pursuant to Section 1(b)(3) of Article XIII A of the State of California Constitution (the “State Constitution”) and applicable laws. See “THE BONDS — Authority for Issuance” herein.

**Security and Sources of Payment for the Bonds**

The County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates) for the payment of the interest, principal and premium, if any, on the Bonds. See “THE BONDS — Security and Sources of Payment for the Bonds,” and “AD VALOREM PROPERTY TAXATION” herein.

## **Purpose of the Bonds**

Bond proceeds will be used to finance specific construction and modernization projects approved by the voters. See “THE BONDS — Purpose of the Bonds” herein.

## **Description of the Bonds**

**Denominations.** The Bonds will be issued in denominations of \$5,000 principal or maturity amount or any integral multiple thereof. See “THE BONDS — Description of the Bonds” herein.

**Registration, Transfers and Exchanges.** The Bonds will be issued as 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 for the Bonds and all transfers and exchanges will occur through book-entries made by DTC. In the event that a book-entry system is no longer used with respect to the Bonds, registered owners (the “Owners”) listed in the Bond Register will receive payment of interest, principal, and premium, if any, on the Bonds directly from the Paying Agent. See “THE BONDS — Book-Entry Only System” and “APPENDIX D – BOOK-ENTRY ONLY SYSTEM.”

**Payments.** Interest on the Current Interest Bonds is payable semiannually each February 1 and August 1, commencing February 1, 2010. Interest on the Capital Appreciation Bonds will accrete from the date of delivery and will be compounded on each February 1 and August 1, commencing on February 1, 2010, through and including the respective maturity dates. Interest on the Convertible Capital Appreciation Bonds will accrete from the date of delivery and will be compounded on each February 1 and August 1 during the Accretion Period as specified on the inside front cover page hereof and thereafter is payable semiannually on each February 1 and August 1 through the respective maturity date. Principal of the Current Interest Bonds and the Convertible Capital Appreciation Bonds and the Final Accreted Value of the Capital Appreciation Bonds is payable on August 1 in each year due, as set forth on the inside front cover page hereof. See “THE BONDS — Description of the Bonds” herein.

**Redemption.** The Bonds maturing on or after August 1, 20\_\_, may be redeemed prior to maturity at the option of the District beginning on August 1, 20\_\_. The Bonds are subject to mandatory sinking fund redemption as described herein. See “THE BONDS — Redemption” herein.

## **Tax Matters**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 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. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it 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 interest on, the Bonds. See “LEGAL MATTERS - Tax Matters” herein.

## **Offering and Delivery of the Bonds**

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about \_\_\_\_\_, 2009.

## **Professionals Involved in the Offering**

KNN Public Finance, Oakland, California, is acting as Financial Advisor to the District with respect to the Bonds. Orrick, Herrington & Sutcliffe LLP, San Francisco, California, is acting as Bond Counsel to the District

with respect to the Bonds. Sidley Austin LLP is acting as Disclosure Counsel to the District with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A., San Francisco, California, will act as the District's paying agent, registrar, authentication agent and transfer agent (the "Paying Agent") with respect to the Bonds. KNN Public Finance, Orrick, Herrington & Sutcliffe LLP and Sidley Austin LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds.

## **THE BONDS**

### **Authority for Issuance**

The Bonds are issued pursuant to Section 1(b)(3) of Article XIII A of the State Constitution and State law, including the provisions of [Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code] and applicable provisions of the Education Code. The Bonds are authorized to be issued by a resolution adopted by the Board of Education of the District (Resolution No. \_\_\_\_\_) on \_\_\_\_\_, 2009 and a resolution adopted by the Board of Supervisors of the County (Resolution No. \_\_\_\_\_) on \_\_\_\_\_, 2009 (collectively, the "Resolution").

The District received authorization to issue \$400,000,000 of general obligation bonds at an election held on November 8, 2005, by an affirmative vote of 55% or more of the votes cast, under the provisions of the State Constitution and applicable laws (the "2005 Authorization"). The Bonds represent the third series of bonds to be issued pursuant to the 2005 Authorization. The principal amount of \$\_\_\_\_\_ \* remains authorized and future bonds may be issued as of the date hereof pursuant to the 2005 Authorization. See "THE DISTRICT – District Debt Structure."

### **Purpose of the Bonds**

Bond proceeds will be used to finance specific construction and modernization projects listed in the ballot for the 2005 Authorization. The purpose of these projects is summarized in the ballot for the 2005 Authorization as: "To continue repairing all school facilities, improve classroom safety and technology, and relieve overcrowding..."

### **Description of the Bonds**

The Current Interest Bonds will be issued as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. The Capital Appreciation Bonds will be issued in denominations of \$5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Bond shall not be in an integral multiple of \$5,000. The Convertible Capital Appreciation Bonds shall be issued in denominations of \$5,000 accreted value at the date they commence bearing regular interest (the "Conversion Date") or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee for DTC.

DTC will act as security depository of the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC Participant (as defined herein) and ownership interests in Bonds will be recorded as entries on the books of said Participant. Except in the event that use of this book-entry system is discontinued for the Bonds, Beneficial Owners (as defined herein) will not receive physical certificates representing their ownership interests. See "Book-Entry System" and "Discontinuation of Book-Entry System" in this section.

The Bonds will be dated the date of delivery. The Current Interest Bonds will bear interest payable semiannually each February 1 and August 1, commencing February 1, 2010 (each, an "Interest Payment Date"), calculated on a 30/360 day basis. Interest on the Capital Appreciation Bonds will accrete from the date of delivery and will be compounded on each February 1 and August 1, commencing on February 1, 2010, through and including the respective maturity dates. Interest on the Convertible Capital Appreciation Bonds will accrete from the date of delivery and will be compounded on each February 1 and August 1 during the Accretion Period specified on the inside front cover page hereof and thereafter is payable semiannually on each February 1 and August 1 through the respective maturity date. The Bonds will mature in each of the years and, in the case of the Current Interest Bonds and the Convertible Capital Appreciation Bonds, in the principal amounts shown on the inside cover page hereof, or

on the date of the earlier redemption thereof, and in the case of the Capital Appreciation Bonds at the Final Accreted Value shown on the inside cover page hereof, or on the date of the earlier redemption thereof.

The interest, accreted value, principal and premium, if any, on the Bonds shall be payable in lawful money of the United States of America from moneys on deposit in the Debt Service Fund of the District within the County treasury (the "Debt Service Fund"), consisting of *ad valorem* taxes collected and held by the County Treasurer-Tax Collector (the "Treasurer"), together with any premium and accrued interest received upon issuance of the Bonds. So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of interest, accreted value, principal and premium, if any, on the Bonds and all notices with respect to such Bonds shall be made and given, respectively, to such securities depository or its nominee and not to Beneficial Owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See "Book-Entry Only System" and "APPENDIX D – BOOK-ENTRY ONLY SYSTEM."

### **Payment of Principal and Interest**

Current Interest Bonds authenticated and registered on any date prior to the close of business on January 15, 2010, shall bear interest from the date of delivery of the Bonds. Current Interest Bonds authenticated during the period between the 15th day of the month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date shall bear interest from that Interest Payment Date. Any other Current Interest Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication.

Capital Appreciation Bonds shall not bear current interest; each Capital Appreciation Bond shall increase in value by the accumulation of earned interest from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof at a compounded interest rate which shall not exceed 12% per annum, assuming in any semiannual period that the value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The interest on the Capital Appreciation Bonds shall be compounded on February 1 and August 1 in each year, commencing February 1, 2010, and shall be payable only upon maturity or prior redemption thereof.

Convertible Capital Appreciation Bonds prior to their respective Conversion Dates shall not bear current interest; each Convertible Capital Appreciation Bond shall increase in value by the accumulation of earned interest from its initial principal (denominational) amount on the date of issuance thereof to its stated value at the Conversion Date thereof, at a compounded interest rate which shall not exceed 12% per annum, computed on a 360-day year of twelve (12) 30-day months, such interest to be compounded commencing on February 1, 2010, and semiannually thereafter on February 1 and August 1 in each year prior to the respective Conversion Dates. From and after the respective Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bonds shall bear current interest on the accreted value thereof at an interest rate not to exceed 12% per annum, computed on the basis of a 360-day year of twelve (12) 30-day months, payable commencing on the February 1 or August 1 following its Conversion Date, and thereafter on February 1 and August 1 in each year.

Principal and accreted value shall be paid when due upon presentation and surrender of the Bonds at the principal corporate trust office of the Paying Agent. Payment of interest on any Bond on each Interest Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof (the "Owner") as of the preceding Record Date, such interest to be paid by check mailed to such Owner at such Owner's address as it appears on such registration books at the close of business on the corresponding Record Date. The Owner of an aggregate principal amount of \$1,000,000 or more of Current Interest Bonds [similar provision regarding owner of convertible CABs following Accretion Period] may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

### **Security and Sources of Payment for the Bonds**

The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates,) for the payment of principal or interest of the Bonds. Such

taxes, when collected, will be deposited in the Debt Service Fund. Monies in the Debt Service Fund will be applied solely for the payment of principal or interest of the Bonds and other general obligation bonds of the District. After the sale of the Bonds, the District will have approximately \$\_\_\_ million (including the Bonds) of outstanding bonds payable from *ad valorem* taxes. For further information regarding the District’s overlapping debt structure, see “THE DISTRICT — Statement of Direct and Overlapping Debt” herein.

The annual tax rate will be based on the assessed value of taxable property in the District and scheduled annual debt service on the Bonds and other general obligation bonds of the District. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes,) or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS”).

For further information regarding the District’s tax base, tax rates, debt and other matters concerning taxation, see “THE DISTRICT” and “AD VALOREM PROPERTY TAXATION” herein.

**Investment of Bond Proceeds**

The proceeds from the sale of the Bonds, in the amount of the denominational amount thereof, shall be paid to the County to the credit of the building fund of the District (the “Building Fund”) and shall be accounted for separately from all other District and County funds. Such proceeds shall be applied solely for purposes authorized by the voters under the 2005 Authorization. An amount equal to bid premium received by the District, if any, on the sale of the Bonds will be deposited to the Debt Service Fund, to be used only for payment of principal of and interest on the Bonds.

Interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund. Monies in the Building Fund and the Debt Service Fund, shall be invested in any one or more investments generally permitted to school districts under the laws of the State as authorized under Sections 16429.1 and 53601 *et seq.* of the Government Code, in shares in a California common law trust established pursuant to State law which invests exclusively in investments permitted by Section 53635 of the Government Code, in the County Investment Pool in the Local Agency Investment Fund held by the State Treasurer, or in guaranteed investment contracts in direct general obligations of the United States of America (including State and Local Government Securities).

**Estimated Sources and Uses of Funds**

The estimated sources and uses of funds with respect to the Bonds are as follows:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Estimated Sources and Uses of Funds**

Sources of Funds	
Principal Amount of Bonds	\$[PRINCIPAL AMOUNT]
Original Issue Premium on Bonds	
Total Sources	\$
Uses	
Deposit to Building Fund	\$[PRINCIPAL AMOUNT]
Underwriters’ Compensation	
Costs of Issuance <sup>(1)</sup>	
Deposit to Debt Service Fund	

Total Uses

\$

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<sup>(1)</sup> Includes estimated fees for rating agencies, Bond Counsel, Disclosure Counsel, Financial Advisor, printing and distribution of the Official Statement and miscellaneous costs of issuing the Bonds.

### **Semiannual Debt Payments**

The semiannual debt service obligation for the Bonds and previously issued and outstanding general obligation bonds of the District, assuming no optional redemptions, is as follows:

## West Contra Costa Unified School District Semiannual Debt Service Payments

Payment Date	2005 Authorization Series				2005 Authorization Series		Total Debt Service	Combined Total
	1998 Authorization Total	2000 Authorization Total	2002 Authorization Total	2005 Authorization Series A & B Total	Principal Amount	Interest		
August 1, 2009	\$ 911,173.75	\$6,773,237.50	\$9,783,641.25		\$	\$	\$	\$
February 1, 2010	2,058,838.75	3,236,290.63	3,643,003.75					
August 1, 2010	878,763.75	6,841,290.63	10,398,003.75					
February 1, 2011	2,076,345.00	3,162,390.63	3,555,947.50					
August 1, 2011	854,413.75	6,912,390.63	11,040,947.50					
February 1, 2012	2,121,702.50	3,085,540.63	3,462,235.00					
August 1, 2012	817,030.00	6,965,540.63	11,722,235.00					
February 1, 2013	2,149,255.00	3,006,015.63	3,377,360.00					
August 1, 2013	787,590.00	7,031,015.63	12,427,360.00					
February 1, 2014	2,194,530.00	2,922,856.26	3,289,247.50					
August 1, 2014	744,937.50	7,102,856.26	13,169,247.50					
February 1, 2015	2,241,797.50	2,835,800.01	3,196,403.75					
August 1, 2015	699,070.00	7,180,800.01	13,951,403.75					
February 1, 2016	2,285,890.00	2,740,950.01	3,099,023.75					
August 1, 2016	654,052.50	7,260,950.01	14,774,023.75					
February 1, 2017	2,335,600.00	2,627,406.26	2,994,525.00					
August 1, 2017	605,687.50	7,342,406.26	16,129,525.00					
February 1, 2018	2,397,063.75	2,508,215.63	2,884,137.50					
August 1, 2018	548,260.00	7,418,215.63	17,249,137.50					
February 1, 2019	2,449,593.75	2,383,284.38	2,755,143.75					
August 1, 2019	492,318.75	7,508,284.38	17,680,143.75					
February 1, 2020	2,523,493.75	2,252,587.50	2,619,118.75					
August 1, 2020	426,613.75	7,607,587.50	18,544,118.75					
February 1, 2021	2,587,743.75	2,114,200.00	2,476,993.75					
August 1, 2021	361,308.75	7,714,200.00	19,711,993.75					
February 1, 2022	2,662,243.75	1,974,200.00	2,322,787.50					
August 1, 2022	291,608.75	7,834,200.00	21,097,787.50					
February 1, 2023	2,737,401.25	1,827,700.00	2,161,325.00					
August 1, 2023	212,431.25	7,957,700.00	21,951,325.00					
February 1, 2024	1,358,200.00	1,674,450.00	1,991,450.00					
August 1, 2024	175,075.00	8,094,450.00	23,221,450.00					
February 1, 2025	640,700.00	1,513,950.00	1,813,250.00					
August 1, 2025	102,875.00	8,238,950.00	24,548,250.00					
February 1, 2026	-	1,345,825.00	1,630,500.00					
August 1, 2026	-	8,405,825.00	25,935,500.00					
February 1, 2027	-	1,168,875.00	1,438,875.00					
August 1, 2027	-	8,573,875.00	27,393,875.00					
February 1, 2028	-	983,278.13	1,238,000.00					
August 1, 2028	-	8,753,278.13	28,938,000.00					
February 1, 2029	-	788,531.25	1,027,375.00					
August 1, 2029	-	8,953,531.25	30,562,375.00					
February 1, 2030	-	583,881.25	806,500.00					
August 1, 2030	-	9,153,881.25	32,271,500.00					
February 1, 2031	-	369,081.25	574,500.00					
August 1, 2031	-	9,374,081.25	34,069,500.00					
February 1, 2032	-	143,375.00	331,000.00					
August 1, 2032	-	5,878,375.00	35,366,000.00					
February 1, 2033	-	-	125,250.00					
August 1, 2033	-	-	35,445,250.00					
February 1, 2034	-	-	64,250.00					
August 1, 2034	-	-	37,339,250.00					
February 1, 2035	-	-	-					
August 1, 2035	-	-	-					
<b>TOTAL</b>	<u>\$44,383,608.75</u>	<u>\$230,125,606.40</u>	<u>\$617,600,046.25</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Redemption**

**Optional Redemption of the Current Interest Bonds.** The Current Interest Bonds maturing on or before August 1, 20\_\_, are not subject to redemption prior to their stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20\_\_, are subject to redemption prior to their respective stated maturity dates at the option of the District, from any source of lawfully available funds, in whole or in part, on any date on or after August 1, 20\_\_, among such maturity dates as are selected by the District and by lot within any one maturity if less than all of the Bonds of one maturity are redeemed, at the following redemption price (expressed as a percentage of the principal amounts of the Bonds called for redemption), together with interest accrued on the Bonds to the date of redemption.

Redemption Date	Redemption Price
August 1, 20__ and thereafter	100%

**Mandatory Sinking Fund Redemption of the Current Interest Bonds.** The Current Interest Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption in part by lot on August 1 of each year beginning August 1, 20\_\_, at the principal amount to be redeemed together with accrued interest thereon to the redemption date, without premium, in the amounts and at the times, as follows:

Mandatory Redemption Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__ <sup>†</sup>	

<sup>†</sup> Maturity.

**Optional Redemption of the Capital Appreciation Bonds.** The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not are not subject to redemption prior to their stated maturity dates. The Capital Appreciation maturing on or and after August 1, 20\_\_ are subject to redemption prior to their respective maturity dates at the option of the District from any sources of lawfully available funds, in whole or in part, on any date on or after August 1, 20\_\_, at the following redemption price (expressed as a percentage of the Accreted Amount as of the date fixed for redemption):

Redemption Date	Redemption Price
August 1, 20__ and thereafter	100%

**Optional Redemption of the Convertible Capital Appreciation Bonds.** The Convertible Capital Appreciation Bonds are subject to redemption prior to their respective maturity dates at the option of the District from any sources of lawfully available funds, in whole or in part, on any date on or after August 1, 20\_\_, at the following redemption price (expressed as a percentage of the Accreted Amount as of the end of the Accretion Period of the Convertible Capital Appreciation Bonds, or portions thereof, to be redeemed) plus accrued but unpaid interest to the date fixed for redemption:

Redemption Date	Redemption Price
August 1, 20__ and thereafter	100%

***Selection of Bonds for Redemption.*** If less than all of the Bonds of a maturity are called for redemption, Bonds of such maturity shall be redeemed by lot, or as otherwise directed by the District. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the Outstanding Bonds of such maturity to be redeemed by lot by the Paying Agent; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof.

***Notice of Redemption.*** Notice of redemption of any Bond will be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners of any Bond designated for redemption at their addresses appearing on the bond registration books; (ii) by first class mail to an organization registered with the Securities and Exchange Commission as a securities depository; (iii) to at least one information service of national recognition which disseminate redemption information with respect to municipal securities; and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District. See "APPENDIX C –FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) (if less than all of the then-outstanding Bonds are to be called for redemption) the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or such other location as the Paying Agent may specify; and (x) notice that further interest on such Bonds will not accrue after the designated redemption date. The actual receipt by the Owner of any Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

***Effect of Notice of Redemption.*** When notice of redemption has been given substantially as provided for in the Resolution, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Resolution, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the Debt Service Fund of the District or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

***Purchase in Lieu of Redemption.*** In lieu of, or partially in lieu of, any mandatory sinking fund redemption of the Bonds, monies in the Debt Service Fund may be used to purchase the Outstanding Bonds that were to be redeemed at prices as the District may in its discretion determine but only at prices not more than par plus accrued interest. Purchases may be made by the District through the Paying Agent prior to the selection of Bonds for redemption at public or private sale. All Bonds so purchased shall be delivered to the Paying Agent for cancellation.

***Right to Rescind Redemption Notice.*** The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption funds are not available in the Debt Service Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

## **Defeasance of the Bonds**

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, cash or certain defeasance obligations, as specified in the Resolution, in an amount which will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon and available moneys then on deposit in the Debt Service Fund of the District together with interest to accrue thereon, be fully sufficient, to pay and discharge all Bonds outstanding and designated for defeasance (including all interest, principal, and redemption premium, if any) at or before their respective maturity dates.

## **Bond Transfer and Exchange**

While the DTC book-entry system, described below, is in effect, the Bonds will be represented by one bond for each maturity of each type registered in the name of Cede & Co., as nominee for DTC. For information on bond registration and payment in the event the book-entry system is no longer used, see “Discontinuation of Book-Entry System.”

## **Book-Entry Only System**

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of beneficial ownership interests in the Bonds (“Beneficial Owners”) from participants in the DTC system (the “DTC Participants”) will not receive physical certificates representing their interests in the Bonds. Payment of principal of and interest on the Bonds will be made when due on behalf of the District by The Bank of New York Mellon Trust Company, N.A., as paying agent, to DTC, which will remit such principal and interest to the DTC Participants, which will in turn remit such principal and interest to the Beneficial Owners. See “APPENDIX D – BOOK-ENTRY ONLY SYSTEM.”

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Constitutionally Required Funding of Education**

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts in the State receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

### **Article XIII A of the State Constitution**

On June 6, 1978, State voters approved Proposition 13 (“Proposition 13”), which added Article XIII A to the State Constitution (“Article XIII A”). Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property. Proposition 39, approved by State voters on November 7, 2000, provides an alternative method of seeking voter approval for bonded indebtedness (see “Proposition 39” below). 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 value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% percent per year to account for inflation.

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

## **Legislation Implementing Article 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 1989.

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.

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

## **Article XIII B of the State Constitution**

An initiative to amend the State Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979 thereby adding Article XIII B to the State Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Under Article XIII B, the State and each local governmental entity has an annual “appropriations limit” and is not permitted to spend certain moneys that are called “appropriations subject to limitation” (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys that are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain Fiscal Year 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. However, in the event that a school district’s revenues exceed its spending limit, the district may, in any fiscal year, increase its appropriations limit to equal its spending by borrowing appropriations limit from the State, provided the State has sufficient excess appropriations limit in such year.

## **Article XIII C and Article XIII D of the State Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, the so called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII D deals with assessments and property related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are neither pledged nor available to pay the Bonds.

## **Proposition 62**

On November 4, 1986, State voters adopted Proposition 62, a statutory initiative which amended the Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a “general tax”) must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a “special tax”) must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in

violation of the vote requirements must be deducted from the local agency's property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the State Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 State Supreme Court decision in Santa Clara County Local Transportation Authority v. Guardino ("Santa Clara"), which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the State Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the State Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Although by its terms Proposition 62 applies to school districts, the District has not experienced any substantive adverse financial impact as a result of the passage of this initiative or the Santa Clara or La Habra decisions and believes that any impact experienced by the District will not adversely affect the ability of the District to make payments with respect to the Bonds.

### **Proposition 98**

On November 8, 1988, State voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State's General Fund (the "State General Fund") revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost of living (measured as in Article XIII B by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one half of one percent is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of Fiscal Year 1988-89, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

### **Application of Proposition 98**

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past Fiscal Years, the State made actual allocations to

K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of \$1.3 billion during Fiscal Year 1990-91, \$1.1 billion during Fiscal Year 1991-92, \$1.3 billion during Fiscal Year 1992-93 and \$787 million during Fiscal Year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling \$1.760 billion. The State proposed that repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

[Substantially increased State General Fund revenues, above initial budget projections, in the Fiscal Years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent Fiscal Years' budgets. Because of the State's increasing revenues, per pupil funding at the K-12 level increased by about 42% from the level in place from 1991-92 through 1993-94. A significant amount of the "extra" Proposition 98 moneys in the last few years has been allocated to special programs, most particularly an initiative to allow each classroom from grades K-3 to have no more than 20 pupils by the end of the 1997-98 school year. UPDATE] See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – State Funding of Education" for a discussion of Proposition 98 appropriations. [TO BE UPDATED]

### **Proposition 39**

Proposition 39, which was approved by State voters in November 2000, provides an alternative method for passage of school facilities bond measures by lowering the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the current 1% limit in order to repay such bonds. The lower 55% vote requirement would apply only for bond issues to be used for construction, rehabilitation, equipping of school facilities or the acquisition of real property for school facilities. The Legislature enacted additional legislation that placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a statewide or primary election, a regularly scheduled local election, or a statewide special election (rather than a school board election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed \$25 for a community college district, \$60 for a unified school district, or \$30 for an elementary school or high school district per \$100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen's oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure.

The District's 2005 Authorization was authorized pursuant to Proposition 39. The District is in full compliance with all Proposition 39 requirements.

### **State School Facilities Bonds**

**Proposition 47.** The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 ("Proposition 47") appeared on the November 5, 2002 ballot as Proposition 47 and was approved by State voters. This measure authorizes the sale and issuance of \$13.05 billion in general obligation bonds for construction and renovation of K-12 school facilities (\$11.4 billion) and higher education facilities (\$1.65 billion). Proposition 47 includes \$6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, \$2.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of \$3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 50% of the costs for acquisition of land and new construction with local revenues. In addition, \$100 million of the \$3.45 billion would be available for charter school facilities. Proposition 47 makes available \$3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, \$1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of \$1.4 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40% of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of \$1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school

site. In addition, \$50 million will be available to fund joint-use projects. Proposition 47 also includes \$1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State's public higher education systems.

Proposition 47 represents the second largest general obligation bond measure for school construction and modernization approved by State voters in the last several years.

**Proposition 55.** The Kindergarten-University Public Education Facilities Bond Act of 2004 ("Proposition 55") appeared on the March 2, 2004 ballot as Proposition 55 and was approved by State voters. This measure authorizes the sale and issuance of \$12.3 billion in general obligation bonds for the construction and renovation of K-12 school facilities (\$10 billion) and higher education facilities (\$2.3 billion). Proposition 55 includes \$5.26 billion for the acquisition of land and construction of new school buildings. A district would be required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. The measure also provides that up to \$300 million of these new construction funds is available for charter school facilities.

Proposition 55 makes \$2.25 billion available for the reconstruction or modernization of existing school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 55 directs a total of \$2.44 billion to districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 also makes a total of \$50 million available to fund joint-use projects. Proposition 55 includes \$2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. The measure allocates \$690 million to each University of California and California State University campus and \$920 million to State community colleges. The Governor and the Legislature will select specific projects to be funded by the bond proceeds.

**Proposition 1D.** The Kindergarten-University Public Education Facilities Bond Act of 2006 ("Proposition 1D") appeared on the November 7, 2006 ballot as Proposition 1D and was approved by State voters. This measure authorizes the sale and issuance of \$10.4 billion in general obligation bonds by the State for funding the construction and renovation of public K-12 school facilities (\$7.3 billion) and public higher education facilities (\$3.1 billion). Proposition 1D includes \$1.9 billion for the acquisition of land and construction of new school buildings. A school district would be required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. Proposition 1D also provides that up to \$500 million of these construction funds is available for charter school facilities.

Proposition 1D makes \$3.3 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 1D directs a total of \$1.0 billion to school districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 1D also makes a total of \$29 million available to fund joint-use projects. Proposition 1D includes \$3.1 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. The measure allocates \$890 million to University of California and \$690 million to California State University campus and \$1.5 billion to State community colleges. The Governor and the State Legislature will select specific projects to be funded by the bond proceeds.

The District applies for apportionments from State bond initiatives and historically has received funding from Proposition 47 and Proposition 55 in the amount of \$34.79 million and \$9.65 million, respectively. No assurances can be given that the District will continue to apply for apportionments from future State bond initiatives or that the District will continue to receive funding from State bond initiatives to which it applies.

## **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 98, 39, 47, 55 and 1D were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

## AD VALOREM PROPERTY TAXATION

### Ad Valorem Property Taxation

The District uses the services of the County for the assessment and collection of taxes for District purposes. School district property taxes are assessed and collected by the County at the same time and on the same rolls as county, special district and city property taxes.

The valuation of secured property and a statutory tax lien is established as of January 1 and is subsequently equalized in August. The resulting secured property tax is payable in two equal installments due November 1 and February 1, and payments become delinquent on December 10 and April 10, respectively. Most unsecured bills are mailed before July 31. These bills must be paid on or before August 31. If the bill is mailed after July 31, the delinquent date is extended to the end of the month following the bill's issuance. Taxes on unsecured property are levied at the preceding fiscal year's secured tax rate and become delinquent on September 1.

State law exempts from taxation \$7,000 of the cash value of an owner-occupied dwelling provided that the owner files for such exemption. This exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

### Assessed Valuation

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth under Article XIII A (allowed for increases in value due to new construction, certain changes of ownership, and an inflation allowance of not more than 2% per year) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

For assessment and tax 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 (real or personal) the taxes on which are secured by a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. State-assessed property includes utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, unitary property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special countywide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. All other property is "unsecured," and is assessed on the "unsecured roll."

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Taxpayers seeking a reduction may also appeal assessments. When necessitated by changes in assessed value in the course of a year, taxes are prorated for each portion of the tax year.

Pursuant to State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE with the appropriate county board of equalization or assessment appeals board (the "Appeals Board"). After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the property assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Appeals Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion.

Any reduction in the assessment ultimately granted applies to the year for which the application is made and may also affect the values in subsequent years. Refunds for taxpayer overpayment of property taxes may include refunds for overpayment of taxes in years after that which was appealed. Current year values may also be adjusted as a result of a successful appeal of prior year values. Any taxpayer payment of property taxes that is based on a value that is subsequently adjusted downward will require a refund of overpayment.

Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The “base year” is determined by the completion date of new construction or the date of change of ownership. Any “base year” appeal must be made within four years of the change of ownership or new construction date.

Some appeals are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors, including a decline in the market value, causing a decline in value. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Counties and SBE have generally determined that such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its base year value, adjusted for inflation, it once again is subject to the maximum annual inflationary factor growth rate allowed under Article XIII A.

There has been a significant slowdown in the housing market in the County, as in many parts of the state and the nation. Due to the slowdown of sales in the housing market and decline in sales prices in the County, the County Assessor reduced the assessed value of a number of parcels throughout the County for Fiscal Years 2007-08 [and 2008-09 **CONFIRM**], most of the reductions in assessed value for home sales occurring since calendar year 2005. The County Assessor may further reduce assessed value in future fiscal years.

The historical secured and unsecured assessed valuation for the District is listed below:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Five-Year Summary of Assessed Valuation <sup>(1)</sup>**

Fiscal Year	Local Secured	Utility <sup>(2)</sup>	Unsecured	Total
2004-05	\$18,694,802,748	\$34,877,710	\$942,323,175	\$19,672,003,633
2005-06	20,898,373,912	35,233,047	937,524,349	21,871,131,308
2006-07	23,394,796,810	32,996,057	996,599,562	24,424,392,429
2007-08	25,972,526,364	12,872,037	986,267,215	26,971,665,616
2008-09	_____	_____	_____	_____

<sup>(1)</sup> Does not include unitary property valuation.

<sup>(2)</sup> Includes property owned by a utility wholly within the District.

Source: California Municipal Statistics, Inc.

**Tax Levies, Collections and Delinquencies**

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the Treasurer. Collection efforts against a taxpayer who has sought protection from creditors in United States Bankruptcy Court, or

against secured property the value of which has been compromised by environmental contamination or natural disaster, may be fruitless to recover unpaid taxes due with respect to such property.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assesseees. The taxing authority has four ways of collecting unsecured personal property taxes: (a) filing a civil action against the taxpayer; (b) filing a bond in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer, (c) filing a bond of delinquency for record in the County Recorder’s office in order to obtain a lien on specified property of the taxpayer; and (d) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

**Teeter Plan and Tax Losses Reserve Fund.** The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code and has created a tax losses reserve fund. Under the Teeter Plan, each participating local agency, including school districts, levying property taxes in the County receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1) the Board of Supervisors receives a petition for its discontinuance from two thirds of the participating revenue districts in the County. The board of supervisors of a county may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in its county in which delinquencies exceed 3% in any tax year. Although delinquencies in the District exceeded 3% in Fiscal Years 2006-07 [and 2007-08], the County has not ordered discontinuance of the Teeter Plan and the Teeter Plan is in effect as of the date of this Official Statement.

The secured historical tax levy and year-end delinquencies for all *ad valorem* taxes levied within the District’s boundaries are shown in the following table:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies**

Fiscal Year	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent as of June 30	Percent Delinquent June 30
2003-04	\$239,582,222	\$5,549,998	2.32%
2004-05	283,773,137	6,244,281	2.20
2005-06	314,194,761	9,265,932	2.94
2006-07	350,961,859	17,391,422	4.96
2007-08	_____	_____	_____

<sup>(1)</sup> All taxes collected by the County within the District.

Note: Under the Teeter Plan described above, as long as the Teeter Plan remains in effect, taxes levied by the County will be credited to the District for repayment of the Bonds as if received in their entirety and will not be reduced by any taxpayer delinquencies.

Source: California Municipal Statistics, Inc.

**Tax Rates**

For taxing purposes, the State Board of Equalization has divided the area served by the District into tax rate areas (“TRA”). The largest TRA in the District is TRA 08001. TRA 08001 has a total 2008-09 assessed valuation of \$\_\_\_\_\_, approximately \_\_\_% of the District’s total assessed value. The components of the 2008-09 property tax rate levied in TRA 08001 are set forth below.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Tax Rate Components — TRA 08001**

	2008-09 Tax Rates [TO BE UPDATED]
General	[1.0000%
City of Richmond	.1400
Bay Area Rapid Transit District	.0076
East Bay Regional Park District	.0080
West Contra Costa Unified School District	.1035
Contra Costa Community College District	.0108
Total	1.2699%]

Source: California Municipal Statistics, Inc.

**Major Taxpayers**

The 20 largest taxpayers in the District, as shown on the 2008-09 secured tax roll, and the amounts of their assessed valuation for all taxing jurisdictions within the District, are shown below. Assessed valuation for the 20 largest taxpayers amounted to \$\_\_\_\_\_ or approximately \_\_\_\_% of the District's total 2008-09 secured tax roll.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Major Taxpayers 2008-09**

[TO BE UPDATED]

Property Owner	Primary Land Use	2007-08 Assessed Valuation	% of Total <sup>(1)</sup>
Chevron USA Inc.	Industrial	\$3,433,927,316	13.22%
Lennar Emerald Marina Shores LLC / Lennar Marina Bay LLC / Lennar Marina Cove LLC	Residential Development	171,969,621	0.66
Berlex Laboratories Inc.	Industrial	147,702,232	0.57
Bio-Rad Laboratories Inc.	Industrial	129,812,799	0.50
Richmond Parkway Associates	Apartments	110,415,440	0.43
MCD-RCCA-EI Cerrito LLC	Shopping Center	81,535,155	0.31
Richmond Essex LP	Apartments	66,508,171	0.26
Richmond Associates LLC	Shopping Center	63,634,545	0.25
DDR Hilltop Plaza LLC	Shopping Center	50,151,060	0.19
Cherokee Simeon Venture I LLC	Office Building	45,918,900	0.18
Dicon Fiberoptics Inc.	Industrial	42,266,202	0.16
Tides Residential PR I LLC	Apartments	39,868,603	0.15
California Fats & Oils Inc.	Industrial	38,857,476	0.15
Stephens & Stephens LLC	Industrial	38,338,630	0.15
ECD Associates LLC	Apartments	36,269,727	0.14
Signature at Anchor Cove/Signature Homes	Residential Development	35,502,856	0.14
National Gypsum Company	Industrial	30,949,526	0.12
BP West Coast Products	Industrial	30,718,107	0.12
Valacal Company	Industrial	30,399,705	0.12
Pt. Richmond R&D Associates II LLC	Industrial	28,473,713	0.11
		\$4,653,219,784	17.92%

<sup>(1)</sup> 2008-09 Local Secured Assessed Valuation: \$\_\_\_\_\_.

Source: California Municipal Statistics, Inc.

Chevron USA, Inc., the largest taxpayer in the District, currently represents \_\_\_\_% of the total local secured assessed valuation. Below are historical local secured assessed valuations of Chevron USA Inc., as of January 1 of each year.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
History of Secured Assessed Valuation  
Chevron USA, Inc.**

Year	Assessed Valuation
1998-99	\$1,791,537,701
1999-00	1,811,178,226
2000-01	1,656,340,376
2001-02	2,215,633,236
2002-03	1,974,950,102
2003-04	1,914,978,281
2004-05	2,466,999,259
2005-06	2,678,641,859
2006-07	2,680,893,790
2007-08	3,433,927,316
2008-09	

Source: California Municipal Statistics, Inc.

[Chevron has appealed its 2004-05 and 2005-06 assessed valuation and has asked the County for a reduction of approximately \$1.7 billion for 2004-05 and did not provide an estimate of value when filing their 2005-06 appeal, which the County must interpret as a \$0 value. No conclusion has been reached yet on either appeal. Though Chevron has appealed its assessed value in nine of the past eleven years, these appeals are by far the largest to date. For the appeals that have been concluded in the past eleven years, the County has granted between 0% and 16.14% reduction of Chevron’s assessed value as a result of an appeal by Chevron. Should the County grant a reduction of Chevron’s assessed value, the annual tax rate on all taxable property within the District will increase. The District cannot predict what the final outcome of the 2004-05 and 2005-06 Chevron appeals will be.] **[TO BE UPDATED]**

**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION**

**State Funding of Education**

**General.** The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. Proposition 98 guarantees K-14 schools a minimum share of State general fund revenues. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98.” State school districts receive a significant portion of their funding from State appropriations. State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. As a result, decreases in State revenues can affect appropriations made by the Legislature to school districts. In periods when State funding for public education is reduced or the State experiences budget problems, the District’s financial position may be affected, even in the absence of significant education policy changes. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds.

As is true for all school districts in the State, District operating income consists of four components: (1) Revenue Limit Sources (consisting of a mix of State and local property tax revenues), (2) Federal Sources, (3) Other State Sources and (4) Other Local Sources. The Revenue Limit Sources includes both a State portion funded from the State’s general fund and a locally-generated portion derived from the District’s share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other funding,

including State and Federal program funding, as well as revenue derived from local sources besides property taxes. See “Allocation of State Funding to Districts” and “Other Sources of Education Funding” below.

**State Budget.** According to the State Constitution, the Governor is required to propose a budget to the Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance at [www.dof.ca.gov](http://www.dof.ca.gov). An impartial analysis of the budget is posted by the Legislative Analyst’s Office (“LAO”) at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

### **Allocation of State Funding to Districts**

Under Education Code Section 42238 *et seq.* each school district is determined to have a target funding level: a revenue limit (“Revenue Limit”) per student multiplied by the school district’s student enrollment measured in units of average daily attendance (“ADA”), a measure based upon the actual attendance of students without provision for excused absences. Enrollment can fluctuate due to factors such as school district population, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will lower a school district’s Revenue Limit (and may result in loss of operating revenues), without necessarily permitting the district to make adjustments in fixed operating costs.

The Revenue Limit is calculated from the school district’s prior-year funding level, as adjusted for a number of factors such as inflation, special or increased instructional needs and costs, and especially low enrollment. Generally, the amount of State funding allocated to each school district is the amount needed to reach that district’s Revenue Limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State equalization aid or colloquially as “backfill”. To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State’s contribution.

A school district’s property tax revenues is comprised of the district’s share of the local 1% property tax, received pursuant to Sections 75 *et seq.* and Sections 95 *et seq.* of the State Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a school district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its Revenue Limit is entitled to receive no equalization aid, and receives only its special categorical aid and the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such school districts are known colloquially as “basic aid districts”. School districts that receive some equalization aid may be referred to as “revenue limit districts”.

The District is not a “basic aid district.”

See “THE DISTRICT – Average Daily Attendance and Revenue Limit” for historical and projected ADA and Revenue Limit per ADA of the District.

### **Other Sources of Education Funding**

In addition to the Revenue Limit, school districts in the State may receive other revenue from the State and from federal and local sources including grants and funding for specific programs.

**Federal Revenues.** The federal government provides funding for several programs, including special education programs, programs under the Educational Consolidation and Improvement Act (Title 1), No Child Left Behind funding, and specialized programs such as Drug Free Schools.

**Other State Revenues.** In addition school districts receive Other State Revenues. These Other State Revenues are primarily restricted revenues that fund items such as special education programs, instructional materials, and mentor teachers.

Included among Other State Revenues are moneys the school district receives from the State Lottery (the “Lottery”), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes, such as real property acquisition, facility construction, or the financing of research. State Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent (“FTE”). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and community colleges, and by the total FTE for the University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. See “THE DISTRICT – Lottery Income” for lottery income amounts received by the District.

**Other Local Revenues.** In addition to property taxes, a school district may receive additional local revenues from items such as the leasing of property owned by the school district and other local fees and donations.

### **School District Budgets**

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Contra Costa County Superintendent of Schools.

A county superintendent of schools must review and approve or disapprove the budgets for each school district under its jurisdiction no later than August 15. The county superintendent of schools is required to examine a school district’s adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If a budget is disapproved, it is returned to the school district with recommendations for revision. The school district is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the county superintendent of schools no later than September 8. Pursuant to State law, the county superintendent of schools has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district’s administration may submit budget revisions for governing board approval.

Subsequent to approval, the county superintendent of schools will monitor each school district in its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current and subsequent year financial obligations. If the county superintendent of schools determines that the district cannot meet its current or subsequent year obligations, the county superintendent of schools will notify the district’s governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the county superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district’s budget and operations; (ii) develop and impose, after also consulting with the district’s governing board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the county superintendent of schools may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent of schools assumed authority.

A State law adopted in 1991 (known as “AB 1200”) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of AB 1200, each school district is required to file interim certifications with the county superintendent of schools (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability

to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent of schools reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the county superintendent.

The District's interim report, as of January 31, 2009, was certified "qualified" by the County Superintendent. The qualified certification resulted in increased oversight of the District by the County Office of Education, including the requirement that the District submit by June 1, 2009 a Third Interim Financial Report for the Fiscal Year 2007-08 (the "Third Interim"), reflecting data as of April 30, 2009. [The District submitted a Third Interim Report on June 1, 2009. The Board of Education was required to review the Third Interim financial statements to ensure that cash and fund balances will be positive for year end. The District's General Fund will have a positive ending fund and cash balance for Fiscal Year 2008-09, although the 2009-10 preliminary budget includes deficit spending based upon current State budget proposals (see "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION – State Funding of Education") and the District's declining enrollment. CONFIRM] See "THE DISTRICT – Comparative Financial Statements" for the projected year-end figures including the projected year-end General Fund Balance as reported in the Third Interim Financial Report for the Fiscal Year 2008-09. The qualified certification also resulted in increased County Office of Education review of District transactions, including a requirement of County Office of Education approval and oversight of the District's note and certificate of participation issuances. **[TO BE UPDATED]**

### **County Investment Pool**

In accordance with Education Code Section 41001, each school district in the State maintains substantially all of its operating funds in the county treasury of the county in which it is located. Each county treasurer serves as ex officio treasurer for those school districts under jurisdiction of the county superintendent of schools of the county. Each county treasurer has the authority to implement and oversee the investment of school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county is required to invest funds, including those pooled funds described above, in accordance with Government Code Section 53601 *et seq.* In addition, each county is required to establish its own investment policies, which may provide further limitations beyond those required by the Government Code.

See "COUNTY INVESTMENT POLICIES AND PRACTICES" for a discussion of the County investment pool, valuation procedures, and investment policies.

### **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the State School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

The financial statements of the District for fiscal year ended June 30, 2008, appearing in APPENDIX B of this Official Statement, have been audited by Perry-Smith LLP, independent accountants (the "Auditors"), as set forth in their report thereon. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the Auditors in connection with the inclusion of such statements in this Official Statement. The Auditors have not made any representation in connection with inclusion

of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. **[TO BE UPDATED]**

**THE DISTRICT**

The information in this section concerning the operations of the District and the District’s operating finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the interest, principal and premium, if any, on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof. See “AD VALOREM PROPERTY TAXATION” and “THE BONDS — Security and Sources of Payment for the Bonds”. Investors’ attention is directed to the information in this section concerning District Debt Structure and Statement of Direct and Overlapping Debt which contain information about certain bond obligations payable from *ad valorem* taxes.

**General Information**

The District, unified in November 1964, is located approximately 15 miles northeast of San Francisco, California and consists of approximately 110 square miles in western Contra Costa County. It provides educational services to the residents of the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo, the unincorporated communities of El Sobrante and Kensington and certain other unincorporated areas in the County.

[The District maintains 37 elementary schools, 1 elementary community school, 1 K-8 school, 6 middle/junior high schools, 1 middle/high school, 5 comprehensive high schools, 1 alternative high school, 5 continuation high schools, 1 specialized school serving independent study students, 1 adult education center, 2 special education sites and 18 State-funded preschools. The pupil-teacher ratio in the District is 28:1.] **[TO BE UPDATED]** [Discuss school closures?]

**Board of Education**

The District is governed by a five-member Board of Education (the “Board of Education”), each member of which is elected to a four-year term. Elections for positions to the Board of Education are held every two years, alternating between two and three available positions. The current members of the Board of Education together with the expiration of their terms are as follows:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Board of Education and Term**

<u>Name</u>	<u>Position</u>	<u>Expiration of Term</u>
Audrey Miles	President	December, 2010
Antonio Medrano	Clerk	December, 2012
Madeline Kronenberg	Member	December, 2010
Charles T. Ramsey	Member	December, 2010
Tony Thurmond	Member	December, 2012

Source: West Contra Costa Unified School District.

**Average Daily Attendance and Revenue Limit**

The District computes average daily attendance (“ADA”) based on actual attendance only, with no allowances for excused absences. The following table sets forth the ADA based on the Second Period Report of Attendance for the past four years and an estimate for 2008-09:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Average Daily Attendance**

**[TO BE CONFIRMED]**

Academic Year	Average Daily Attendance
2004-05	32,509
2005-06	30,429
2006-07	29,687
2007-08	[30,080]
2008-09 (projected)	[27,786]

Note: Includes grade levels K-12, special education, adult education and charter schools.

Source: West Contra Costa Unified School District.

The District is currently considered a declining enrollment district and as such the District’s revenue limit funding is based on the prior fiscal year average daily attendance. The District’s annual revenue limit per ADA was [\$5,799] for 2007-08 and is projected to be \$[6,128] for 2008-09. See “GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Allocation of State Funding to Districts”.

**Appropriations Limit**

The District had a 2007-08 appropriations limit of [\$207,670,656] and had appropriations subject to the limit of \$\_\_\_\_\_. The District projects a 2008-09 appropriations limit of \$\_\_\_\_\_. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

**Lottery Income**

The District’s State Lottery revenue was [\$4,416,698] for 2007-08 and is projected to be \$\_\_\_\_\_ for 2008-09, representing about \_\_% of the District’s general fund revenue in 2008-09. See “GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — Other Sources of Education Funding” herein.

**Labor Relations**

The District employs [1,963] full-time equivalent (“FTE”) certificated and [934] FTE classified employees including management and confidential employees. The following table summarizes the labor organizations in the District.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Labor Organizations**

**[TO BE UPDATED]**

Labor Organization	Number of Employees	Contract Expiration
United Teachers of Richmond	2,010 full-and part-time	June 30, 2008 <sup>(1)</sup>
Public Employees Union, Local 1	1,085 full-and part-time	June 30, 2008 <sup>(1)</sup>
School Supervisors Association	126 full-and part-time	June 30, 2008 <sup>(1)</sup>
Administrators Association	131 full-and part-time	June 30, 2008 <sup>(1)</sup>

<sup>(1)</sup> The District is currently negotiating a successor contract with the labor organization.

Source: West Contra Costa Unified School District.

## **Retirement Programs**

The District participates in the State Teachers Retirement System (“STRS”). This plan covers all full-time certificated employees. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to State public schools. The District’s actual contribution to STRS for fiscal year 2007-08 was \$9,928,367 and in fiscal year 2008-09 is expected to be \$\_\_\_\_\_.

The District also participates in the State Public Employees Retirement System (“PERS”). This plan covers all classified personnel who are employed more than four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of creditable service in PERS. The District’s contribution to PERS for fiscal year 2007-08 was \$3,738,408 and is projected to be \$\_\_\_\_\_ for 2008-09.

Both STRS and PERS are operated on a statewide basis and, based on available information, both STRS and PERS have unfunded liabilities. (Additional funding of STRS by the State and the inclusion of adjustments of such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension-award benefit obligation (PERS) or unfunded actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions that the District may be required to make.

See the notes to the District’s audited financial statements, which are contained in “APPENDIX B” for additional information concerning STRS and PERS.

## **Other Post-Employment Benefits**

The District provides post-employment health benefits to all employees hired (i) on or before December 31, 2006 and have five years of PERS/STRS creditable service and (ii) after January 1, 2007 and have ten continuous years of PERS/STRS creditable service with the District. As of June 30, 2008 a total of 2,114 retirees met the requirement and expenditures of \$14.5 million were recognized for post-employment health care benefits. The firm of Nicolay Consulting Group, prepared a report for the District in accordance with GASB No. 45 that reports the actuarial accrued liability of the District’s post-employment benefits program as of July 1, 2008 is \$495.9 million and the unfunded actuarial accrued liability is \$487.4 million. The District has been and is expected to continue to review the actuarial study, in conjunction with the District’s obligations under its post-employment benefit plan to determine, among other things, its course of action with respect to post-employment benefit contributions. See the notes to the District’s audited financial statements, which are contained in “APPENDIX B” for additional information concerning the District’s post-employment benefits.

## **Assessment District**

On August 3, 1994, the District completed formation of a Maintenance and Recreation Assessment District (“MRAD”) pursuant to the Landscape and Lighting Act of 1972. Annual assessments are \$72 per living unit (a single-family residence is a “living unit”; for multi-family housing the number of living units are assigned on a sliding scale according to the number of apartments in the complex). There are approximately 77,140 defined living units within the MRAD. The District has received approximately \$5 million annually in assessment revenue. On November 5, 1996, the MRAD received over two-thirds majority approval at the general election, which validated the levy of the MRAD tax. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS.” The use of MRAD revenue is restricted to expenditures for recreation, lighting, and landscape operations and maintenance of facilities generally available to the public; it does not count towards the District’s revenue limit and effectively relieves the District from funding many of these expenditures from General Fund revenue. MRAD assessments must be levied annually by the Board of Education. [ANY UPDATES?]

## **Parcel Tax**

On June 8, 2004, voters within the District approved a parcel tax to maintain reduced class sizes, purchase textbooks and teaching materials, attract and retain qualified teachers, aides and counselors, enhance core subjects, restore library services and athletic programs, and improve custodial services (the “Parcel Tax”). The District annually collect 7.2 cents (\$0.072) per square foot of total building area of buildings within the District’s geographic boundaries or \$7.20 per vacant parcel, with an exemption for qualified seniors. The Parcel Tax generates approximately \$9 million annually. The Parcel Tax became effective on July 1, 2004 and was scheduled to expire on June 30, 2009. At an election in November 2008, voters renewed the parcel tax for an additional five years, beginning July 1, 2009 and ending June 30, 2014.

## **Comparative Financial Statements**

The following table summarizes the District’s General Fund revenue, expenditures and fund balances for the fiscal years 2004-05 through 2007-08, and budgeted revenue, expenditures and fund balance for the fiscal year 2008-09.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**General Fund<sup>(1)</sup>**  
**Revenues, Expenditures and Fund Balances**  
**Fiscal Years 2004-05 through 2008-09**  
**(In Thousands)**

	2004-2005 Actual <sup>(2)</sup>	2005-06 Actual <sup>(2)</sup>	2006-07 Actual <sup>(2)</sup>	2007-08 Actual <sup>(2)</sup>	2008-09 Adjusted Budget <sup>(3)</sup>
<b>REVENUE</b>					
Revenue Limit Sources	\$156,931	\$158,940	\$166,673	\$166,818	
Federal Revenue	27,587	28,293	24,789	25,622	
Other State Revenue	57,389	59,963	74,652	71,167	
Other Local Revenue	19,668	20,034	22,016	21,328	
<b>TOTAL REVENUE<sup>(4)</sup></b>	<b>\$261,575</b>	<b>\$267,229</b>	<b>\$288,130</b>	<b>\$284,934</b>	
<b>EXPENDITURES</b>					
Certificated Salaries	\$111,235	\$112,506	\$118,719	\$121,060	
Classified Salaries	37,472	38,247	40,227	44,592	
Employee Benefits	55,874	57,351	60,690	66,089	
Books and Supplies	12,405	11,210	12,130	12,341	
Contract Services and Operating Expenditures	32,644	36,388	39,041	41,425	
Capital Outlay	1,496	1,873	796	890	
Other Outgo	713	1,036	1,298	52	
Indirect Cost Reimbursement	--	--	(846)	(802)	
Debt Service					
Principal	300	300	300	790	
Interest and Other	174	182	190	--	
<b>TOTAL EXPENDITURES<sup>(4)</sup></b>	<b>\$252,313</b>	<b>\$259,093</b>	<b>\$272,545</b>	<b>\$286,437</b>	
<b>EXCESS OF REVENUE OVER/ (UNDER) EXPENDITURES</b>	<b>\$ 9,261</b>	<b>\$ 8,136</b>	<b>\$ 15,585</b>	<b>(\$ 1,503)</b>	
<b>OTHER FINANCING SOURCES/ (USES)</b>					
Transfers In	\$811	\$ 2,879	\$ 2,383	\$ 2,840	
Transfers Out	(2,330)	(4,378)	(3,238)	(3,551)	
Proceeds from the issuance of long-term liabilities	174	182	190	--	
<b>TOTAL<sup>(4)</sup></b>	<b>\$ (1,345)</b>	<b>\$ 1,318</b>	<b>(\$ 665)</b>	<b>(\$ 711)</b>	
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 7,916</b>	<b>\$ 6,818</b>	<b>\$14,920</b>	<b>(\$ 2,214)</b>	
<b>BEGINNING FUND BALANCE, JULY 1</b>	<b>\$ 18,402</b>	<b>\$ 26,318</b>	<b>\$33,136</b>	<b>\$ 48,054</b>	
<b>ENDING FUND BALANCE, JUNE 30</b>	<b>\$ 26,318</b>	<b>\$ 33,136</b>	<b>\$48,056</b>	<b>\$ 45,840</b>	

(1) Data reflects activities of the General and Charter School funds through 2004-05. Responsibility for charter schools financial reporting subsequent to 2004-05 rests with each charter school and not with the District.

(2) Excerpted from the District's respective Audited Financial Reports.

(3) District's Third Interim Report as of [April 30,] 2009.

(4) Items may not add to totals due to independent rounding.

**Prior Financial History of the District**

The District experienced substantial financial difficulties beginning in 1986. These difficulties resulted in, among other things, the District filing for bankruptcy in April 1991 and failing to pay certain lease payments with

respect to the 1988 Certificates, as defined herein. Since that time, the District withdrew from bankruptcy in November 1991, received substantial amounts of Emergency Apportionment from the State, elected all new Board of Education members, replaced the superintendent and certain other administrative officers of the District, cured the defaults with respect to, and defeased to maturity, the 1988 Certificates, and implemented measures to improve its financial condition resulting in positive certification of its interim financial reports since 1995-96. [CONFIRM] Ms. Linda Grundhoffer serves as the State trustee with the power to stay or rescind any action of the Board of Education that might have an adverse effect on the financial condition of the District until the Emergency Apportionment has been repaid in 2018. No assurance can be given with respect to the future financial condition of the District. See “THE DISTRICT – District Debt Structure” and “GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION” herein.

**District Debt Structure**

**Emergency Apportionment.** In July 1990, the District obtained an Emergency Apportionment from the State in the amount of \$9,525,000. In May 1991, the District received an additional Emergency Apportionment from the State in the amount of \$19,000,000 under the conditions of a court order. In June 1993, further legislation was enacted providing that the two Emergency Apportionments from the State be consolidated into one with a 15-year repayment period and an annual interest rate of 4.543%. Subsequent legislation in October 1997, Assembly Bill 437, amortized over 20 years the remaining Emergency Apportionment amount outstanding after the February 1998 payment and bearing interest at 5.692%. Additional legislation, Assembly Bill 2756, reduced the interest rate of the repayment of the Emergency Apportionment to 1.52% thereby reducing annual payments by approximately \$400,000.

Following certain legislation adopted in 2004 and 2005, Assembly Bills 1554 and 1331, respectively, the District’s Emergency Apportionment will be repaid from the proceeds of the California Infrastructure and Economic Development Bank State School Fund Apportionment Lease Revenue Bonds, Series 2005 (the “Infrastructure Bank Bonds”). The District will make future payments for its Emergency Apportionment to the California Infrastructure and Economic Development Bank through a lease-leaseback arrangement on one of its elementary schools. Payments are made on February 1 of each year from any available funds of the District. A schedule of Emergency Apportionment payments (comprised of principal and interest) remaining is shown below.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Repayment of Emergency Apportionment**

Year Ending June 30	Amount Due
2009	\$ 1,421,602
2010	1,421,602
2011	1,421,602
2012-2016	7,108,010
2017-2018	2,843,199
Total	\$14,216,015

**General Obligation Bonds.** On June 2, 1998, the District received authorization to issue \$40 million in general obligation bonds (the “1998 Authorization”). All of the bonds under the 1998 Authorization have been issued. The bonds from the 1998 Authorization were refunded on November 6, 2001 with both the \$28,610,000 West Contra Costa Unified School District 2001 General Obligation Refunding Bonds, Series A (the “2001 Refunding Bonds, Series A”) and the \$10,255,000 West Contra Costa Unified School District 2001 General Obligation Refunding Bonds, Series B (the “2001 Refunding Bonds, Series B”).

[The District received notification by letter dated March 11, 2004, from the Tax Exempt Bond Division of the Internal Revenue Service (“TEB”) advising that the \$10,000,000 of bonds issued under the 1998 Authorization in August 1998 (the “1998 Series A Bonds”) had been selected for examination. By letter dated November 9, 2005, TEB notified the District that it had concluded the examination with no change to the position that interest received by the bondholders is excludible under section 103 of the Internal Revenue Code.] [DELETE?]

The District received notice in October 2006 of a TEB examination of the 2001 Refunding Bonds, Series A. The TEB is examining whether (i) escrow securities were purchased at fair market value, (ii) excessive fees related to the escrow were charged, and (iii) the escrow's yield exceeded the bond yield by more than allowed by the federal tax code. The District believes that all requirements relating to the tax-exemption of the bonds was satisfied. As of the date of this Official Statement, the examination is pending. **[TO BE UPDATED]**

On November 7, 2000, the District received authorization to issue \$150 million in general obligation bonds (the "2000 Authorization"). All of the bonds under the 2000 Authorization have been issued.

On March 5, 2002, the District received authorization to issue \$300 million in general obligation bonds (the "2002 Authorization"). All of the bonds under the 2002 Authorization have been issued.

On November 8, 2005, the District received authorization to issue \$400 million in general obligation bonds pursuant to the 2005 Authorization. The District issued \$70 million of Series A Bonds pursuant to the 2005 Authorization on May 17, 2006. The District issued \$120 million of Series B Bonds pursuant to the 2005 Authorization on July 15, 2008. The Bonds will be issued pursuant to the 2005 Authorization.

Bonds issued under the 1998 Authorization, the 2000 Authorization, the 2002 Authorization and the 2005 Authorization are payable from an unlimited tax upon all property subject to taxation within the District and the Board of Supervisors of the County is empowered and is obligated to levy such tax for the repayment of such bonds.

Under Education Code Section 15270 the amount of general obligation bond indebtedness the District can issue is limited to 2.5% of the assessed value of all taxable property within the District. The District applied for and was granted a waiver of this limit by the State Board of Education allowing the District to issue general obligation bonds in an amount not to exceed 3.13% of assessed value. The waiver is authorized for a period beginning May 7, 2009 and expires [May 7, 2014].

Following is a schedule of principal payments remaining on the District's general obligation bonds:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**General Obligation Bonds**  
**As of June 30, 2009**  
**[TO BE UPDATED]**

	Issue Date	Final Maturity (August 1)	Interest Rates	Original Issue Amount	Principal Outstanding [UPDATE]
<b>1998 Authorization (\$40 million)</b>					
2001 Refunding Bonds, Series A <sup>(1)</sup>	Nov. 6, 2001	2025	4.15-5.75%	\$ 28,610,000	\$22,605,000
2001 Refunding Bonds, Series B(1)	Nov. 16, 2001	2024	4.30-6.00	10,255,000	8,225,000
<b>2000 Authorization (\$150 million)</b>					
Series 2000-A Bonds	May 15, 2001	2031	5.00-8.00	15,000,000	13,565,000
Series 2000-B Bonds	Feb. 26, 2002	2031	4.00-6.00	40,000,000	37,025,000
Series 2000-C Bonds	Apr. 22, 2003	2032	2.50-5.25	95,000,000	89,040,000
<b>2002 Authorization (\$300 million)</b>					
Series 2002-A Bonds	Jun. 26, 2002	2031	4.25-7.00	30,000,000	27,670,000
Series 2002-B Bonds	Aug. 25, 2003	2032	4.10-5.00	100,000,000	91,885,000
Series 2002-C Current Interest Bonds	Aug. 1, 2004	2034	4.00-5.375	40,000,000	38,680,000
Series 2002-C Capital Appreciation Bonds	Aug. 11, 2004	2034	2.40-5.81	29,999,377	29,850,438 <sup>(2)</sup>
Series 2002-D Capital Appreciation Bonds	Oct. 19, 2005	2034	3.15-5.05	99,998,106	99,035,989 <sup>(2)</sup>
<b>2005 Authorization (\$400 million)</b>					
Series 2005-A Bonds	May 17, 2006	2035	4.00-5.00	70,000,000	69,435,000
Series 2005-B Bonds	July 15, 2008	2035	5.00-6.00	120,000,000	120,000,000
<b>Total</b>				<b>\$678,862,483</b>	<b>\$</b>

<sup>(1)</sup> The 2001 Refunding Bonds, Series A and B, were issued to refund four series of bonds in the initial aggregate principal amount of \$40,000,000 issued under the 1998 Authorization.

<sup>(2)</sup> Outstanding Denominational Amount of Capital Appreciation Bonds; does not include accreted interest.

Source: West Contra Costa Unified School District

**Certificates of Participation.** On May 15, 1988, the District, under its previous name, the Richmond Unified School District, caused the execution and delivery of the 1988 Certificates of Participation in the aggregate principal amount of \$9,800,000 to provide working capital for the District's continuing operations, for a computerized management system, and for the construction of one multipurpose room (the "1988 Certificates"). The 1988 Certificates were to be repaid solely from the semi-annual lease payments made to the Richmond Unified School District Financing Corporation (the "Corporation") under the terms of a lease-purchase agreement between the Corporation and the District.

On July 15, 1991, the District defaulted on its obligation to make payments under the lease-purchase agreement that secured the 1988 Certificates. In October 1993, Assembly Bill 536 amended the Education Code to provide for the refunding of the 1988 Certificates by allowing the District to enter into a lease of its property and use the proceeds of such lease for the purpose of terminating the 1988 lease and repaying the 1988 certificates. On April 1, 1994, the District caused the execution and delivery of the 1994 Certificates of Participation in the aggregate principal amount of \$11,150,000 to be repaid from any available funds of the District in order to cure the defaults with respect to, and defease to maturity, the 1988 Certificates (the "1994 Certificates"). On September 9, 2005, the District caused the execution and delivery of 2005 Taxable Refunding Certificates of Participation in the aggregate principal amount of \$10,600,000 to defease the 1994 Certificates (the "2005 Certificates").

The following table shows remaining base rental payments on the 2005 Certificates.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
2005 Certificates**

Year Ending June 30	Principal	Interest	Total
2009	\$ 285,000	\$ 502,359.50	\$ 787,359.50
2010	435,000	489,278.00	924,278.00
2011	455,000	469,007.00	924,007.00
2012-2016	2,640,000	1,996,917.50	4,636,917.50
2017-2021	3,360,000	1,272,992.50	4,632,992.50
2022-2024	2,890,000	324,450.00	3,214,450.00
Total	<u>\$10,065,000</u>	<u>\$5,055,004.50</u>	<u>\$15,120,004.50</u>

**Voluntary Integration Program.** The Voluntary Integration Program obligation represents cost disallowances of \$7,652,000 based on State audits of program expenditures in fiscal years 1988-89 to 1989-90. Subsequently, the District entered into an agreement with the State to repay this amount from any source of available funds of the District to the Voluntary Integration Program beginning in June of 1993. During the 1992-93 fiscal year, the original agreement was restructured allowing the District to make the June 30, 1993, payment as scheduled, with the remaining balance scheduled to be paid over a longer period. Remaining payments of the Voluntary Integration Program obligation are shown below:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Payment of the Voluntary Integration Program Obligation**

Year Ending June 30	Annual Payments
2009	\$ 300,000
2010	300,000
2011-2015	1,500,000
2016-2020	1,500,000
2021-2022	552,000
Total	<u>\$4,152,000</u>

**Computer Equipment Acquisition Loans.** During the fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. The acquired assets secure the loan. Subsequent to June 30, 1993, the District restructured the obligation allowing for one payment during fiscal year 1993-94 and the remaining payments of \$5,000,000 comprised of \$2,459,111 of principal and \$2,540,889 of interest payable in fiscal years 2007-08 through 2010-11. The Pooled Money Investment Rate at June 30, 1993, of 4.402%, was used to impute the interest costs implicit in the repayment amounts, which will be paid from any available funds of the District. At June 30, 2009, the imputed interest payable is [\$189,515]. Therefore, the carrying balance of the loan at June 30, 2009, is [\$4,494,709]. **[TO BE UPDATED]**

The restructuring agreement with IBM provides that if, prior to August 16, 2011, the District receives funding for the specific purpose of paying outstanding obligations, the above amounts will be considered then due for purposes of that payment, and amounts owing to IBM will be paid to the same extent as outstanding debts of other creditors.

**Child Care Facilities.** On February 7, 2001, the District received a no-interest loan from the State Department of Education for the development and acquisition of child care facilities. The District received an initial amount of \$573,048 with the District repaying \$33,000 of the loan. In 2002-03, the District received an additional \$598,060. The carrying balance of the loan as of June 30, 2009 is \$\_\_\_\_\_. **[TO BE UPDATED]**. The remaining repayment schedule is as follows:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
Childcare Facilities Loan Repayment Schedule**

Year Ending June 30	Amount Due
2009	\$ 97,524
2010	97,524
2011-2013	223,872
Total	\$418,920

**Statement of Direct and Overlapping Debt**

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued in the form of general obligation, lease revenue and special assessment bonds and outstanding certificates of participation. The following represents the total assessed valuation and the direct and overlapping bonded debt of the District as of June 1, 2009, according to California Municipal Statistics, Inc. The District makes no assurance as to the accuracy of the following table, and inquiries concerning the scope and methodology of procedures carried out to complete the information presented should be directed to California Municipal Statistics, Inc., Oakland, California.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Direct and Overlapping Debt**  
**(As of June 1, 2009)**

**[TO BE UPDATED]**

2007-08 Assessed Valuation: \$26,971,665,616  
 Redevelopment Incremental Valuation: (6,881,879,807)  
 Adjusted Assessed Valuation: \$20,089,785,809

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	% Applicable	Debt 6/1/08
Bay Area Rapid Transit District	4.731%	\$ 22,108,909
East Bay Municipal Utility District, Special District No. 1	6.373	2,049,875
Contra Costa Community College District	14.563	26,925,531
West Contra Costa Unified School District	100.000	527,016,430 <sup>(1)</sup>
East Bay Regional Park District	6.873	10,271,355
City of El Cerrito Parcel Tax Obligations	100.000	3,615,000
West Contra Costa Healthcare District Parcel Tax Obligations	92.368	22,741,002
Richmond Redevelopment Community Facilities District No. 1998-1	100.000	3,875,000
City and County 1915 Act Bonds	100.000	42,186,976
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$660,790,078</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	14.515%	\$ 52,533,414
Contra Costa County Pension Obligations	14.515	71,556,773
Contra Costa County Board of Education Certificates of Participation	14.515	68,221
Contra Costa Fire Protection District Pension Obligations	4.222	5,326,053
Alameda-Contra Costa Transit District Certificates of Participation	11.728	1,583,280
Contra Costa Community College District Certificates of Participation	14.563	161,649
West Contra Costa Unified School District Certificates of Participation	100.000	24,755,000
City of El Cerrito General Fund Obligations	100.000	9,610,000
City of Hercules Certificates of Participation	90.109	13,696,568
City of Pinole Pension Obligations	100.000	6,214,630
City of Richmond General Fund Obligations	100.000	103,805,000
City of Richmond Pension Obligations	100.000	133,280,133
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$422,590,721</b>

**COMBINED TOTAL DEBT** **\$1,083,380,799** <sup>(2)</sup>

- (1) Excludes the Bonds described herein.  
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:  
 Direct Debt (\$527,016,430) .....1.95%  
 Total Direct and Overlapping Tax and Assessment Debt .....2.45%

Ratios to Adjusted Assessed Valuation:  
 Combined Direct Debt (\$551,771,430).....2.75%  
 Combined Total Debt.....5.39%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0  
 Source: California Municipal Statistics, Inc.

The direct debt of the District after issuance of the Bonds will be approximately \$527,016,430 or 1.95% of the approximately \$26,971,665,616 2007-08 assessed valuation of taxable property within the District. The District's statutory general obligation bonding capacity is 2.5% of the assessed valuation of taxable property within the District, or approximately \$674.3 million for fiscal year 2007-08. **[TO BE UPDATED]**

**COUNTY INVESTMENT POLICIES AND PRACTICES**

*This section provides a general description of the County’s investment policy, current portfolio holdings, and valuation procedures. The information has been prepared by the Treasurer for inclusion in this Official Statement. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained from the Office of the Treasurer, 625 Court Street, Room 102, Martinez, CA 94533.*

In accordance with State Law, the District maintains substantially all of its cash in the Contra Costa County Treasury Investment Pool (the “County Pool”). The County pools the District’s funds with those of the County and other districts in the County for investment purposes. Pooled funds in the County Pool are carried at cost, which approximates market value.

The Treasurer has authority to implement and oversee the investment of such funds in the County Pool in accordance with Government Code Section 53600 *et seq.* The Treasurer accepts funds only from agencies located within the County. As of March 31, 2009, the cost value of the County Pool was [\$2,177,672,928] and the market value was [\$2,187,900,975]. **[TO BE UPDATED]**

As of March 31, 2009, the County Pool had [64.22]% of its assets managed by the Treasurer’s office, [33.54]% of its assets managed by outside contractors, and [2.24]% in cash. Of those assets managed by the Treasurer’s office [16.77]% of the County Pool’s assets are invested in U.S. Treasury and U.S. Agency Securities; and [47.45]% in other money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit, corporate notes, medium term notes and time deposits. Of those assets managed by outside contractors [21.72]% of its assets are invested with the Local Agency Investment Fund, which is managed by the State Treasurer’s Office, and [11.82]% are either in guaranteed investment contracts or managed by investment managers outside of the Treasurer’s office. The following table summarizes the composition of the County Pool as of March 31, 2009. **[TO BE UPDATED]**

**CONTRA COSTA COUNTY TREASURY INVESTMENT POOL  
PORTFOLIO COMPOSITION  
(As of March 31, 2009)**

**[TO BE UPDATED]**

As of March 31, 2009, the County Pool had a weighted average maturity of [126.09] days with [89.39]% of the portfolio maturing in less than one year. The following table summarizes the portfolio liquidity of the County Pool as of March 31, 2009.

**CONTRA COSTA COUNTY TREASURY INVESTMENT POOL  
PORTFOLIO LIQUIDITY  
(As of March 31, 2009)**

**[TO BE UPDATED]**

Term to Maturity	Cost Value	Percent of Total (Cost Value)
Less than 1 year	\$1,948,064,698	89.39%
1 years to 2 years	108,790,790	4.99
2 years to 3 years	101,161,000	4.64
3 years to 4 years	18,484,077	0.85
4 years to 5 years	2,905,000	0.13
Total	<u>\$2,179,405,565</u>	<u>100.00%</u>

Notes: All reported information is unaudited but due diligence was utilized in its preparation. In general, the Treasurer’s records reflect booked costs at the beginning of a period.

The Treasurer’s investment portfolio is in compliance with the Government Code Section 53600 *et seq.* and with the Treasurer’s current investment policy. The County Pool investment portfolio has no securities lending,

reverse repurchase agreements, or derivatives. As of March 31, 2009, the County is able to meet its cash flow needs for the next six months.

## ECONOMIC PROFILE

The information in this section regarding economic activity within the general area in which the District is located is provided as background information only, to describe the general economic health of the region. However, the District encompasses a relatively small area within the County, and the property tax required to be levied by the County to repay the Bonds will be levied only on property located in the District.

### Introduction

The District is located in western Contra Costa County. Cities within the District include El Cerrito, Hercules, Pinole, Richmond and San Pablo; also, within the District are certain unincorporated areas, including the communities of El Sobrante and Kensington. The County is situated northeast of San Francisco, bounded by San Francisco and San Pablo bays to the west and north, the Sacramento River delta to the north, San Joaquin County to the east, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The District is located in the County’s western portion, which with its access to water, contains much of the County’s heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part of the County is also undergoing substantial change, from a rural, agricultural area to a suburban region. The County has extensive and varied transportation facilities – ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco. These advantages, combined with a mild climate and available land, make Contra Costa County attractive for industrial and residential development.

### Population

The following table summarizes the population statistics for the County and cities within the District.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Population of County and Cities within the District <sup>(1)</sup>**

Year	Contra Costa County	City of El Cerrito	City of Hercules	City of Pinole	City of Richmond	City of San Pablo
2000	948,816	23,171	19,488	19,039	99,216	30,256
2001	966,012	23,412	19,826	19,326	100,363	30,565
2002	981,536	23,476	20,109	19,400	100,925	30,598
2003	993,668	23,460	20,429	19,472	101,089	30,712
2004	1,005,590	23,388	21,696	19,531	101,618	31,020
2005	1,016,304	23,234	23,189	19,461	102,269	31,116
2006	1,026,234	23,187	23,544	19,229	102,230	30,841
2007	1,037,580	23,086	23,864	19,143	103,351	30,822
2008	1,048,242	23,306	24,309	19,260	103,899	31,172
2009	1,060,435	23,440	24,480	19,383	104,513	31,808

<sup>(1)</sup> Excludes population statistics of unincorporated territory within the District.  
Source: California Department of Finance, estimates as of May 2009.

**Employment**

The following table summarizes historical employment and unemployment in the County. Such information is not seasonally adjusted and is based on the March 2008 Benchmark.

**CONTRA COSTA COUNTY  
Civilian Labor Force, Employment and Unemployment  
Annual Averages**

	2004	2005	2006	2007	2008
Civilian Labor Force <sup>(1)</sup>					
Employment	484,100	490,200	496,700	501,200	496,400
Unemployment	27,900	25,200	22,300	24,900	32,700
Total <sup>(2)</sup>	512,000	515,400	519,000	526,100	529,200
Unemployment Rate <sup>(3)</sup>	5.4%	4.9%	4.3%	4.7%	6.2%

<sup>(1)</sup> Based on place of residence.

<sup>(2)</sup> Totals may not add due to rounding.

<sup>(3)</sup> The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes the unemployment rates in Contra Costa County and the cities within the District as of March 2009.

**CIVILIAN LABOR FORCE  
Unemployment Rates as of March 2009<sup>(1)</sup>**

Contra Costa County	9.8%
City of El Cerrito	8.7%
City of Hercules	6.6%
City of Pinole	6.3%
City of Richmond	15.8%
City of San Pablo	19.4%
State of California	11.5%
United States of America	9.0%

<sup>(1)</sup> Preliminary, based on the March 2008 benchmark and place of residence; calculated based on unrounded data; not seasonally adjusted.

Source: California Employment Development Department, Labor Market Information Division.

The following table summarizes the historical number of workers by industry in the Oakland-Fremont-Hayward Metropolitan Division (“MD”), which includes Alameda and Contra Costa Counties.

**OAKLAND Metropolitan Division  
Estimated Number of Wage and Salary Workers by Industry<sup>(1)</sup>**

	2005	2006	2007	2008	2009 <sup>(2)</sup>
Farm	1,600	1,500	1,500	1,400	1,400
Natural Resources and Mining	1,100	1,200	1,200	1,200	1,200
Construction	72,800	73,300	72,400	65,300	55,600
Manufacturing	95,600	95,800	93,700	94,300	89,100
Wholesale Trade	48,600	48,800	48,800	48,300	46,600
Retail Trade	112,100	113,300	113,100	110,900	104,400
Transportation & Public Utilities	34,300	35,000	36,100	36,800	35,000
Information	30,700	30,100	29,400	28,000	27,100
Financial Activities	69,500	67,700	62,300	58,000	53,800
Professional and Business Services	150,600	154,900	155,500	162,800	155,200
Education and Health	118,500	121,800	124,700	128,000	127,300
Leisure and Hospitality	83,000	85,600	87,500	87,700	85,600
Other Services	35,600	35,900	36,200	36,200	34,700
Government	180,000	182,000	186,800	179,100	178,000
<b>Total All Industries</b>	<b>1,034,000</b>	<b>1,046,900</b>	<b>1,049,200</b>	<b>1,038,000</b>	<b>995,000</b>

<sup>(1)</sup> Based on the March 2008 benchmark.

<sup>(2)</sup> Preliminary as of March 2009.

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding. Not seasonally adjusted.

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

## Largest Employers

The following table summarizes the largest employers in the East Bay, which includes Alameda and Contra Costa Counties.

### EAST BAY: ALAMEDA AND CONTRA COSTA COUNTIES Largest Employers

Employer	Products/Services	Number of East Bay Employees
University of California	Public Education	25,500
Kaiser Permanente	Health Care	19,933
Safeway Inc.	Supermarket Retail	10,839
State of California	State Government	9,797
Alameda County	Local Government	9,000
Contra Costa County	Local Government	8,423
United States Postal Service	Mail Services	7,808
Chevron Corporation	Energy	7,422
John Muir Health	Health Care	6,085
New United Motor Manufacturing Inc.	Auto Manufacturing	5,200
Alta Bates Summit Medical Center	Health Care	5,193
Wells Fargo & Co.	Financial Services	5,144
Oakland Unified School District	Public Education	5,002
Lawrence Livermore National Laboratory	Government Research & Development	4,765
City of Oakland	Local Government	4,325
Mt. Diablo Unified School District	Public Education	3,400
Bay Area Rapid Transit	Public Transportation	3,313
Lawrence Berkeley National Laboratory	Government Research & Development	3,150
PG&E	Utility	2,850
Children's Hospital and Research Center Oakland	Health Care	2,636

Source: *San Francisco Business Times*, 2009 Book of Lists, Largest Employers in the East Bay published May 9, 2008.

## Commercial Activity

The following table summarizes historical taxable transactions in Contra Costa County.

### CONTRA COSTA COUNTY Taxable Transactions (Dollars in Thousands)

Year	Sales Tax Permits <sup>(1)</sup>	Taxable Transactions
2003	23,253	\$12,223,295
2004	23,571	12,990,538
2005	23,692	13,480,075
2006	23,249	13,867,661
2007	23,181	14,086,295

<sup>(1)</sup> As of July 1.

Source: California State Board of Equalization.

The following table summarizes historical taxable transactions in the District.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**Taxable Transactions for Cities in the District<sup>(1)</sup> — All Outlets**  
**(Dollars in Thousands)**

City	2003	2004	2005	2006	2007
El Cerrito	\$289,575	\$296,705	\$297,476	\$339,605	\$338,603
Hercules	76,716	108,473	113,121	127,680	124,879
Pinole	288,363	292,036	301,110	310,239	303,589
Richmond	1,054,029	1,109,659	1,122,912	1,129,643	1,228,740
San Pablo	155,490	153,670	152,320	146,901	151,789

<sup>(1)</sup> Excludes taxable transactions occurring in unincorporated territory within the District.  
Source: California State Board of Equalization.

**Median Household Income**

Shown below is a history of median household income in the County:

**CONTRA COSTA COUNTY**  
**Median Household Income**  
**For Years 2003 through 2007**

Year	Contra Costa County
2003	\$69,835
2004	67,823
2005	69,487
2006	74,241
2007	76,317

Source: U.S. Census Bureau.

**Building Activity**

Shown below is a history of residential building activity in the County:

**CONTRA COSTA COUNTY**  
**Residential Building Permit Valuation**  
**(Dollars In Thousands)**

Year	Residential Permits	Residential Valuation
2003	6,883	\$1,451,454
2004	5,588	1,240,803
2005	6,438	1,701,881
2006	4,216	1,110,803
2007	2,638	793,073

Source: U.S. Census Bureau.

Shown below is the 2008 building activity for cities in the District:

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**2008 Building Permit Valuation for Cities in the District <sup>(1)</sup>**  
**(Dollars in Thousands)**

City	Residential Units	Residential Valuation
El Cerrito	0	0
Hercules	4	745
Pinole	0	0
Richmond	0	0
San Pablo	20	3,671

<sup>(1)</sup> Excludes building permit valuation for unincorporated territory within the District.  
Source: U.S. Census Bureau.

**LEGAL MATTERS**

**Tax Matters**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 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. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it 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 A hereto.

To the extent the issue price of the Bonds of any given maturity date is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher 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 in the case of bonds, like the 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 beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial 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 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and 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), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 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, or the accrual or receipt of interest on, the Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals or clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the District or the beneficial owners to incur significant expense.

### **Legality for Investment in the State of California**

Under the provisions of the Financial Code of the State, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment funds of its depositors, and under provisions of the Government Code are eligible to secure deposits of public moneys in the State.

### **No Litigation**

No litigation is pending or threatened against the District concerning the validity of the Bonds and a certificate of the District to that effect will be available at the time of original delivery of the Bonds. The District is

not aware of any litigation pending or threatened questioning the political existence of the District or contesting the County's ability to levy and collect *ad valorem* taxes, or to collect other revenues, or contesting its ability to issue and retire the Bonds.

There are a number of lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

### **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of final opinion of Bond Counsel is contained as APPENDIX A. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **MISCELLANEOUS**

### **Ratings**

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings ("Fitch") have assigned their underlying and uninsured municipal bond ratings of "\_\_\_," "\_\_\_," and "\_\_\_," respectively, to the Bonds. Any rating issued reflects only the views of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. The address of Moody's is 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York 10007. The address of S&P is 55 Water Street, New York, New York 10041. The address of Fitch is One State Street Plaza, 31st Floor, New York, New York 10004.

Generally, a rating agency bases its rating on the information and materials furnished to it, and on investigations, studies, and assumptions of its own. In addition, the District has furnished certain information to the rating agencies not included in this Official Statement. There is no assurance that a rating assigned will continue for any given period of time or that a rating will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating obtained may have an adverse effect on the market price of the Bonds.

### **Underwriting**

The Bonds will be purchased for reoffering by the Underwriters of the Bonds at an aggregate purchase price of \$\_\_\_\_\_ (which represents the principal amount of the Bonds plus an original issue premium of \$\_\_\_\_\_ and less an underwriter's discount of \$\_\_\_\_\_ (comprised of \$\_\_\_\_\_ retained by the underwriters as compensation and \$\_\_\_\_\_ for costs of issuance for the Bonds). The Underwriters have certified that it has reoffered the Bonds to the public at or below the initial offering prices and yields stated on the cover page of this Official Statement. The Underwriters will be obligated to take and pay for all Bonds if any Bond is purchased.

### **Financial Advisor**

KNN Public Finance, Oakland, California, has served as Financial Advisor in connection with the issuance of the Bonds. Though the Financial Advisor has participated in the drafting of the Official Statement, the Financial Advisor has not independently audited, authenticated or otherwise verified the information set forth in the Official Statement with respect to accuracy and completeness and as such makes no guaranty, warranty or other representations respecting the accuracy and completeness of any of the information contained herein.

## Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine (9) months following the end of the District's fiscal year (currently ending June 30,) commencing with the report for the 2008-09 Fiscal Year (which is due no later than March 31, 2010,) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"), and with the State information repository, if any. The notices of material events will be filed by the District with each Nationally Recognized Municipal Securities Information Repository or with the Municipal Securities Rulemaking Board, and with the State information repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption "APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE". These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

With respect to the District's outstanding general obligation bonds, the District is required to file annual reports not later than nine months following the end of each fiscal year and to file material events notices. As of the date hereof, the District is in compliance with its continuing disclosure obligations. [CONFIRM] See "THE DISTRICT — District Debt Structure" herein for a summary of the District's outstanding debt obligations.

## Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution, and the constitutional provisions, statutes and other documents described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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 District and the purchasers or Owners of any of the Bonds.

This Official Statement and its distribution have been duly authorized and approved by the District.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_

Sheri Gamba  
Associate Superintendent for  
Business Services

**APPENDIX A**  
**FORM OF FINAL OPINION OF BOND COUNSEL**

**APPENDIX B**

**DISTRICT'S 2007-08 AUDITED FINANCIAL STATEMENTS**

**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX D

### BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

In the event that the book-entry system is discontinued, the following provisions would also apply: (a) Bonds may be exchanged for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate, upon surrender thereof to the Paying Agent; (b) the transfer of any Bond may be registered on the books maintained by the Paying Agent under the Resolution for such purpose only upon the surrender thereof to the Paying Agent together with a duly executed written instrument of transfer in a form approved by the Paying Agent; (c) for every exchange or transfer of Bonds, the Paying Agent shall require the payment by any owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer; (d) all interest payments on the Bonds will be made by wire or check mailed by the Paying Agent to the owners thereof to such owner's address as it appears on the registration books maintained by the Paying Agent on the 15th day of the month preceding such Interest Payment Date; and (e) all payments of principal of and any premium on the Bonds will be paid upon surrender thereof to the Paying Agent.

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

**The District cannot and does not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District is not responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.**

**Neither the District nor the Paying Agent will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Bonds; (iii) any notice that is permitted or required to be given to Holders pursuant to the District Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**

**APPENDIX E**  
**ACCRETED VALUE TABLES**