NEW ISSUE—FULL BOOK-ENTRY

RATING
Standard & Poor's "AA-"
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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 Series 2009A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2009A 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. Interest on the Taxable Series 2009B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$4,055,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Bonds, Series 2009A
(Contra Costa County, California)

$43,945,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds)
(Contra Costa County, California)

Dated: Date of Delivery **Due: October 1, as shown on the inside cover**

Purpose of Financing The $4,055,000 Civic Center Project Lease Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and $43,945,000 Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds) (the "Taxable Series 2009B Bonds" and, collectively with the Series 2009A Bonds, the "Bonds") are being issued by the Brentwood Infrastructure Financing Authority (the "Issuer" or the "Authority") to provide funds to acquire the Local Obligations (as defined herein), finance and refinance the costs of certain public capital improvements, fund reserve accounts for the Local Obligations (excluding the Reimbursement Agreement, as defined herein), fund capitalized interest on the Bonds and pay the costs of issuance of the Bonds.

Special Obligations The Bonds are special, limited obligations of the Issuer, payable from and secured solely by the Trust Estate (as defined herein) which includes the Creditable Revenues (as defined herein) and Base Rental Payments (as defined herein) payable by the City of Brentwood (the "City") under the Facilities Lease (as defined herein).

Purchase of Bonds The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing April 1, 2010. See APPENDIX J — "BOOK-ENTRY ONLY SYSTEM."

Redemption The Bonds are subject to extraordinary, optional and mandatory redemption prior to their respective stated maturities, as described herein. See "THE BONDS — Redemption" herein.

Base Rental Payments The Bonds are payable from and secured solely by the Trust Estate which includes the Creditable Revenues and the Base Rental Payments payable by the City under the Facilities Lease. The Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) are calculated to be sufficient to provide the Issuer with money to pay 100% of principal of, premium, if any, and interest on the Bonds when due. Amounts paid to the Trustee (as defined herein) representing (i) the CIFP Revenues (as defined herein), (ii) debt service payments on the CFD Local Obligations (as defined herein) and (iii) payments pursuant to the Reimbursement Agreement, but in each case only to the extent such amounts are actually received and applied by the Trustee pursuant to the Trust Agreement (as defined herein), (collectively, the "Creditable Revenues") will be applied as a credit against the Base Rental Payments due under the Facilities Lease. Except to the extent such Creditable Revenues are available, all Base Rental Payments due under the Facilities Lease are payable from the general fund of the City. The City covenants to take such action as may be necessary to include all Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments. While the City's obligation to make Base Rental Payments from its general fund is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (as defined herein) (either in whole or in part, temporarily, or permanently) as further described herein, the Creditable Revenues are not subject to abatement. See "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR" and "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR" herein.

Risks of Investment For a discussion of some of the risks associated with the purchase of the Bonds, see "RISK FACTORS" herein.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE FROM AND SECURED SOLELY BY THE TRUST ESTATE IN ACCORDANCE WITH THE TERMS OF THE TRUST AGREEMENT. THE BONDS ARE NOT A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, THE CITY OR THE AGENCY AND UNDER NO CIRCUMSTANCES WILL THE ISSUER BE OBLIGATED TO PAY PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE NOR ANY PUBLIC AGENCY (OTHER THAN THE ISSUER) NOR THE CITY OR AGENCY IS OBLIGATED TO PAY THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY, THE AGENCY, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE BONDS NOR THE LOCAL OBLIGATIONS CONSTITUTE A DEBT OF THE ISSUER, THE CITY OR THE AGENCY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION.

This cover page contains certain information for general reference only. It is not a summary of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when and if issued and accepted by the Underwriter subject to the approval, as to their legality, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Jones Hall, A Professional Law Corporation. Certain legal matters will be passed upon for the Authority, the City and the Agency by the City Attorney. It is expected that the Bonds will be available for delivery in book-entry form on or about October 27, 2009.

RBC Capital Markets®

Dated: October 16, 2009

MATURITY SCHEDULE

Series 2009A Bonds

Due (October 1)	Amount	Interest Rate	Priced to Yield	CUSIP No.*
2012	$ 625,000	3.000%	2.000%	10727YAC0
2013	645,000	3.000	2.430	10727YAD8
2014	665,000	4.000	2.900	10727YAE6
2015	1,040,000	4.000	3.300	10727YAF3
2016	1,080,000	4.000	3.610	10727YAG1

Taxable Series 2009B Bonds

Due (October 1)	Amount	Interest Rate	Price	CUSIP No.*
2020	$1,265,000	6.310%	100%	10727YAL0
2021	1,320,000	6.410	100	10727YAM8

$3,510,000 6.160% Term Bonds due October 1, 2019, Price: 100% CUSIP No.* 10727YAK2
$4,310,000 6.860% Term Bonds due October 1, 2024, Price: 100% CUSIP No.* 10727YAQ9
$10,610,000 7.497% Term Bonds due October 1, 2030, Price: 100% CUSIP No.* 10727YAT3
$22,930,000 7.647% Term Bonds due October 1, 2039, Price: 100% CUSIP No.* 10727YAU9

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* Copyright 2009, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP service bureau, a division of The McGraw Hill Companies, Inc. None of the Issuer, the City, the Agency or the Underwriter assume any responsibility for the accuracy of such numbers.

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BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY

CITY OF BRENTWOOD

City Council and Authority Officers

Robert Taylor, Mayor/Chairperson of the Authority
Erick Stonebarger, Vice Mayor/Vice-Chairperson of the Authority
Chris Becnel, Councilmember/Boardmember
Robert A. Brockman, Councilmember/Boardmember
Brandon Richey, Councilmember/Boardmember

City Staff

Donna Landeros, City Manager
Damien Brower, City Attorney
Karen Chew, Assistant City Manager
Pamela Ehler, Director of Finance and Information Systems
Kerry Breen, CPA Business Services Manager
Brian Kelleher, Accountant II

Special Services

Bond Counsel
Orrick, Herrington & Sutcliffe LLP

Trustee
U.S. Bank National Association
San Francisco, California

Financial Advisor
Del Rio Advisors, LLC
Modesto, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is 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.

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

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

Involvement of Underwriter. RBC Capital Markets Corporation (the "Underwriter") has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or Agency since the date hereof. All summaries of the Trust Agreement, the Facilities Lease (as such terms are defined herein) or other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and

others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

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OFFICIAL STATEMENT

$4,055,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Bonds, Series 2009A
(Contra Costa County, California)

$43,945,000
BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds)
(Contra Costa County, California)

INTRODUCTION

This introduction is not a summary of this Official Statement, and is qualified by the more complete and detailed information contained in the entire Official Statement and the documents described or summarized herein. The sale of Bonds to potential investors is made only by means of the entire Official Statement.

General. This Official Statement, including the cover page and the appendices hereto, is provided to furnish information regarding the issuance by the Brentwood Infrastructure Financing Authority (the "Issuer" or the "Authority") of its $4,055,000 aggregate principal amount of Civic Center Project Lease Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and $43,945,000 aggregate principal amount Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds) (the "Taxable Series 2009B Bonds" and, collectively with the Series 2009A Bonds, the "Bonds").

Purposes of the Bonds. The Bonds are being issued to provide funds to (a) finance and refinance the costs of certain public capital improvements consisting of a new City Hall, Community Center, Senior Center, library improvements and other public capital improvements approved by the City of Brentwood (the "City") (collectively the "2009 Project"), (b) acquire, and fund reserve accounts for, the CFD Local Obligations described below, (c) fund a reserve account for the Facilities Lease obligation, (d) fund capitalized interest on the Bonds and (e) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE FINANCING PLAN AND THE 2009 PROJECT."

Designation of Taxable Series 2009B Bonds as Build America Bonds. The Taxable Series 2009B Bonds will be issued as bonds designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), the interest on which is not excluded from gross income for purposes of federal income taxation. See "TAX MATTERS." The Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Taxable Series 2009B Bonds on or about each Interest Payment Date. See "THE BONDS – Designation of Taxable Series 2009B Bonds as Build America Bonds."

The Local Obligations. The Bonds are payable from and secured solely by the Trust Estate (as defined herein) which includes the Creditable Revenues (as defined herein) and Base Rental Payments (the "Base Rental Payments") required to be made by the City under a

Facilities Lease, dated as of October 1, 2009 (the "Facilities Lease"), by and between the City and the Authority pursuant to which the City will lease certain real property and improvements thereon (as described further herein, the "Demised Premises") from the Authority. As additional security for the Bonds, the Authority will (a) acquire the $15,388,543.62 City of Brentwood Community Facilities District No. 3 Special Tax Bonds, Series 2009; the $3,691,998.13 City of Brentwood Community Facilities District No. 4 Special Tax Bonds, Series 2009; and the $1,129,984.56 City of Brentwood Community Facilities District No. 5 Special Tax Bonds, Series 2009 (collectively, the "CFD Local Obligations"), (b) enter into a Reimbursement Agreement among the Authority, the City and the Brentwood Redevelopment Agency (the "Agency"), dated as of October 1, 2009 (the "Reimbursement Agreement"), pursuant to which the Agency will reimburse the City for a portion of the Base Rental Payments, and (c) pledge certain revenues received by the Authority in connection with the refunding of certain of its other bonds (as more fully described herein, the "CIFP Revenues"). Amounts received by the Trustee (as defined herein) from these three sources (collectively, the "Creditable Revenues") will be credited against the City's obligation to pay Base Rental Payments from its general fund but only to the extent such amounts are actually received and applied by the Trustee pursuant to the Trust Agreement (as defined herein). Except to the extent such Creditable Revenues are available, all Base Rental Payments due under the Facilities Lease are payable from the general fund of the City, subject only to the limitations therein concerning abatement of rent. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – The Facilities Lease – Abatement" and "RISK FACTORS – Abatement." While the City's obligation to make Base Rental Payments from its general fund is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (either in whole or in part, temporarily, or permanently), the Creditable Revenues are not subject to abatement.

Authority for Issuance. The Bonds are issued pursuant to the terms of a Trust Agreement, dated as of October 1, 2009 (the "Trust Agreement") by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Local Obligations will be issued or executed and delivered, as applicable, simultaneously with the issuance of the Bonds and consist of (i) the Facilities Lease entered into by the City pursuant to a Resolution of the City (the "City Resolution") adopted on September 8, 2009, (ii) the Reimbursement Agreement entered into by the Agency pursuant to a Resolution of the Agency (the "Agency Resolution") adopted on September 8, 2009 and (iii) the CFD Local Obligations issued by the City pursuant to three separate master indentures, each as supplemented as of October 1, 2009 (each, a "CFD Indenture" and, collectively, the "CFD Indentures") by and between the Agency and U.S. Bank National Association, as trustee (the "CFD Trustee") and the provisions of the Mello Roos Community Facilities Act of 1982, as amended (being Section 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (collectively, the "Act").

Security for the Bonds. The Bonds are special, limited obligations of the Issuer, payable solely from and secured by the Trust Estate (as defined herein) which includes the Creditable Revenues and Base Rental Payments paid from the general fund of the City. A reserve fund has been established for each of the CFD Local Obligations under the related CFD Indenture, and a reserve fund has been established for the Facilities Lease under the Trust Agreement. No reserve fund has been established for the Reimbursement Agreement. The Bonds shall not constitute a charge against the general credit of the Issuer or any of its members, and under no circumstances

shall the Issuer be obligated to pay principal of or redemption premiums, if any, or interest on the Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Issuer) nor any member of the Issuer is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Issuer is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. The payment of the principal of or redemption premiums, if any, or interest on, the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Issuer) or any member of the Issuer.

Security for or Payment of the Local Obligations.

Facilities Lease. While amounts paid to the Trustee representing Creditable Revenues pursuant to the Trust Agreement will be applied as a credit against the Base Rental Payments due under the Facilities Lease, all Base Rental Payments due under the Facilities Lease are ultimately payable from the general fund of the City. The Base Rental Payments are calculated to be sufficient to provide the Issuer with money to pay the principal of, premium, if any, and interest on the Bonds when due, assuming there are no Creditable Revenues. The City covenants to take such action as may be necessary to include Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments; however the Facilities Lease is subject to abatement in the event the City is prevented from using the leased property. A reserve fund has been established under the Trust Agreement which is available in the event of non-payment of Base Rental Payments. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Reserve Fund."

Reimbursement Agreement. Subject to the payment of principal of and interest on senior bonded indebtedness of the Agency outstanding on the Closing Date and future senior bonded indebtedness issued on a parity therewith, pursuant to the Reimbursement Agreement, the Agency and the City agree that Tax Increment Revenues from the Project Area may be used and applied to repay the City for a proportionate share of all Base Rental Payments made by the City to the Authority under the Facilities Lease related to expenditures on certain portions of the 2009 Project to the extent that the City Council and the Agency make the appropriate findings of benefit required by Sections 33451(a)(1) and 33679 of the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) as such provisions are applicable to such portions of the 2009 Project. See APPENDIX D – "THE REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD." The City Council and the Agency have made such findings, as applicable, with respect to portions of the 2009 Project consisting of the Community Center and certain other public capital improvements and the Reimbursement Agreement will require the Agency to pay to the Trustee an amount equal to approximately 23% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

CFD Local Obligations. Each CFD Local Obligation is payable from Special Tax Revenues collected in the applicable community facilities district ("CFD") as a result of the levy of Special Taxes. A debt service reserve fund has been established under each CFD Indenture

which is available in the event of non-payment of all or a portion of the related CFD Local Obligation. See APPENDIX E – "THE CFD LOCAL OBLIGATIONS." The debt service on CFD Local Obligations is approximately 38% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

CIFP Revenues. The CIFP Revenues consist of amounts available to the Authority for the purpose of paying the cost of public capital improvements (as defined in Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time) upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement. CIFP Revenues are received by the Authority as a result of certain refunding bonds issued by the Authority in connection with the financing of infrastructure secured by certain assessment district bonds issued to the Authority by the City, and are derived from special assessment installments paid by property owners in the City with respect to such assessment bonds. See APPENDIX F – "THE CAPITAL IMPROVEMENT FINANCING PROGRAMS." CIFP Revenues are estimated at the time of issuance of the Bonds to be equal to approximately 28% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

Limited Scope of Official Statement. There follows in this Official Statement descriptions of the Issuer, the Bonds, the Trust Agreement, the Merged Project Area, the Local Obligations, the CIFP Revenues and certain other documents. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of its respective terms and conditions. All statements herein with respect to such documents are qualified in their entirety by reference to each such document for the complete details of its respective terms and conditions. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Terms not defined herein shall have the meanings set forth in the Trust Agreement, the Reimbursement Agreement, the CFD Indentures or the Facilities Lease.

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

All financial and other information presented in this Official Statement has been provided by the City and the Agency from their records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial or other affairs of the City, the Agency or the Issuer. 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.

THE BONDS

Authority For Issuance

The Bonds are special obligations of the Issuer payable from and secured by payments made under the Local Obligations of the Agency and the City, as described herein. The Local Obligations will be purchased by the Issuer pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, as amended from time to time (the "Marks-Roos Law"). The Bonds are being issued pursuant to the provisions of the Trust Agreement and a Resolution adopted by the Authority on September 8, 2009.

Designation of Taxable Series 2009B Bonds as Build America Bonds

The Taxable Series 2009B Bonds will be issued as "Build America Bonds" under the provisions of the Recovery Act. The Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Taxable Series 2009B Bonds on or about each Interest Payment Date. The cash payment does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the Authority will be transferred to the City and are not pledged as part of the Trust Estate. The Authority is obligated to make all payments of principal of and interest on the Taxable Series 2009B Bonds whether or not it receives any cash subsidy payments pursuant to the Recovery Act.

Amount and Issuance of the Bonds

The Bonds are being issued in the aggregate principal amount set forth on the cover of this Official Statement. The Bonds will be dated their date of delivery. The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. The Bonds shall be initially registered in the name of "Cede & Co." as nominee of DTC, and shall bear interest from the date of delivery thereof.

While the Bonds are subject to the book-entry system, the principal of and interest and any prepayment premium on a Bond will be paid by the Trustee to DTC or its nominee, Cede & Co., which in turn is obligated to remit such payment to DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. Ultimate purchasers of Bonds will not receive physical bonds representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX J – BOOK-ENTRY ONLY SYSTEM" herein.

The principal of and redemption premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Payment of the interest on any Bond will be made to the Person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date for that purpose; except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States. The principal of and redemption premiums, if any, on the Bonds shall be payable at the Principal Corporate Trust Office of the Trustee, upon presentation and surrender of such Bonds. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and payable at the rates set forth on the inside cover page of this Official Statement on April 1 and October 1 of each year, commencing April 1, 2010 (each, an "Interest Payment Date"). Principal of the Bonds will be payable in the amounts and on the maturity dates set forth on the inside cover page of this Official Statement (subject to the right of prior redemption).

For a discussion of the accounts and funds established under the Trust Agreement and related to the Bonds, see "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." For a schedule of the estimated sources and uses of funds related to the issuance of the Bonds and the Local Obligations, see "ESTIMATED SOURCES AND USES OF FUNDS."

Redemption

Extraordinary Redemption from Prepayments of Local Obligations. The Bonds are subject to mandatory redemption in part, on any Interest Payment Date, and will be redeemed by the Trustee, from moneys transferred from the Prepayment Account to the Redemption Fund and derived from prepayments of Local Obligations from insurance or condemnation proceeds or other mandatory redemption or acceleration of Local Obligations at a redemption price equal to the principal amount thereof, without premium.

Optional Redemption. The Bonds maturing on and after October 1, 2020 are also subject to optional redemption as a whole or in part on any date at the option of the Issuer from any moneys deposited in the Redemption Fund (from any source other than that described above under the heading "Extraordinary Redemption from Prepayments of Local Obligations" or below under the heading "Mandatory Redemption") for such purpose by the Issuer, on and after October 1, 2019, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Prior to October 1, 2019, the Taxable Series 2009B Bonds are also subject to redemption prior to their stated maturities, at the option of the Authority, on any date from any source of available funds, as a whole or in part, at the "Make-Whole Redemption Price" which is equal to the greater of:

(i) 100% of the principal amount of the Taxable Series 2009B Bonds to be redeemed; and

(ii) the sum of the present value of the remaining scheduled payments of principal of and interest on the Taxable Series 2009B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable Series 2009B Bonds are to be redeemed, discounted to the date on which the Taxable Series 2009B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 40 basis points, plus, in each case, accrued interest on the Taxable Series 2009B Bonds to be redeemed to the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Taxable Series 2009B Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Taxable Series 2009B Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Taxable Series 2009B Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Taxable Series 2009B Bond: (i) the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or (ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Authority.

"Reference Treasury Dealer" means each of the four firms, specified by the Authority from time to time, that are primary United States Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Taxable Series 2009B Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Taxable Series 2009B Bond, the rate per annum, expressed as a percentage of the principal amount, equal

to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Valuation Date" means the third business day preceding the redemption date.

Prior to October 1, 2019, the Taxable Series 2009B Bonds are also subject to extraordinary optional redemption prior to their stated maturities, at the option of the Authority, upon the occurrence of an Extraordinary Event from any source of available funds, as a whole or in part, at the "Extraordinary Make-Whole Redemption Price" which is equal to the greater of:

(i) 100% of the principal amount of the Taxable Series 2009B Bonds to be redeemed; and

(ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Taxable Series 2009B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Taxable Series 2009B Bonds are to be redeemed, discounted to the date on which the Taxable Series 2009B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points, plus, in each case, accrued interest on the Taxable Series 2009B Bonds to be redeemed to the redeemed date.

An "Extraordinary Event" will have occurred if the Authority or the City determines that a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to Build America Bonds) or there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections or any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of an act or omission by the Authority or the City to satisfy the requirements to receive the 35% cash subsidy payment from the United States Treasury, pursuant to which the 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

Mandatory Redemption. The Taxable Series 2009B Bonds maturing on October 1, 2019 are also subject to mandatory redemption in part pro rata among the Owners thereof on October 1 in each year commencing October 1, 2017 at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Taxable Series 2009B Bonds Maturing October 1, 2019

Year (October 1)	Amount	Year (October 1)	Amount
2017	$1,125,000	2019*	$1,215,000
2018	1,170,000		

* Maturity

The Taxable Series 2009B Bonds maturing on October 1, 2024 are also subject to mandatory redemption in part pro rata among the Owners thereof on October 1 in each year commencing October 1, 2022 at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Taxable Series 2009B Bonds Maturing October 1, 2024

Year (October 1)	Amount	Year (October 1)	Amount
2022	$1,375,000	2024*	$1,500,000
2023	1,435,000		

* Maturity

The Taxable Series 2009B Bonds maturing on October 1, 2030 are also subject to mandatory redemption in part pro rata among the Owners thereof on October 1 in each year commencing October 1, 2025 at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Taxable Series 2009B Bonds Maturing October 1, 2030

Year (October 1)	Amount	Year (October 1)	Amount
2025	$1,565,000	2028	$1,805,000
2026	1,640,000	2029	1,895,000
2027	1,720,000	2030*	1,985,000

* Maturity

The Taxable Series 2009B Bonds maturing on October 1, 2039 are also subject to mandatory redemption in part pro rata among the Owners thereof on October 1 in each year commencing October 1, 2031 at the principal amount thereof plus accrued interest thereon to the date fixed for redemption in accordance with the following schedule:

Taxable Series 2009B Bonds Maturing October 1, 2039

Year (October 1)	Amount	Year (October 1)	Amount
2031	$2,080,000	2036	$2,655,000
2032	2,185,000	2037	2,785,000
2033	2,295,000	2038	2,925,000
2034	2,410,000	2039*	3,070,000
2035	2,525,000		

* Maturity

In the event that Bonds subject to the above mandatory redemption are redeemed in part prior to their stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Bonds shall be reduced as directed by the Issuer.

Notice of Redemption. In the case of any redemption of Bonds, the Trustee shall determine that it has in the Funds maintained pursuant to the Trust Agreement and available therefor sufficient moneys on hand to pay the principal of, the interest on, and the redemption premium, if any, to make any such redemption. Subject to receipt of a Written Order of the Issuer, if sufficient moneys are available for such redemption, the Trustee shall give notice that Bonds, identified by CUSIP numbers, serial numbers and maturity date, have been called for redemption and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Bonds, or portions thereof, so to be redeemed will cease to accrue on and after such date and that from and after such date such Bond or such portion will no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of such redeemed Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption. Such notice shall be mailed by first class mail, postage prepaid, at least 30 but not more than 60 days before the date fixed for redemption, to the Information Services and to the Owners of such Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. Neither the failure of an Owner to receive notice of redemption of Bonds nor any error in such notice will affect the validity of the proceedings for the redemption of Bonds.

Any notice of redemption may be rescinded by the Issuer by Written Order given to the Trustee not later than five (5) days prior to the date fixed for redemption. Upon receipt of such Written Order, the Trustee shall promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Cash Flow Sufficiency; Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed on any one date (other than redemption from mandatory sinking fund installments), the Issuer is required to provide the Trustee with a Cash Flow Certificate specifying the maturity or maturities of Bonds to be redeemed and showing that the remaining payments of principal of and interest on Local Obligations, together with other Revenues available to the Trustee, will be sufficient to pay on a timely basis the principal of and the interest on the remaining Bonds when due. If less than all the Outstanding Series 2009A Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Series 2009A Bonds to be redeemed by lot and in Authorized Denominations. If less than all the Outstanding Taxable Series 2009B Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Taxable Series 2009B Bonds to be redeemed pro rata among the Owners of the Taxable Series 2009B Bonds of such maturity.

Payment of Redeemed Bonds. If notice of redemption has been given or waived, the Bonds or portions thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price thereof, together with accrued interest to the date fixed for redemption, upon presentation and surrender of the Bonds to be redeemed at the office specified in the notice of redemption. If less than the full principal amount of a Bond is called for redemption, the Issuer shall execute and deliver and the Trustee shall authenticate, upon surrender of such Bond, and without charge to the Owner thereof, Bonds of like interest rate and maturity in an aggregate principal amount equal to the unredeemed portion of the principal amount of the Bonds surrendered in Authorized Denominations. If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Issuer, then interest on such Bond or such portion shall cease to accrue from such date, and from and after such date such Bond or such portion shall no longer be entitled to any lien, benefit or security under the Trust Agreement, and the Owner thereof shall have no rights in respect of such Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the Proceeds Fund, the Principal Fund or in the Redemption Fund may also be used and withdrawn by the Trustee at any time prior to selection of Bonds for redemption having taken place with respect to such amounts, upon a Written Order from the Issuer for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the Issuer may in its discretion determine, but not in excess of the redemption price thereof plus accrued interest to the purchase date.

THE FINANCING PLAN AND THE 2009 PROJECT

The Bonds are being issued to provide funds to (i) finance and refinance the 2009 Project, (ii) acquire, and fund reserve accounts for, the CFD Local Obligations, (iii) fund a reserve account for the Facilities Lease obligation, (iv) fund capitalized interest on the Bonds, and (v) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS."

The 2009 Project consists of the following elements:

(i) The development and construction of the Brentwood Senior Activity Center, an approximately 8,375 sq. ft. facility, directly south of the Aquatic Center. This facility will provide three meeting/classroom spaces, a large kitchen, a multi-purpose space of approximately 3,400 sq. ft., parking, a bus turnout, including a bus shelter on Balfour Road, landscaping, lighting and an art element.

(ii) Two phase construction of the Civic Center. Phase One includes a 7,200 sq. ft. Council Chambers building and a 55,000 sq. ft. City Hall. The new Council Chambers building will be a single-story building, approximately 30 feet in height, with seating for 150 people, a closed session meeting room with kitchen, restroom facilities and a technology room. The new City Hall facility will be three stories in height and approximately 55,000 sq. ft. in area. The

third story will cover approximately half of the building with a hipped roof for a total building height of 65 feet. All new structures would be designed to meet the LEED Certified-level standard of the United States Green Building Council ("USGBC").

(iii) Construction of a 32,000 sq. ft., two story Community Center with a maximum 30-ft. height. The Community Center will include expanded services and offerings including space for art, multi-purpose rooms, banquet facilities, catering kitchen, activity rooms, exercise rooms, and exterior event spaces. All new structures will be designed to meet the LEED Certified-level standard of the USGBC.

(iv) In order to construct the Civic Center, the existing library will be relocated. Phase One of the project consists of building an interim library in the 104 Oak Street portion of the City Hall annex building and consolidating staff in the remaining portion of the building.

(v) Other public capital improvements approved by the City and of benefit to the Project Area of the Agency may be financed with the proceeds of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds and certain other amounts are estimated to be disbursed as set forth below:

Sources:	
Principal Amount of Bonds	$48,000,000.00
Plus: Original Issue Premium on Series 2009A Bonds	129,171.85
Plus: City Contribution to Costs of Issuance and Capitalized Interest	1,762,678.90
Less: Underwriter's Discount	643,945.00
Total Sources	$49,247,905.75
Uses:	
Costs of the 2009 Project	$38,583,005.42
Capitalized Interest[1]	6,965,014.71
Facilities Lease Reserve Fund	1,866,503.52
CFD Local Obligation Reserve Funds	1,357,457.10
Costs of Issuance[2]	475,925.00
Total Uses	$49,247,905.75

(1) Represents capitalized interest through approximately two years following the issuance of the Bonds.

(2) Includes Bond fees, rating agency fees, bond and Official Statement printing, initial fees of the Trustee and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds is set forth below.

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
Civic Center Project Lease Revenue Bonds,
Series 2009
Annual Debt Service

	Series 2009A Bonds		Series 2009B Bonds		
Year Ending (October 1)	**Principal**	**Interest**	**Principal**	**Interest**	**Total**
2010		$ 138,702.78		$ 2,992,272.88	$ 3,130,975.66
2011		149,500.00		3,225,204.30	3,374,704.30
2012	$ 625,000	149,500.00		3,225,204.30	3,999,704.30
2013	645,000	130,750.00		3,225,204.30	4,000,954.30
2014	665,000	111,400.00		3,225,204.30	4,001,604.30
2015	1,040,000	84,800.00		3,225,204.30	4,350,004.30
2016	1,080,000	43,200.00		3,225,204.30	4,348,404.30
2017			$ 1,125,000	3,225,204.30	4,350,204.30
2018			1,170,000	3,155,904.30	4,325,904.30
2019			1,215,000	3,083,832.30	4,298,832.30
2020			1,265,000	3,008,988.30	4,273,988.30
2021			1,320,000	2,929,166.80	4,249,166.80
2022			1,375,000	2,844,554.80	4,219,554.80
2023			1,435,000	2,750,229.80	4,185,229.80
2024			1,500,000	2,651,788.80	4,151,788.80
2025			1,565,000	2,548,888.80	4,113,888.80
2026			1,640,000	2,431,560.76	4,071,560.76
2027			1,720,000	2,308,609.96	4,028,609.96
2028			1,805,000	2,179,661.56	3,984,661.56
2029			1,895,000	2,044,340.70	3,939,340.70
2030			1,985,000	1,902,272.56	3,887,272.56
2031			2,080,000	1,753,457.10	3,833,457.10
2032			2,185,000	1,594,399.50	3,779,399.50
2033			2,295,000	1,427,312.56	3,722,312.56
2034			2,410,000	1,251,813.90	3,661,813.90
2035			2,525,000	1,067,521.20	3,592,521.20
2036			2,655,000	874,434.46	3,529,434.46
2037			2,785,000	671,406.60	3,456,406.60
2038			2,925,000	458,437.66	3,383,437.66
2039			3,070,000	234,762.90	3,304,762.90
Totals	**$4,055,000.00**	**$807,852.78**	**$43,945,000.00**	**$68,742,048.30**	**$117,549,901.08**

SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR

Limited Obligation

The Bonds are payable solely from and secured by a lien on and pledge of the Trust Estate. The "Trust Estate" consists of (i) the Revenues (as defined herein); (ii) the proceeds of the sale of the Bonds; (iii) the amounts in the Funds established by the Trust Agreement, except amounts in the Rebate Fund; (iv) the Local Obligations; and (v) the Site Lease.

The Bonds are special, limited obligations of the Issuer, payable from and secured solely by the Trust Estate in accordance with the terms of the Trust Agreement. The Bonds are not a charge against the general credit of the Issuer, the City or the Agency, and under no circumstances will the Issuer be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Trust Estate. Neither the State nor any public agency (other than the Issuer) nor the City or Agency is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the Issuer, the City, the Agency, the State or any public agency thereof is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. Neither the Bonds nor the Local Obligations constitute a debt of the Issuer, the City or the Agency within the meaning of any statutory or constitutional debt limitation.

Revenues

The Bonds are secured by a lien on and pledge of Revenues under the Trust Agreement. "Revenues" means all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, the CIFP Revenues and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

The Local Obligations consist of the Facilities Lease, the Reimbursement Agreement and the CFD Local Obligations. Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) are calculated to be sufficient to provide the Issuer with money to pay 100% of the principal of, premium, if any, and interest on the Bonds when due. The Creditable Revenues will be applied as a credit against the Base Rental Payments; however, in the event that the Creditable Revenues fall short of the amount of Base Rental Payments due in any year, the City is obligated under the Facilities Lease to pay such shortfall from the general fund of the City, subject only to abatement pursuant to the Facilities Lease. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Abatement" and "RISK FACTORS – The Facilities Lease – Abatement."

Under the Trust Agreement, all of the Revenues and the amounts in the Funds established by the Trust Agreement (except amounts in the Rebate Fund) are pledged by the Issuer to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Trust Agreement. Said pledge constitutes a

lien on and security interest in the Revenues upon the physical delivery thereof. In the Trust Agreement, the Issuer transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Issuer in the Local Obligations, if any. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Trustee and shall forthwith be paid by the Issuer to the Trustee. The Trustee also is entitled to and may take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights of the Issuer and all of the obligations of the City and the Agency under and with respect to the Local Obligations.

Base Rental Payments. The City covenants to take such action as may be necessary to include all Base Rental Payments in each of its annual budgets during the term of the Facilities Lease and to make the necessary annual appropriations for all such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement in the event of damage or destruction of the Facilities or a taking of the Facilities (either in whole or in part, temporarily, or permanently) as further described herein. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR" herein.

The Reimbursement Agreement. Subject to the payment of principal and interest on senior bonded indebtedness of the Agency outstanding on the closing date and additional senior bonds issued on a parity therewith, pursuant to the Reimbursement Agreement, the Agency and the City agree that Tax Increment Revenues from the Project Area may be used and applied to repay the City for a proportionate share of all Base Rental Payments made by the City to the Authority under the Facilities Lease related to expenditures on certain portions of the 2009 Project to the extent that the City Council and the Agency make the appropriate findings of benefit required by Sections 33451(a)(1) and 33679 of the Community Redevelopment Law of the State of California (being Part 1 of Division 24 of the Health and Safety Code of the State of California, as amended) as such provisions are applicable to such portions of the 2009 Project. See APPENDIX D – "THE REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD" attached hereto. The City Council and the Agency have made such findings with respect to portions of the 2009 Project consisting of the Community Center and certain other public capital improvements and the Reimbursement Agreement will require the Agency to pay to the Trustee an amount equal to approximately 23% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

CFD Local Obligations. The CFD Local Obligations will be payable from Special Tax Revenues collected in the applicable CFD as a result of the levy of Special Taxes. "Special Tax Revenues" is defined under each CFD Indenture to mean the special tax authorized to be levied and collected annually on all Taxable Land (as defined in the related CFD Indenture) in the related CFD under and pursuant to the Act at the special election held in the related CFD. See APPENDIX E – "THE CFD LOCAL OBLIGATIONS." Additional CFD Local Obligations may be issued by the City secured on a parity with the CFD Local Obligations subject to certain requirements set forth in each CFD Indenture. See APPENDIX E – "THE CFD LOCAL OBLIGATIONS - Issuance of Additional Debt" attached hereto. The debt service on CFD Local Obligations is approximately 38% of the Base Rental Payments payable by the City under the

Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

CIFP Revenues. The CIFP Revenues consist of amounts available for the purpose of paying the cost of public capital improvements (as defined in Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time) upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement. See APPENDIX F – "THE CAPITAL IMPROVEMENT FINANCING PROGRAMS." CIFP Revenues are received by the Authority as a result of certain refunding bonds issued by the Authority in connection with the financing of infrastructure secured by certain assessment district bonds issued to the Authority by the City, and are derived from special assessment installments paid by property owners in the City with respect to such assessment bonds. See APPENDIX F – "THE CAPITAL IMPROVEMENT FINANCING PROGRAMS." CIFP Revenues are estimated at the time of issuance of the Bonds to be equal to approximately 28% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

Additional Bonds

The Trust Agreement permits the issuance of bonds to be secured by the Trust Estate on a parity with the Bonds but only for the purpose of refunding Bonds outstanding under the Trust Agreement; provided that the Issuer delivers a Cash Flow Certificate to the effect that, assuming that all payments are made with respect to the Local Obligations, (i) the Revenues, together with monies on deposit in other funds and accounts held under the Trust Agreement, will be sufficient to pay all scheduled principal and interest payments on the Bonds when due; and (ii) the redemption premium, if any, on the Local Obligations payable in the event of early retirement of the Local Obligations, together with other Revenues available to the Trustee for such purpose, are sufficient to offset any difference between the interest to accrue on the Bonds to be paid or redeemed with the proceeds of Prepayment of such Local Obligations (plus any redemption premium payable upon redemption of such Bonds) and the income to be earned on any investment of such proceeds (assured as of the date of payment thereof), in each case until the date of payment or redemption of Bonds, such that in no event will the Prepayment of the Local Obligations cause the Trustee to have insufficient funds to pay (A) debt service on the Bonds when due and (B) scheduled debt service on the Bonds which remain Outstanding after such redemption, plus in each case expenses to be payable from the Expense Fund.

SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR

Neither the Bonds nor the obligation of the City to pay Base Rental Payments constitutes an obligation of the City for which the City is obligated to levy or pledge, or for which the City has levied or pledged, any form of taxation. Neither the Bonds nor the obligation of the City to pay Base Rental Payments constitutes a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional debt limitation or violates any statutory debt limitation or constitutes a pledge of the faith and credit of the City, the State of California or any of its political subdivisions. Capitalized terms used but not defined in this

section have the meanings given in the Site Lease and the Facilities Lease. See APPENDIX A-SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.

The Demised Premises

Pursuant to a Site Lease, dated as of October 1, 2009, the City will lease to the Authority certain real property owned by the City consisting of approximately 4.965 acres of land generally bounded by 2nd St, 3rd St., Maple St. and Oak St. (the "Demised Premises"). Pursuant to the Facilities Lease, the City will lease the Demised Premises and the improvements to be financed back from the Authority. The Demised Premises are the site for the new City Hall and Community Center to be financed with a portion of the proceeds of the Bonds. The site currently contains the existing City Hall and Community Center (which are to be demolished) and a City Park. The city estimates that, upon completion of these projects, the Demised Premises including improvements will have a value of approximately $48,880,900, based on construction cost and underlying land value.

Base Rental Payments

For the right to the use and occupancy of the Demised Premises and the buildings, structures, improvements and appurtenances on the Demised Premises (the "Facilities"), the Facilities Lease requires the City to make Base Rental Payments. Base Rental Payments are due and payable on the fifteenth day of March and September in each year during the Term of the Facilities Lease. Base Rental Payments shall be for the use and occupancy of the Facilities and the Demised Premises for the year in which such payments occur, provided that the Base Rental Payments paid on any date shall only be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Facilities and Demised Premises. The City and the Authority have agreed and determined that such total rental represents no more than the fair rental value of the Demised Premises and the Facilities for each such period. In making such determination, consideration has been given to costs of acquisition and financing of the Facilities, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public. The Base Rental Payments payable by the City are subject to reduction in each year from the Creditable Revenues received by the trustee in such year. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS – Revenues" herein.

The Authority has assigned all of its rights under the Facilities Lease (excepting only its right to receive reasonable attorneys' fees and expenses incurred in the event of a default), including the right to receive Base Rental Payments and any prepayments, to the Trustee for the benefit of the Owners of the Bonds. On the fifteenth calendar day of the month preceding each Interest Payment Date during the term of the Facilities Lease, the City must pay to the Trustee a Base Rental Payment (to the extent required under the Facilities Lease) which is equal to the amount necessary to pay the principal, if any, and interest due with respect to the Bonds on the next succeeding Interest Payment Date. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority.

The Trust Agreement requires that Base Rental Payments and all other Revenues be deposited in the Revenue Fund maintained by the Trustee. Pursuant to the Trust Agreement, prior to each Interest Payment Date and Principal Payment Date, the Trustee will apply such amounts in the Revenue Fund as are necessary to make principal and interest payments with respect to Bonds as the same shall become due and payable. Payment of the Base Rental Payments is subject to abatement to the extent the City is denied the use and occupancy of the Facilities and Demised Premises. See "Abatement" below.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

The City has also agreed in the Facilities Lease to pay "Additional Payments" as are required by the Issuer for the payment of all amounts, costs and expenses incurred by the Issuer in connection with the execution, performance or enforcement of the Facilities Lease, including salaries and wages of employees, all expenses, compensation and indemnification payable by the Issuer to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Issuer. Such Additional Payments are not pledged to payment of the Bonds.

Covenant to Appropriate Funds for Base Rental Payments

Under the Facilities Lease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facilities Lease as a separate line item in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City is required to deliver to the Issuer copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments under the Facilities Lease within thirty (30) days after the filing or adoption thereof. These covenants on the part of the City are deemed to be and will be construed to be duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Facilities Lease agreed to be carried out and performed by the City.

Abatement

Except to the extent covered by Creditable Revenues, the Base Rental Payments are to be paid by the City in each rental period for and in consideration of the right to use and occupy the Facilities and Demised Premises during each such period. Except as otherwise provided in the Facilities Lease, Base Rental Payments and Additional Payments will be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Demised Premises and the Facilities, by the City, in the proportion in which the

cost of that portion of the Demised Premises and the Facilities rendered unusable bears to the cost of the whole of the Demised Premises and the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facilities Lease will continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facilities Lease by virtue of any such damage or destruction or interference. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement (except the Rebate Fund) including Creditable Revenues, Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Facilities Lease ."

Action on Default

Should the City default under the Facilities Lease, the Trustee, as assignee of the Authority under the Facilities Lease, may terminate the Facilities Lease and recover certain damages from the City, or may retain the Facilities Lease and hold the City liable for all Base Rental Payments thereunder on an annual basis. Base Rental Payments may not be accelerated upon a default under the Facilities Lease. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Facilities Lease and the Trust Agreement, see "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Facilities Lease" and "– The Trust Agreement"

Reserve Fund

A reserve fund (the "Facilities Lease Reserve Fund") is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the City and the Owners of the Bonds. The amount in the Reserve Fund shall be maintained at the "Facilities Lease Reserve Requirement" which is, as of any date of calculation, the difference between (i) maximum annual Base Rental Payments due in any Bond Year during the period from the date of such calculation through the final maturity date of all Outstanding Bonds (net of any subsidy payments expected to be received with respect to the Taxable Series 2009B Bonds), less (ii) the maximum aggregate annual debt service payments due on the CFD Local Obligations in any Bond Year during such period calculated separately for each series of the CFD Local Obligations. As of the date of issuance of the Bonds, the Facilities Lease Reserve Requirement is $1,866,503.52. Moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of or the redemption premium, if any, on the Bonds; but solely to the extent that the applicable Base Rental Payments (or prepayments thereof, as applicable) have not been received and solely to the extent that insufficient moneys are available in the Interest Fund, the Principal Fund, the Redemption Fund or the Surplus Fund for such purpose.

On each date on which Base Rental Payments are due, the City shall pay to the Trustee, as Additional Payments, such amounts as may be required to maintain the Facilities Lease Reserve Requirement in the Facilities Lease Reserve Fund. Any amounts in the Facilities Lease Reserve Fund in excess of the Facilities Lease Reserve Requirement may be transferred to the Principal Fund as a credit against the Base Rental Payment next due or used to redeem Outstanding Bonds.

If on any date moneys held in the Facilities Lease Reserve Fund equal or exceed the amount necessary to redeem all Outstanding Bonds allocable to the Facilities Lease and fund any then-applicable redemption premium and other amounts then due under the Facilities Lease, the Trustee shall apply such moneys as a credit against Base Rental Payments or deposit all such moneys in the Redemption Fund to redeem Outstanding Bonds pursuant to the Trust Agreement.

Insurance

Liability Insurance. The Facilities Lease requires the City to maintain or cause to be maintained, throughout the term of the Facilities Lease a standard comprehensive general liability insurance policy or policies in protection of the City, the Issuer and their members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Demised Premises and the Facilities, with minimum liability limits of one million dollars ($1,000,000) for personal injury or death of each person and three million dollars ($3,000,000) for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of two hundred thousand dollars ($200,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars ($3,000,000) covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City. As an alternative, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Issuer, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City.

Casualty Insurance. The Facilities Lease also requires the City to maintain throughout the term of the Facilities Lease insurance against loss or damage to any structures constituting any part of the Demised Premises and the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Demised Premises and the Facilities (except that such insurance may be subject to deductible clauses not to exceed $25,000), or, in the alternative, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable a portion of all Bonds then Outstanding equal to the amount of such Bonds to be paid from Base Rental Payments to be redeemed. The City may participate in a joint powers agency providing insurance or other pooled insurance program provided by statute to provide separately

funded and maintained insurance. As an alternative to providing the insurance required above, or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Issuer, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City.

No Earthquake Insurance. The City is not required to insure against loss or damage due to earthquake. See "RISK FACTORS – Seismic Considerations."

Rental Interruption Insurance. The City is required to procure and maintain, or cause to be procured and maintained, throughout the term of the Facilities Lease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Demised Premises and the Facilities as the result of any of certain hazards covered by the City's casualty insurance, in an amount sufficient to pay the maximum annual Base Rental Payments under the Facilities Lease (without regard to Creditable Revenues) for any two year period except that such insurance may be subject to a deductible clause of not to exceed fifty thousand dollars ($50,000). Any proceeds of such insurance and any amounts transferred from the Reserve Fund shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under this Facilities Lease attributable to such structure for a period of time during which the payment of rental under this Facilities Lease is abated, and any proceeds of such insurance not so used shall be applied to make Base Rental Payments or Additional Payments as provided in the Facilities Lease.

Title Insurance. The Facilities Lease also requires the City to deliver and maintain a policy of title insurance insuring the City's leasehold interest in the Demised Premises, in an amount not less than the sum of the principal components of all Base Rental Payments payable under the Facilities Lease, and issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. Proceeds of such insurance shall be delivered to the Trustee as a prepayment of rent to be applied by the Trustee to the redemption of Bonds pursuant to the Trust Agreement.

Substitution of the Demised Premises

The City has the option at any time and from time to time during the term of the Facilities Lease, to substitute other real property for the Demised Premises or any portion thereof, provided that the City comply with certain conditions precedent specified in the Facilities Lease, including that the useful life of the Demised Premises and the Facilities will not decrease as a result of the substitution, that the annual fair rental value after the substitution will be at least as great as the maximum annual Base Rental Payment and that the City obtain a policy of title insurance. See "APPENDIX A – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Facilities Lease." The City is not entitled to any reduction, diminution, extension or other modification of the Base Rental Payments whatsoever as a result of such substitution.

RISK FACTORS

The ability of the Authority to pay principal of and interest on the Bonds depends primarily upon the receipt by the Authority of sufficient Revenues from the Local Obligations. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of the Bonds and the order of presentation does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

Limitations on Remedies

Remedies available to Bondholders may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation, or modification of Bondowner rights.

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and with respect to the Local Obligations may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors rights. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the Bonds, the Trust Agreement, the Facilities Lease, the CFD Indentures and other related documents by bankruptcy, reorganization, moratorium, insolvency, fraudulent conveyance or other similar laws relating to or affecting the enforcement of creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in the appropriate cases and to the limitation on legal remedies against public agencies in the State.

Additionally, enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City and the Agency, may become subject to laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. The exercise of powers by the federal or State government, if initiated, and the assertion by the City or the Agency of its or their rights as a debtor, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code) which governs the bankruptcy proceedings for public agencies such as the Authority, the City and the Agency, there are no voluntary petitions in bankruptcy. If the City or the Agency were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Facilities Lease or the Local

Obligations and the Trust Agreement, and from taking any steps to collect amounts due from the City or the Agency under the Local Obligations. If the Authority were to file a petition in bankruptcy, the Owners of the Bonds could also be prohibited form taking action to enforce their rights against the Authority.

No Liability of the Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments or the Local Obligations, or with respect to the observance or performance of the City or the Agency of other agreements, conditions, covenants and terms required to be observed or performed by it under the respective Local Obligations or under the Trust Agreement, or with respect to the performance by the Trustee of any duty required to be performed by it under the Trust Agreement.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," the interest on the Series 2009A Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2009A Bonds as a result of a failure of the Authority, the City or the Agency to comply with certain provisions of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or special redemption provisions of the Trust Agreement.

The Facilities Lease

General. The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Facilities Lease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated, subject to abatement, under the Facilities Lease to pay the Base Rental Payments from any source of legally available funds and the City has covenanted in the Facilities Lease that it will take such action as may be necessary to include all Base Rental Payments due under the Facilities Lease in its annual budgets and to make necessary annual appropriations for all such Base Rental Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Base Rental Payments.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Lease.

Abatement. Except to the extent Creditable Revenues are available, in the event of substantial interference with the City's right to use and occupy any portion of the Facilities by reason of damage to, or destruction or condemnation of the Facilities, or any defects in title to the Facilities, Base Rental Payments will be subject to abatement. See "SECURITY FOR THE BASE RENTAL PAYMENTS AND SOURCES OF PAYMENT THEREFOR – Abatement." In the event that such portion of the Facilities, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Facilities or prepayment of the Bonds, there could be insufficient funds to make payments to Owners in full.

Limited Recourse on Default. If the City defaults on its obligations to make rental payments with respect to the Facilities, the Authority may retain the Facilities Lease and hold the City liable for all rental payments on an annual basis and will have the right to re-enter and re-let the Facilities. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments.

Due to the governmental function of the Facilities, the Site Lease and the Facilities Lease, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Facilities. In any case, due to the specialized nature of the Facilities, no assurance can be given that the Trustee would be able to re-let the Facilities so as to provide rental income sufficient to make principal and interest payments with respect to the Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Facilities for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such reletting will not adversely affect the exclusion of any interest component of Base Rental Payments from federal or state income taxation.

No Acceleration. If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Facilities Lease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

Seismic Considerations. The area in and surrounding the City, like all California communities, may be subject to unpredictable seismic activity. If there were to be an occurrence of severe seismic activity in the City, there could be substantial damage to and interference with the City's right to use and occupy all or a portion of the Facilities, which could result in Base Rental Payments being subject to abatement. See "Abatement" above. The City is not required to maintain earthquake insurance.

Reimbursement Agreement

The Agency's ability to make payments under the Reimbursement Agreement is subject to a number of risk factors. See APPENDIX D – "THE REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD - RISK FACTORS."

CFD Local Obligations

The CFD Local Obligations are subject to a number of risk factors. See APPENDIX E – "THE CFD LOCAL OBLIGATIONS - RISK FACTORS."

CIFP Revenues

The CIFP revenues are subject to a number of risk factors. See APPENDIX F – "THE CAPITAL IMPROVEMENT FINANCING PROGRAMS - RISK FACTORS."

General Economic Conditions and Real Estate Market

The United States is currently in the midst of a significant and prolonged recession cased in part by a steep decline in the real estate market. This decline has been particularly significant in areas that recently experienced high amounts of growth in residential real estate prices, including the City. The effects of the steep decline in real estate values and the near complete stoppage of new residential construction in the City may impact the City's overall revenues, as well as the revenues securing the Local Obligations. Foreclosure rates of residential real property in the City have increased significantly in the past 18 months. For example, with the exception of November, 2007, in every calendar month beginning with October, 2007 to and including June, 2009 foreclosure and short-sale residential units constituted more than 50% of all residential units available for sale in the City. Further, during the same period, the monthly percentage of distressed sales (foreclosures and short-sales) of residential property in the City ranged from a low of 48% of total monthly residential sales in November, 2007 to a high of 93% of total monthly residential sales in February, 2009. By contrast, during the immediately preceding nine month period beginning January, 2007 to and including September, 2007 the monthly percentage of distressed sales of residential property in the City ranged from a low of 0% of total monthly residential sales in January, 2007 to a high of 25% of total monthly residential sales in August, 2007. No assurance can be given that these adverse conditions will not continue or worsen over time.

PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of such other liens. A tax levied on unsecured property does not become a lien against

the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer.

Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes that is delinquent. The taxing authority has four ways of collecting unsecured personal property taxes in the absence of timely payments by the taxpayer: (i) a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (iv) seizure and sale of personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

The assessed valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31 and such taxes are levied at the prior year's secured tax rate.

Supplemental Assessments

Legislation enacted in 1983 (Chapter 498, Statutes of 1983), provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Previously, California law enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments.

Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such State supplemental assessments occur within the Merged Project Area, Tax Increment Revenues may increase.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of distributing property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues derived from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if countywide revenues generated from unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the one percent tax rate to countywide unitary taxable value; further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

Property Tax Rate Limitations – Article XIIIA

In 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIIIA to the California Constitution, among other things, defines full cash value of property 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 period." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the event of declining property value caused by damage, destruction or other common factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978, by two-thirds of the voters voting on such indebtedness.

In 1986, the voters of the State of California approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provided that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA of $4.00 per $100 assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes).

Effective as of the 1981/82 fiscal year, assessors in California no longer recorded property values in the tax rolls at the assessed value of 25% of market value. All taxable property value is now shown at full market value. In conformity with this change in procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of market value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for bond debt service and pension liability are also applied to 100% of market value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) 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 schools will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The City is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above those described above, even with the approval of the affected voters.

Appropriations Limitation – Article XIIIB

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the California Constitution. In 1990, the voters approved Proposition 111, which amended Article XIIIB in certain respects. The principal effect of Article XIIIB is to limit the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978/79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues.

Limitation on Tax Imposition

On November 4, 1986, California voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) requires local agencies to stop collection of any new or higher general tax adopted between July 31, 1985, and November 4, 1986, unless a majority of the voters approved the tax by November 3, 1988. In 1988, a California appellate court held that the effective date of Proposition 62 (described in (d) above) was unconstitutional. A second appellate court decision held unconstitutional both the effective date and majority-vote provisions of Proposition 62. However, the California Supreme Court has ordered that the latter decision not be published (making it unavailable for citation as precedent), thus creating uncertainty as to the voter-approval requirement of Proposition 62.

Proposition 218

On November 5, 1996, the voters of the State of California approved Proposition 218, known as the "Right to Vote on Taxes Act". Proposition 218 added Articles XIIIC and XIIID to the California Constitution and contained a number of interrelated provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

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

Proposition 218 (Article XIIIC) also expressly extends the initiative power to matters of local taxes, assessments, fees and charges. This means that the voters of the City could, by future initiative, reduce or repeal existing local taxes, assessments, fees and charges. The initiative power granted under Proposition 218, by its terms, applies to all local fees and charges and is not necessarily limited to those that are property-related fees and charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges.

In addition, Proposition 218 (Article XIIID) adds several provisions affecting property related fees and charges. All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 62 and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting City revenues or the City's ability to expend revenues.

Property Assessment Appeals

An assessee of locally-assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the State Board of Equalization ("SBE"), respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally-assessed real property by Article XIIIA, an assessee of locally assessed real property generally contests the original determination of the base assessment value of the parcel, i.e. the value assigned after a change of ownership or completion of new construction. In addition, the assessee of locally-assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sale transaction or the recently completed improvement. A base assessment appeal has significant future revenue impact because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the two percent inflation factor allowable under Article XIIIA, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Pursuant to Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value, if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value pursuant to Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions which caused the drop in value. In fiscal years subsequent to a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel's compounded base assessment value.

The taxable value of utility property may be contested by utility companies and railroads to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of the Merged Project Area but could impact a project area's allocation of unitary property taxes.

CITY OF BRENTWOOD

The County of Contra Costa and City of Brentwood

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the State of California with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles and extends from the northeastern shore of the of San Francisco Bay easterly about 20 miles to San Joaquin County. The County is bordered on the south and west by Alameda County and on the north by Suisun and San Pablo Bays. The western and northern shorelines are highly industrialized while the interior sections are suburban/residential, commercial and light industrial. A large part of the interior of the County is served by the Bay Area Rapid Transit District ("BART") which has contributed to the expansion of residential and commercial development. In addition, economic development along the Interstate 680 corridor in the County has been substantial in the cities of Concord, Walnut Creek, and San Ramon. The County had a population of approximately 1,060,435 as of January 1, 2009, as estimated by the State Department of Finance.

The City is located adjacent and southeast of the City of Antioch, 25 miles northeast of Walnut Creek, 45 miles northeast of San Francisco, and 65 miles southwest of Sacramento. The City of Tracy is located approximately 20 miles to the southeast and Livermore is located roughly 20 miles to the south. The City is situated in the eastern portion of the County, roughly five miles west of the San Joaquin County line. It is situated between the Mount Diablo foothills to the west, Antioch and Oakley to the north, Discovery Bay to the east and Byron to the south.

The City was incorporated in 1948 and up until the 1980's the City had retained its agricultural orientation. In recent years, new residential subdivisions have transformed the City into a more suburban environment. Land uses in and around the City are characterized by older

farming and retail districts (the older retail districts are primarily located in downtown of the City) and rapidly expanding residential neighborhoods in the peripheral areas of the City.

Management

The members of the City Council and the expiration of their current terms of office are summarized below.

Council Members	Expiration of Term (November)
Robert Taylor, Mayor	2012
Erick Stonebarger, Vice Mayor	2012
Chris Becnel, Council Member	2010
Robert A. Brockman, Council Member	2012
Brandon Richey, Council Member	2010

CITY OF BRENTWOOD FINANCES

The following selected financial information provides a brief overview of the City's finances. This financial information has been extracted from the City's audited financial statements and, in some cases, from unaudited information provided by the City's Department of Finance. The most recent audited financial statements of the City with an unqualified auditor's opinion is included as Appendix B hereto. See "APPENDIX B – CITY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008."

Accounting Policies and Financial Reporting

The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. The three broad fund categories include governmental, proprietary and fiduciary funds. The operations of the different funds are accounted for with separate sets of self-balancing accounts with assets, liabilities, fund balance or equity, and revenues and expenses. The basis of accounting for all funds is more fully explained in the Notes to General Purpose Financial Statements contained in Appendix B.

The City has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the past nine fiscal years.

Budgetary Process

The budget of the City is a detailed operating plan which identifies estimated costs and activities in relation to estimated revenues. The City is required to adopt an annual operating budget on or before June 30 for the ensuing fiscal year which begins July 1. Initially, the City Manager submits to the City Council a proposed annual operating and capital improvement project budget for the fiscal year commencing the following July 1. Public hearings are then conducted to obtain taxpayer comments. Finally, the budget is legally adopted through the passage of a minute order.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the applicable governmental funds. The City Council may amend the budget by motion during the fiscal year. The level of budgetary control is at the fund level. The City Manager may transfer appropriations within the same fund without approval from the City Council. All other transfers require City Council approval.

All annual appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered. For the actual GAAP basis financial statements, encumbered appropriations are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year.

General Fund Financial Summary

The information contained in the following tables of revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity has been derived from (i) with respect to fiscal years 2005-06 through 2007-08, the City's audited financial statements for such fiscal years, (ii) with respect to fiscal year 2008-09, the City's unaudited financial statements for such fiscal year, and (iii) with respect to fiscal years 2009-10, the City's adopted budget for such fiscal year.

A copy of the City's audited financial statements for the twelve months ended June 30, 2008 is attached as Appendix B hereto.

CITY OF BRENTWOOD
General Fund Balance Sheet
As of June 30 for Fiscal Years 2005-06 through 2009-10

	2005-06	2006-07	2007-08	2008-09 (Unaudited)	2009-10 (Budgeted)
Assets					
Cash and Investments	$31,250,163	$33,678,202	$29,600,497	$19,865,927	$19,056,664
Receivables	1,487,369	1,220,959	930,215	869,236	869,236
Prepaids	204,076	124,588	69,008	115,603	115,603
Total Assets	$32,941,608	$35,023,749	$30,599,720	$20,850,766	$20,041,503
Liabilities					
Liabilities:					
Accounts Payable	$ 1,646,731	$2,803,737	$1,228,168	$ 969,795	$ 969,795
Unearned Revenue	111,298	103,912	214,424	253,540	253,540
Deposits Held	8,669,242	6,716,535	5,146,109	4,042,613	4,042,613
Total Liabilities	$10,427,271	$9,624,184	$6,588,701	$5,265,948	$5,265,948
Fund Equity					
Reserved For:					
Prepaids	$ 204,076	$ 124,588	$ 69,008	$ 115,603	$ 115,603
Unreserved	22,310,261	25,274,977	23,942,011	15,469,215	14,659,952
Total Fund Balances	$22,514,337	$25,399,565	$24,011,019	$15,584,818	$14,775,555
Total Liabilities and Fund Balances	$32,941,608	$35,023,749	$30,599,720	$20,850,766	$20,041,503

Source: City of Brentwood, Finance Department.

CITY OF BRENTWOOD
General Fund
Summary of Revenues and Expenditures
For Fiscal Years 2005-06 through 2009-10

	2005-06	2006-07	2007-08	2008-09 (Unaudited)	2009-10 (Budgeted)
Revenues:					
Taxes	$13,553,708	$15,761,372	$16,511,382	$15,352,221	$13,706,026
Licenses	471,668	509,618	454,678	530,025	538,000
Permits and Fines	9,647,761	6,130,221	3,311,232	1,299,070	1,268,805
Uses of Money and Property	1,146,693	1,761,114	2,540,498	1,284,703	1,164,439
Intergovernmental	3,776,564	4,277,770	4,174,292	4,163,335	4,240,003
Franchises	808,389	965,066	1,018,540	1,057,537	1,141,492
Charges for Other Services	1,546,497	776,584	515,471	807,429	1,129,077
Charges to Other Funds	5,506,136	5,590,646	5,293,754	5,507,561	6,203,793
Fees and Other Revenues	111,620	1,132,736	1,324,519	1,068,105	1,497,071
Total Revenues	**$36,569,036**	**$36,905,127**	**$35,144,366**	**$31,069,986**	**$30,888,706**
Expenditures:					
Current:					
General Government	$ 4,410,573	$ 5,940,065	$ 6,306,881	$ 5,996,458	$ 5,391,979
Public Safety	12,690,401	13,948,795	14,082,356	14,237,877	15,079,931
Community Development	4,393,135	4,446,696	4,095,931	3,188,946	2,922,129
Engineering	2,476,437	2,532,147	2,574,651	2,523,897	2,673,616
Public Works	2,292,826	2,486,963	2,676,479	2,385,896	2,404,648
Parks	5,597,661	5,626,310	5,797,217	4,444,574	4,677,222
Community Services	203,941	449,819	225,313	265,957	486,347
Other	1,345,380	--	--	--	--
Capital Outlay	9,088	--	64,014	--	--
Debt Service:					
Principal	--	--	112,369	98,379	86,131
Interest and Fiscal Charges	--	--	--	--	--
Total Expenditures	**$33,419,442**	**$35,430,795**	**$35,935,211**	**$33,141,984**	**$33,722,003**
REVENUES OVER (UNDER) EXPENDITURES	**$ 3,149,594**	**$ 1,474,332**	**$ (790,845)**	**$(2,071,998)**	**$ (2,833,297)**
OTHER FINANCING SOURCES (USES)					
Transfers In	$3,564,014	$4,408,181	$3,339,031	$3,321,098	$3,989,240
Transfers Out	(3,699,834)	(2,997,285)	(3,936,732)	(9,675,301)	(1,965,206)
Total Other Financing Sources (Uses)	**$ (135,820)**	**$1,410,896**	**$ (597,701)**	**$(6,354,203)**	**$2,024,034**
NET CHANGE IN FUND BALANCES	**$3,013,774**	**$2,885,228**	**$(1,388,546)**	**$(8,426,201)**	**$(809,263)**
Fund Balance, Beginning of Year	**19,500,563**	**22,514,337**	**25,399,565**	**24,011,019**	**15,477,487**
Fund Balance, End of Year	**$22,514,337**	**$25,399,565**	**$24,011,019**	**$15,584,818**	**$14,668,224**

Source: City of Brentwood, Finance Department.

Tax Receipts

Taxes received by the City include Sales Taxes, Property Taxes, Transient Occupancy Tax, and Real Property Transfer Tax. None of the general taxes currently imposed by the City are affected by Proposition 218. See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES - Proposition 218."

The following table sets forth tax revenues received by the City, by source:

CITY OF BRENTWOOD
Tax Revenues by Source
For Fiscal Years 2005-06 through 2009-10

Fiscal Year Ended June 30:	2005-06	2006-07	2007-08	Projected 2008-09	Budgeted 2009-10
Source:					
Property Taxes	$7,775,566	$10,434,969	$11,094,861	$9,966,851	$8,231,369
Sales Taxes	4,659,025	4,661,529	4,924,165	4,899,098	4,846,657
Transient Occupancy Tax	118,544	137,108	149,729	187,361	260,000
Real Property Transfer Tax	1,000,573	527,766	342,627	298,911	368,000
Total	$13,553,708	$15,761,372	$16,511,382	$15,352,221	$13,706,026

Source: City of Brentwood, Finance Department.

Sales Taxes

During fiscal year 2009-10, the City expects sales taxes to generate approximately 35% of the City's 2009-10 tax revenues. A sales tax is imposed on retail sales or consumption of personal property. The tax rate is established by the State Legislature. Effective January 1, 2009, the statewide tax rate is 8.25%. An additional 1% is collected in Contra Costa County for transportation purposes. The State collects and administers the tax, and makes distributions on taxes collected within the City. The State's administrative costs are deducted before distribution.

The following table shows taxable transactions in the City during calendar years 2004 through 2008.

CITY OF BRENTWOOD
Taxable Transactions
For Calendar Years 2004 through 2008
($'s in thousands)

Year	Retail Transactions	Total
2004	$298,821	$334,262
2005	348,694	388,536
2006	362,644	409,480
2007	380,461	424,934
2008[1]	188,119	212,025

[1] Through second quarter only.
Source: California State Board of Equalization.

Property Taxes

Assessed Valuation. The valuation of property in the City is established by the Contra Costa County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of the property. See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES," above.

A State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. Revenue estimated to be lost to local taxing agencies due to the this exemption has in the past been reimbursed from State sources. Reimbursement is based upon total taxes due upon such exemption values and therefore is not reduced by any estimated amount of actual delinquencies.

CITY OF BRENTWOOD
Assessed Valuation
For Fiscal Years 2005-06 through 2009-10

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Total
2005-06	$5,516,446,283	$82,513,283	$369,436	$5,599,329,002
2006-07	7,068,913,357	102,753,541	348,160	7,172,015,058
2007-08	7,999,420,950	118,536,799	249,794	8,118,207,543
2008-09	7,270,949,678	133,513,363	249,794	7,404,712,835
2009-10	5,970,295,657	138,544,390	249,794	6,109,089,841

Source: Contra Costa County Auditor/Controller.

Ad Valorem Property Taxes. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding March 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property, the taxes on which are a lien on real property sufficient to secure payment of the taxes. Other property is assessed on the "unsecured roll." See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES."

County Tax Loss Reserve Fund ("Teeter Plan"). The Board of Supervisors of the County 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 California Revenue and Taxation Code. Property taxes and certain assessment installments are collected by the County and distributed pursuant to the Teeter Plan. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected.

Property Tax Levies. The table below sets forth for fiscal years 2004-05 through 2008-09, the property tax levies and collections in the City for property tax accruing to the City's general fund. Because the City participates in the County's Teeter Plan, total collections equals total levies.

CITY OF BRENTWOOD
Property Tax Levies
For Fiscal Years 2004-05 through 2008-09

Fiscal Year	Total Levies	Total Collections
2004-05	$ 9,932,342	$ 9,932,342
2005-06	$14,887,469	$14,887,469
2006-07	$19,676,078	$19,676,078
2007-08	$20,802,069	$20,802,069
2008-09	$20,639,137	$20,639,137

Source: Contra Costa County Auditor/Controller.

Principal Taxpayers. The twenty largest secured taxpayers in the City for fiscal year 2009-10 are as follows:

CITY OF BRENTWOOD
Largest Local Secured Taxpayers
Fiscal Year 2009-10

Property Owner[1]	2009-10 Primary Land Use	% of Assessed Valuation	Total
Brentwood Specialty Center LLC	Commercial	1.75%	$104,799,470
Trilogy Vineyards LLC	Dry Farm	0.98	58,918,160
Sand Creek Crossing LLC	Commercial	0.95	56,800,065
DS Lone Tree Plaza LLC	Commercial	0.77	46,099,830
John Muir Mt. Diablo Health	Commercial	0.60	36,057,496
WK LLC	Commercial	0.43	25,520,571
Festival Retail Fund Brentwood	Commercial	0.39	23,297,655
Discovery Builders Inc.	Dry Farm	0.38	22,835,889
Brentwood Arbor Ridge LP	Residential	0.35	21,015,192
New Urban Sciortino LLC	Vacant Land	0.34	20,076,000
AFE Brentwood Park LLC	Institutional	0.33	19,750,000
Lone Tree Empire LLC	Commercial	0.33	19,596,142
Signature at Cedarwood	Vacant Land	0.32	19,072,939
Brentwood Assisted Living LLC	Institutional	0.31	18,720,000
McViking LLC	Commercial	0.30	17,993,500
Winco Foods	Commercial	0.28	16,769,083
Donahue Schriber Realty Group	Commercial	0.28	16,745,715
Towncentre Professional LP	Residential	0.26	15,506,912
Brentwood Medical Partners LLC	Commercial	0.25	14,997,801
Brentwood Country Club Partners	Commercial	0.24	14,433,669

[1] 2009-10 Local Secured Assessed Valuation: $5,970,295,657.
Source: Contra Costa County Auditor/Controller.

Long-Term Debt

For information on the long-term debt of the City, see "Note 6" to the City's audited financial statements shown in Appendix B hereto.

Direct and Overlapping Debt

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

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in

part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The second column in the table shows the percentage of each overlapping entity's assessed value located within the boundaries of the City. The third column shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the City. The total amount of debt for each overlapping entity is not given in the table.

CITY OF BRENTWOOD
Statement of Direct and Overlapping Debt As of August 1, 2009

2008-09 Assessed Valuation:	$7,405,573,543	
Redevelopment Incremental Valuation:	717,370,309	
Adjusted Assessed Valuation:	$6,688,203,234	
OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/09
Bay Area Rapid Transit District	1.517%	$ 6,371,400
Contra Costa Community College District	4.846	8,373,646
Liberty Union High School District	49.416	27,073,869
Brentwood Union School District	91.982	51,539,845
Oakley Union School District	0.002	475
City of Brentwood	100.000	5,189,977[(1)]
City of Brentwood 1915 Act Bonds	100.000	174,083,936
California Statewide Communities Development Authority Assessment Districts	100.000	9,750,075
East Bay Regional Park District	2.237	2,815,265
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$285,198,488
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	4.831%	$13,746,852
Contra Costa County Pension Obligations	4.831	22,486,131
Contra Costa Community College District Certificates of Participation	4.846	50,883
Liberty Union High School District Certificates of Participation	49.416	849,955
Brentwood Union School District Certificates of Participation	91.982	2,984,816
City of Brentwood General Fund Obligations	**100.000**	**9,030,000**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 49,148,637
COMBINED TOTAL DEBT		$334,347,125[(2)]
Ratios to 2008-09 Assessed Valuation:		
Direct Debt (5,189,977)	**0.07%**	
Total Direct and Overlapping Tax and Assessment Debt	3.85%	
Ratios to Adjusted Assessed Valuation:		
Combined Direct Debt ($14,219,977)	**0.21%**	
Combined Total Debt	5.00%	
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09:	**$ 0**	

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

THE AUTHORITY

The Authority was created on March 14, 1995 by the City and the Redevelopment Agency of the City of Brentwood pursuant to a Joint Exercise of Powers Agreement, to assist the City and the Redevelopment Agency of the City of Brentwood in financing capital improvement projects. The members of the City Council serve as the governing board of the Authority. The Joint Exercise of Powers Agreement was entered into pursuant to the provisions of the Joint Powers Act. The Authority is a separate entity constituting a public instrumentality of the State.

CONTINUING DISCLOSURE

The City and the Agency have covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City and the Agency by not later than nine months after the end of the City's and the Agency's fiscal year (presently June 30) in each year commencing with its report for the 2008-09 fiscal year (the "Annual Report") and to provide notices of the occurrence of certain material events. The Annual Report will be filed by the Trustee on behalf of the City and the Agency with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA"). The notices of material events will be filed by the Trustee on behalf of the City and the Agency with the MSRB through EMMA. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report or the notices of material events by the City and the Agency is summarized in "APPENDIX I - FORMS OF CONTINUING DISCLOSURE AGREEMENTS." Neither the City nor the Agency has ever failed to comply in any material respect with any previous undertakings with regard to the Rule.

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 to the Issuer. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX H. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Issuer, the Agency and the City by the City Attorney of the City. The fees of Bond Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Tax Matters Relating to Series 2009A Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer ("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 Series 2009A 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 Series 2009A 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 taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX H hereto.

Series 2009A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of the 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 tax purposes of interest on obligations such as the Series 2009A Bonds. The Issuer and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to assure that interest on the Series 2009A 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 Series 2009A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2009A 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 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 Series 2009A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2009A 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 Series 2009A 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 Series 2009A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner and 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, clarification of the Code or court decisions may cause interest on the Series 2009A 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, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2009A Bonds. Prospective purchasers of the Series 2009A 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 Series 2009A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Issuer or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Issuer and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2009A Bonds ends with the issuance of the Series 2009A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the City or the Beneficial Owners regarding the tax-exempt status of the Series 2009A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer, the City and their 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 Issuer or the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2009A 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 Series 2009A Bonds, and may cause the Issuer, the City or the Beneficial Owners to incur significant expense.

Tax Matters Relating to the Taxable Series 2009B Bonds

In the opinion of Bond Counsel, interest on the Taxable Series 2009B Bonds is exempt from State of California personal income taxes but is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Taxable Series 2009B Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Taxable Series 2009B Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Taxable Series 2009B Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Taxable Series 2009B Bonds that are "U.S. holders" (as defined below), deals only with Taxable Series 2009B Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax

consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold Taxable Series 2009B Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of Taxable Series 2009B Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Taxable Series 2009B Bond. A "non- U.S. holder" is a holder (or beneficial owner) of a Taxable Series 2009B Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Taxable Series 2009B Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Holders of the Taxable Series 2009B Bonds that allocate a basis in the Taxable Series 2009B Bonds that is greater than the principal amount of the 2009B Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a holder purchases the Taxable Series 2009B Bonds for an amount that is less than the principal amount of the Taxable Series 2009B Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Taxable Series 2009B Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Taxable Series 2009B Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Taxable Series 2009B Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer.

Upon a sale, exchange or retirement of a Taxable Series 2009B Bond, a holder generally will recognize taxable gain or loss on the Taxable Series 2009B Bonds equal to the difference between the amount realized on a sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in such Taxable Series 2009B Bond. Defeasance of any Taxable Series 2009B Bond may result in a reissuance thereof, in which event a holder will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Taxable Series 2009B Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Taxable Series 2009B Bond will (in general) equal its original purchase price and decreased by any principal payments received on the Taxable Series 2009B Bond. In general, if the Taxable Series 2009B Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

Payments on the Taxable Series 2009B Bonds to a non-U.S. holder that has no connection with the United States other than holding its Taxable Series 2009B Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

Circular 230. Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Taxable Series 2009B Bonds.

FINANCIAL ADVISOR

The Authority has retained Del Rio Advisors, LLC of Modesto, California, as financial advisor (the "Financial Advisor") in connection with the preparation of this Official Statement and with respect to the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

The compensation of the Financial Advisor is contingent upon the issuance of the Bonds.

NO LITIGATION

There is no action, suit, or proceeding known by the Issuer, the Agency or the City to be pending or threatened at the present time restraining or enjoining the delivery of the Local Obligations or the Bonds or in any way contesting or affecting the validity of the Bonds, the Trust Agreement, the Local Obligations or any proceedings of the Issuer, the Agency or the City taken with respect to the execution or delivery thereof.

RATINGS

Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned its municipal bond rating of "AA-" to the Bonds. Such rating reflects only the view of such organizations and any desired explanation of the significance of such rating

should be obtained only from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. The Authority and the Underwriter have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the rating might have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

RBC Capital Markets Corporation (the "Underwriter") has agreed to purchase the Bonds from the Issuer at a purchase price of $47,485,226.85 being the aggregate principal amount of the Bonds less an underwriter's discount of $643,945.00 and plus a net original issue premium on the Series 2009A Bonds of $129,171.85. The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such contract of purchase.

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

MISCELLANEOUS

All quotations from, and summaries and explanations of the Trust Agreement, the Local Obligations, the CFD Indentures, the Reimbursement Agreement, the Site Lease, the Marks Roos Law, the Act, the Redevelopment Law or other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Issuer. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Issuer, the City, the Agency or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the Issuer, the City, the Agency or the Bonds.

All information contained in this Official Statement pertaining to the Issuer, the Agency and the City has been furnished by the Issuer, the Agency and the City and the execution and delivery of this Official Statement has been duly authorized by the Issuer, the Agency and the City.

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY

By /s/ Pamela Ehler
Treasurer/Controller

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APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the principal legal documents which are not described elsewhere in this Official Statement. This summary does not purport to be a definitive or comprehensive summary of all of the provisions of such documents. This summary is qualified in its entirety by reference to the full text of such documents. Copies of such documents are available from the City of Brentwood.

TRUST AGREEMENT

Definitions

"Accountant" shall mean an independent certified public accountant, or a firm of independent certified public accountants, selected by the Issuer.

"Act" shall mean Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended and supplemented from time to time.

"Agency" shall mean the Redevelopment Agency of the City of Brentwood and its successors.

"Authorized Denominations" shall mean five thousand dollars ($5,000) and any integral multiple thereof, but not exceeding the principal amount of Bonds maturing on any one date.

"Authorized Officer" shall mean the Chairman, Vice-Chairman, Treasurer/Controller or any other Person authorized by the Issuer in a Written Order to perform an act or sign a document on behalf of the Issuer for purposes of the Trust Agreement.

"Base Rental Payments" shall mean all amounts payable by the City to the Issuer as base rental payments pursuant to the Facilities Lease.

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, authorized and issued by the Issuer and authenticated by the Trustee and delivered under the Trust Agreement.

"Bond Counsel" shall mean Orrick, Herrington & Sutcliffe LLP or another attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions.

"Bond Register" shall mean the registration books specified as such in the Trust Agreement.

"Bond Year" shall mean any one-year period ending on October 1, except the first Bond Year shall commence on the date of issuance of the Bonds and end on October 1, 2010.

"Business Day" shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York or the city in which the Principal Corporate Trust Office of the Trustee is located are closed.

"Capital Improvement Fund" shall mean the fund by that name established pursuant to the Trust Agreement.

"Cash Flow Certificate" shall mean a written certificate executed by a Cash Flow Consultant.

"Cash Flow Consultant" shall mean RBC Capital Markets Corporation, or such other independent investment bank or financial advisor selected by the Issuer to serve as such.

"CFD Local Obligations" shall mean, collectively:

(i) the City of Brentwood Community Facilities District No. 3 Special Tax Bonds, Series 2009;

(ii) the City of Brentwood Community Facilities District No. 4 Special Tax Bonds, Series 2009; and

(iii) the City of Brentwood Community Facilities District No. 5 Special Tax Bonds, Series 2009.

"Chairman" shall mean the Chairman of the Issuer.

"CIFP Revenues" shall mean the amounts available for the purpose of paying the cost of public capital improvements (as defined in the Act) upon receipt by the CIFP Trustee of a written requisition of the City pursuant to each CIFP Trust Agreement, which amounts are pledged to the payment of the Bonds pursuant to the Trust Agreement.

"CIFP Trust Agreements" shall mean, collectively, those certain trust agreements listed below:

(i) the Amended and Restated Trust Agreement, dated as of January 1, 2004, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2004A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds Subordinated Series 2004B;

(ii) the Amended and Restated Trust Agreement, dated as of November 1, 2004, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2004C;

(iii) the Amended and Restated Trust Agreement, dated as of June 1, 2005, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2005A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds Subordinated Series 2005B; and

(iv) the Amended and Restated Trust Agreement, dated as of January 1, 2007, by and among the Issuer, the City and the CIFP Trustee related to the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Series 2006A and the Brentwood Infrastructure Financing Authority Infrastructure Revenue Refunding Bonds, Subordinated Series 2006B.

"CIFP Trustee" shall mean U.S. Bank National Association, a national banking association, duly organized and existing under the laws of the United States of America, in its capacity as trustee, and any successor as trustee under the CIFP Trust Agreements.

"City" shall mean the City of Brentwood, California, and its successors.

"City Hall Account" shall mean the account within the Capital Improvement Fund by that name established pursuant to the Trust Agreement.

"City Hall Project" shall have the meaning given in the Facilities Lease.

"Code" shall mean the Internal Revenue Code of 1986 and the regulations thereunder.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement between the City and the Trustee, dated the Dated Date, as originally executed and as they may be amended from time to time in accordance with the terms thereof.

"Creditable Revenues" shall mean, collectively, (i) the CIFP Revenues, (ii) debt service payments on the CFD Local Obligations and (iii) amounts paid by the Agency pursuant to the Reimbursement Agreement, but in

each case only to the extent such amounts are actually received and applied by the Trustee; provided that no portion of the amounts paid pursuant to clause (iii) shall be used to pay for the portion of the Base Rental Payments or debt service on the Bonds allocable to the City Hall Project.

"Dated Date" shall mean the date of issuance of the Bonds.

"Debt Service Account" shall mean the account within the Revenue Fund by that name established and maintained pursuant to the Trust Agreement.

"Event of Default" shall mean any event of default specified as such in the Trust Agreement.

"Expense Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Expenses" shall mean all costs of issuing the Bonds and all administrative costs of the Issuer that are charged directly or apportioned to the administration of the Local Obligations and the Bonds, such as salaries and wages of employees, audits, overhead and taxes (if any), legal and financial consultant fees and expenses, amounts necessary to pay to the United States of America or otherwise to satisfy requirements of the Code in order to maintain the tax-exempt status of the Bonds, and compensation, reimbursement and indemnification of the Trustee, together with all other reasonable and necessary costs of the Issuer or charges required to be paid by it to comply with the terms of the Trust Agreement or of the Bonds or in connection with the Local Obligations.

"Facilities" shall have the meaning given in the Facilities Lease.

"Facilities Lease" shall mean the Local Obligation described in clause (i) of the definition thereof, as set forth in the Trust Agreement.

"Facilities Lease Reserve Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Facilities Lease Reserve Requirement" shall mean, as of any date of calculation, the difference between (i) maximum annual Base Rental Payments due in any Bond Year during the period from the date of such calculation through the final maturity date of all Outstanding Bonds (net of any subsidy payments expected to be received with respect to the Taxable Series 2009B Bonds), less (ii) the maximum aggregate annual debt service payments due on the CFD Local Obligations in any Bond Year during such period calculated separately for each series of the CFD Local Obligations.

"Fiscal Year" shall mean the fiscal year of the Issuer, which at the date of the Trust Agreement is the period commencing on July 1 in each calendar year and ending on June 30 in the following calendar year.

"Funds" shall mean, collectively, the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Expense Fund, the Facilities Lease Reserve Fund, the Surplus Fund, the Proceeds Fund, the Capital Improvement Fund, the Local Obligation Fund and the Rebate Fund, including all accounts therein.

"Government Obligations" shall mean and include any of the following obligations of the United States of America or any agency or instrumentality thereof, when such obligations are guaranteed as to principal and interest by, or are backed by the full faith and credit of, the United States of America: (1) United States Treasury Obligations - State and Local Government Series, United States Treasury bills, notes and bonds, and certificates, receipts or other obligations evidencing direct ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any United States Treasury bill, note or bond; (2) Certificates of beneficial ownership of the Farmers Home Administration; (3) Participation certificates of the General Services Administration; (4) Guaranteed Title XI financing of the U.S. Maritime Administration; (5) Guaranteed participation certificates or guaranteed pool certificates of the Small Business Administration; (6) GNMA - guaranteed mortgage-backed securities or GNMA - guaranteed participation certificates of the Government National Mortgage Association; (7) Local authority bonds of the U.S. Department of Housing and Urban Development; (8) Guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; (9) Guaranteed REMIC Pass-through certificates of the Veterans Administration. "Governmental

Obligations" shall also include the following non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the United States: (10) Debt obligations of the Federal Home Loan Mortgage Corp.; (11) Consolidated systemwide bonds and notes of the Farm Credit System (formerly known as Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives); (12) Consolidated debt obligations of the Federal Home Loan Banks; (13) Debt obligations of the Fannie Mae; (14) Debt obligations of the Student Loan Marketing Association; (15) Debt obligations of the Resolution Funding Corp. (REFCORP); and (16) Guaranteed Notes (maturing at least 4 business days before the appropriate payment date) of the U.S. Agency for International Development. "Governmental Obligations" shall also include stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the United States Treasury, and REFCORP securities stripped by the Bank of New York, but specifically excluding custodial receipts (i.e. CAT's, TIGERS, etc.). Other securities or investments not specifically described above (including without limitation unit investment trusts and mutual funds) shall not be considered "Governmental Obligations" under the Trust Agreement.

"Information Services" shall mean Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's J.J. Kenny Information Services' "Called Bond Service," 55 Water Street, 45th Floor, New York, New York 10041; Moody's "Municipal and Government," 250 Greenwich Street, Public Finance Group - 23rd Floor, New York, New York 10007, Attention: Municipal News Reports; and any other service providing information with respect to called bonds that the Issuer may designate in writing to the Trustee.

"Interest Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Interest Payment Date" shall mean April 1 and October 1 in each year, commencing, with respect to the Bonds, on April 1, 2010.

"Investment Securities" shall mean and includes any of the following securities:

(i) Government Obligations, or any other direct obligations of, or any obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and obligations of the Government National Mortgage Association).

(ii) Bonds, debentures or notes or other evidence of indebtedness payable in cash issued by the United States Treasury which represents the full faith and credit of the United States of America or the following federal agencies: Federal Home Loan Bank, Export Import Bank of the United States, Federal Financing Bank, Federal Farm Credit Bank, Farmer's Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Corporation, Fannie Mae and the Federal Home Loan Mortgage Corporation.

(iii) Certificates of deposit issued by commercial banks, state banking corporations, savings and loan associations and mutual savings banks and properly secured at all times by collateral security described in (i) or (ii) above.

(iv) The following investments fully insured by the Federal Deposit Insurance Corporation ("FDIC"): (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, or (d) depository receipts of banks, state banking corporations, savings and loan associations and mutual savings banks.

(v) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated, at the time of execution of such agreement, at least "A" by S&P; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated, at the time of execution of such agreement, at least "A" by S&P, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated, at the time of execution of such agreement, "A" or better by S&P, provided that:

A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. The Trustee or a third party acting solely as agent therefor or for the Issuer (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met; and

E. The repurchase agreement shall provide that if during its term the provider's rating by S&P is withdrawn or suspended or falls below "A-" by S&P, as appropriate, the provider must, at the direction of the Issuer or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Issuer or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated, at the time of execution of such agreement, at least "A" by S&P.

(vi) Money market funds (including funds of the Trustee and its affiliates) comprised of investments rated in the highest category by S&P, or money market funds comprised of obligations described in clause (i) of the definition of Investment Securities or repurchase agreements collateralized by such obligations.

(vii) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated, at the time of execution of such agreement, at least "AA" by S&P; provided that, by the terms of the investment agreement:

A. to the extent interest payments from the investment agreement are relied upon to pay debt service on the Bonds, such interest payments are to be made to the Trustee at times and in amounts as necessary to pay such debt service, and to the extent such interest payments are relied upon to pay construction draws, such payments are to be made to the Trustee at the times and in the amounts necessary to pay such construction draws);

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Issuer and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. the Issuer or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Issuer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable);

E. the investment agreement shall provide that if during its term

(I) the provider's rating by S&P falls below "AA-," the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (a) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Issuer, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (b) repay the principal of and accrued but unpaid interest on the investment, and

(II) the provider's rating by S&P is withdrawn or suspended or falls below "A-," the provider must, at the direction of the Issuer or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Issuer or Trustee, and

F. The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

G. the investment agreement must provide that if during its term

(I) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Issuer or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate, and

(II) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate.

(viii) Tax-exempt obligations rated in any of the three highest rating categories by S&P, including money market funds comprised solely of such obligations.

(ix) Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep monies available for the purposes of the Trust Agreement.

(x) Shares in a State of California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

"Issuer" shall mean the Brentwood Infrastructure Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State, and its successors.

"Local Obligations" shall mean (in each case as such agreement or instrument may be amended from time to time):

(i) The Facilities Lease, dated as of October 1, 2009, between the Issuer and the City, relating to certain City property described therein;

(ii) Reimbursement Agreement, dated as of October 1, 2009, among the Agency, the City and the Issuer; and

(iii) the CFD Local Obligations.

"Moody's" shall mean Moody's Investor's Service, Inc., its successors and assigns.

"Officer's Certificate" shall mean a certificate signed by an Authorized Officer.

"Opinion of Bond Counsel" shall mean a legal opinion signed by Bond Counsel.

"Outstanding" shall mean, with respect to the Bonds and as of any date, the aggregate of Bonds authorized, issued, authenticated and delivered under the Trust Agreement, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to the Trust Agreement;

(b) Bonds deemed to have been paid as provided in the Trust Agreement; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Trust Agreement.

"Owner" shall mean, as of any date, the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register as of such date.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Prepayment" shall mean any payment of principal received with respect to a Local Obligation earlier than the time scheduled for payment.

"Prepayment Account" shall mean the account by that name within the Revenue Fund established and maintained pursuant to the Trust Agreement.

"Principal Corporate Trust Office" shall mean the office of the Trustee in San Francisco, California, except that with respect to presentation of Bonds for payment, transfer or exchange, such term shall mean the office of the Trustee in St. Paul, Minnesota, or such other offices as it shall designate from time to time.

"Principal Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds due on such date, if any.

"Principal Payment Date" shall mean October 1 of each year commencing with the first year principal of the Bonds is due (whether by maturity or sinking fund redemption) and ending with the last year principal of the Bonds is due.

"Proceeds Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Project" shall mean certain new capital projects located in the City, together with site development, landscaping, utilities, fixtures, furnishings, equipment, improvements and appurtenant and related facilities.

"Rating Confirmation" shall mean evidence from each rating agency then providing, at the request of the Issuer, a rating for the Outstanding Bonds confirming that the action proposed to be taken will not, in and of itself, have the effect of reducing the rating then applicable to the Outstanding Bonds, or of causing the rating agency to suspend or withdraw the rating then applicable to the Outstanding Bonds.

"Rebate Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Issuer pursuant to the Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the Tax Certificate.

"Record Date" shall mean the close of business on the fifteenth (15th) day of the month preceding the month in which any Interest Payment Date occurs, whether or not such day is a Business Day.

"Redemption Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Reimbursement Agreement" shall mean the Reimbursement Agreement, dated as of October 1, 2009, by and among the Agency, the City and the Issuer.

"Responsible Officer" shall mean any Vice-President, Assistant Vice-President, or Trust Officer of the Trustee having regular responsibility for corporate trust matters.

"Revenue Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Revenues" shall mean all amounts received by the Trustee as the payment of interest or redemption premium on, or the equivalent thereof, and the payment or return of principal of, or the equivalent thereof, all Local Obligations, whether as a result of scheduled payments or Prepayments or remedial proceedings taken in the event of a default thereon, the CIFP Revenues and all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns.

"Secretary" shall mean the Secretary of the Issuer.

"Securities Depositories" shall mean, initially, The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041¬0099 Attn. Call Notification Department, Fax (212) 855¬7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories, or no such depositories, as designated by the Trustee.

"Series 2009A Bonds" has the meaning set forth in the forepart of this Official Statement.

"Site Lease" shall mean that certain Site Lease, dated as of October 1, 2009, between the City, as lessor, and the Issuer, as lessee, relating to the Bonds.

"Special Record Date" shall mean the date established by the Trustee pursuant to the Trust Agreement as a record date for the payment of defaulted interest on the Bonds.

"State" shall mean the State of California.

"Supplemental Trust Agreement" shall mean any trust agreement supplemental to or amendatory of the Trust Agreement which is duly executed and delivered in accordance with the provisions of the Trust Agreement.

"Surplus Fund" shall mean the Fund by that name established pursuant to the Trust Agreement.

"Tax Certificate" shall mean that certificate for the Series 2009A Bonds, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Issuer on the date the Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Taxable Series 2009B Bonds" has the meaning set forth in the forepart of this Official Statement.

"Treasurer/Controller" shall mean the Treasurer/Controller of the Issuer.

"Trust Agreement" shall mean the Trust Agreement dated as of October 1, 2009, between the Issuer and the Trustee, pursuant to which the Bonds are to be issued, as amended or supplemented from time to time in accordance with its terms.

"Trustee" shall mean U.S. Bank National Association, a national banking association, in its capacity as trustee under the Trust Agreement and any other successor as trustee under the Trust Agreement.

"Trust Estate" shall have the meaning ascribed thereto in the granting clause of the Trust Agreement.

"Verification" shall mean a report of an independent firm of nationally recognized certified public accountants, addressed to the Issuer and the Trustee, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

"Vice-Chairman" shall mean the Vice-Chairman of the Issuer.

"Written Request" or "Written Order" shall mean a written direction of the Issuer to the Trustee signed by an Authorized Officer.

Additional Bonds

The Issuer shall not issue or incur additional indebtedness secured by a lien on any part of the Trust Estate which is equal to or on a parity with the lien on the Trust Estate of Bonds Outstanding under the Trust Agreement, except Bonds issued to refund Bonds Outstanding under the Trust Agreement. Such refunding Bonds may be executed by the Issuer for issuance under the Trust Agreement and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Order of the Issuer. Such refunding Bonds may be issued upon execution and delivery to the Trustee of:

(a) a Cash Flow Certificate with respect to the Bonds to remain Outstanding after the proposed refunding which contains the certifications as described in the forepart of this Official Statement under the caption "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR – Additional Bonds;"

(b) A Certificate of the Issuer to the effect that the Issuer shall be in compliance with all covenants set forth in the Trust Agreement, as supplemented, and no event of default shall have occurred and be continuing;

(c) The issuance of such refunding Bonds shall have been duly authorized pursuant to the all applicable laws, and the issuance of such refunding Bonds shall have been provided for by a "Supplemental Trust Agreement" supplemental to the Trust Agreement, which shall specify the following:

(A) a provision requiring the proceeds of such refunding Bonds to be applied solely for the purpose of refunding any Bonds, including payment of all costs incidental to or connected with such refunding;

(B) The authorized principal amount of such refunding Bonds;

(C) The date and the maturity date or dates of such refunding Bonds; provided that (i) Principal Payment Dates may occur only on Interest Payment Dates, (ii) all such refunding Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or mandatory

sinking account installments, or any combination thereof, shall be established to provide for the retirement of all such refunding Bonds on or before their respective maturity dates;

(D) The Interest Payment Dates for such refunding Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for the Bonds Outstanding under the Trust Agreement;

(E) The denomination and method of numbering of such refunding Bonds;

(F) The redemption premiums, if any, and the redemption terms, if any, for such refunding Bonds;

(G) The amount and due date of each mandatory sinking account installment, if any, for such refunding Bonds;

(H) The amount, if any, to be deposited from the proceeds of such refunding Bonds in the Interest Fund;

(I) The amount, if any, to be deposited from the proceeds of such refunding Bonds in the Facilities Lease Reserve Fund; provided that the amount deposited in or credited to such reserve fund shall be increased at or prior to the time such refunding Bonds become Outstanding to an amount at least equal to the Facilities Lease Reserve Requirement on all Bonds to remain Outstanding after the issuance of such refunding Bonds;

(J) The form of such refunding Bonds; and

(K) Such other provisions as are necessary or appropriate and not inconsistent with the Trust Agreement.

(d) A Written Order of the Issuer as to the authentication and delivery of such refunding Bonds;

(e) An Opinion of Bond Counsel to the effect that (i) such refunding Bonds constitute the valid and binding special, limited obligations of the Issuer; and (ii) such Supplemental Trust Agreement has been duly executed and delivered by and (assuming valid execution and delivery by the Trustee) constitutes a valid and binding obligation of, the Issuer; provided that, in each case, no opinion need be expressed as to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, the application of equitable principles, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against public entities in the State; and

(f) Such further documents, money and securities as are required by the provisions of the Trust Agreement and the supplement thereto providing for the issuance of such refunding Bonds.

Revenues and Funds

Establishment of Funds and Accounts. There is established with the Trustee and the Trustee agrees to maintain the following special trust funds and accounts for the Bonds, which the Trustee shall keep separate and apart from all other funds and moneys held by it: the Revenue Fund, the Interest Fund, the Principal Fund, the Redemption Fund, the Facilities Lease Reserve Fund, the Expense Fund, the Proceeds Fund, the Surplus Fund, the Capital Improvement Fund, the Local Obligation Fund and the Rebate Fund and, within the Capital Improvement Fund, the City Hall Account.

Revenue Fund; Transfer of CIFP Revenues and Credit to Base Rental Payments.

All Revenues, other than Revenues described in the paragraph below, received by the Trustee shall be deposited by the Trustee into the Debt Service Account within the Revenue Fund. The Trustee shall transfer

Revenues from the Debt Service Account, in the amounts and at the times specified in the Trust Agreement for deposit into the following respective funds in the following order of priority, the requirements of each fund to be fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

(1) Interest Fund;
(2) Principal Fund;
(3) Facilities Lease Reserve Fund;
(4) Expense Fund; and
(5) Surplus Fund.

All Revenues derived from Prepayments received by the Trustee shall be deposited in the Prepayment Account within the Revenue Fund, which account is created. Amounts in the Prepayment Account shall be transferred as soon as practicable (and in any event prior to the next succeeding Interest Payment Date which is at least forty-five (45) days following receipt of such Prepayment) to the Redemption Fund to be used to redeem Bonds on such Interest Payment Date pursuant to the redemption provisions as set forth in the Trust Agreement, as appropriate, subject to the terms of purchase in lieu of redemption.

The City has irrevocably directed the CIFP Trustee to transfer the CIFP Revenues, when as and if received, to the Trustee for deposit in the Revenue Fund. The Authority covenants for the benefit of the holders of the Bonds not to apply the CIFP Revenues to any other purpose so long as the Bonds remain outstanding.

Interest Fund. The Trustee shall deposit in the Interest Fund before each Interest Payment Date from the Debt Service Account an amount of Revenues which together with any amounts then on deposit in said Fund is equal to the interest on the Bonds due on such date. On each Interest Payment Date, the Trustee shall pay the interest due and payable on the Bonds on such date from the Interest Fund. All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Trust Agreement).

Expense Fund. After making the deposits in the Interest Fund, the Facilities Lease Reserve Fund and the Principal Fund, the Trustee shall deposit from the Debt Service Account into the Expense Fund an amount of Revenues, specified in a Written Order as necessary (taking into account amounts then on deposit therein) to pay all Expenses as they become due and payable. The Trustee shall also deposit in the Expense Fund all amounts paid to the Trustee pursuant to payment of Expenses. Amounts in the Expense Fund shall be applied by the Trustee to the payment of Expenses upon receipt of a Written Order stating the Person to whom payment is to be made, the amount and purpose of the payment and that the payment is a proper charge against the Expense Fund.

Surplus Fund. After making the deposits in the Interest Fund, the Expense Fund, the Principal Fund and the Facilities Lease Reserve Fund, the Trustee shall deposit any moneys remaining in the Debt Service Account in the Surplus Fund. Amounts in the Surplus Fund (together with any earnings thereon) shall be withdrawn upon a Written Order within one year of receipt of such funds by the Trustee and transferred to the Issuer and applied to the payment of Expenses or the acquisition or construction of capital improvements by the City; provided, that the Trustee shall have received a Cash Flow Certificate certifying that such moneys are not required to pay the principal of or premium, if any, or interest on the Bonds when due. Prior to such withdrawal and transfer, money in the Surplus Fund may be used and withdrawn by the Trustee for the purpose of paying the principal of and the interest and redemption premium, if any, on the Bonds or Expenses; but solely in the event that insufficient moneys are available for such purpose in the Interest Fund, the Principal Fund or the Redemption Fund. If a Written Order for the withdrawal of funds in the Surplus Account is not received by the Trustee within one year of the receipt of such funds by the Trustee, the Trustee shall apply such funds to the payment of the principal of and the interest and redemption premium, if any, on the Bonds.

Principal Fund. All moneys transferred to the Principal Fund from the Facilities Lease Reserve Fund shall be applied to the redemption of Bonds at the option of the Issuer, subject to the provisions for purchase in lieu of redemption and to the payment of the Principal Installments of the Bonds when due on each Principal Payment Date. Before each Principal Payment Date, the Trustee shall transfer from the Debt Service Account to the Principal Fund the amount of Revenues, which, when taken together with the amounts transferred to the Principal Fund pursuant to

the Trust Agreement in connection with such Principal Payment Date, will be sufficient to pay the Principal Installments on the Bonds due on such date.

Redemption Fund.

(a) All moneys held in or transferred to the Redemption Fund from Prepayments and from the Capital Improvement Fund shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to the Trust Agreement.

(b) All moneys held in or transferred to the Redemption Fund from the Facilities Lease Reserve Fund, or by the Issuer for the purpose of redeeming Bonds at the option of the Issuer, shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to the Trust Agreement.

(c) The Trustee shall use amounts in the Redemption Fund solely for the payment of the redemption price of Bonds called for mandatory or optional redemption of the Bonds or the purchase price of Bonds purchased in lieu of redemption (accrued interest to the redemption or purchase date on such Bonds shall be paid from the Interest Fund).

Proceeds Fund. The Trustee shall deposit into the Proceeds Fund proceeds of the Bonds in the amount provided in the Trust Agreement. Upon receipt of a Written Order of the Issuer, amounts in the Proceeds Fund shall be applied by the Trustee to (pay a portion of the purchase price of certain Local Obligations, all as set forth in such Written Order). If any amounts shall remain in the Proceeds Fund thereafter, such amounts shall be transferred by the Trustee to the Capital Improvement Fund.

Rebate Fund. Upon issuance of the Bonds, the Trustee agrees to establish and maintain a fund separate from any other fund established and maintained under the Trust Agreement designated the Rebate Fund. The Trustee shall deposit in the Rebate Fund the Rebate Requirement all in accordance with Rebate Instructions received from the Issuer. The Trustee will apply moneys held in the Rebate Fund as provided in the Trust Agreement and according to instructions provided by the Issuer. Subject to the provisions of the Trust Agreement, moneys held in the Rebate Fund are pledged to secure payments to the United States of America. The Issuer and the Owners will have no rights in or claim to such moneys. The Trustee will invest all amounts held in the Rebate Fund in Investment Securities as directed in writing by the Issuer and all investment earnings with respect thereto shall be deposited in the Rebate Fund. Notwithstanding any other provision of the Trust Agreement, including in particular defeasance of the Bonds, the obligation to remit the rebate amounts to the United States and to comply with all other rebate requirements of the Trust Agreement, and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Local Obligation Fund.

(a) All Local Obligations held or acquired by the Trustee under the Trust Agreement shall be deposited into the Local Obligation Fund, which the Trustee is directed to establish and maintain.

(b) Upon a Written Order, the Trustee shall sell any CFD Local Obligations specified in such Written Order in the open market, but only on the following conditions:

(i) The Trustee shall have received an Opinion of Bond Counsel to the effect that the sale of the Local Obligations and the use of the proceeds thereof specified in such Written Order will not, of itself, cause interest on the Series 2009A Bonds to be includable in gross income for federal income tax purposes or cause interest on the Bonds to be subject to State personal income tax;

(ii) The Written Order of the Issuer shall direct the Trustee to use the proceeds of such sale for one or more purposes authorized by subsection (c);

(iii) The Trustee shall have received a Cash Flow Certificate to the effect that the scheduled debt service on all Local Obligations held by the Trustee under the Trust Agreement after giving effect to such sale together with Revenues and other monies on deposit in the other funds and accounts held under the

Trust Agreement available to the Trustee for such purpose will be sufficient and timely to pay scheduled debt service on all of the Outstanding Bonds plus Expenses anticipated to be payable from the Expense Fund; and

(iv) The Trustee shall have received a Rating Confirmation.

(c) The proceeds of any sale of a Local Obligation in accordance with subsection (b) above shall be deposited in the Redemption Fund in an amount sufficient to retire Bonds pursuant to redemption of the Bonds at the option of the Issuer in an amount at least equal to the outstanding principal amount of such Local Obligation at the time of such sale on the earliest date permitted under the Trust Agreement and the remaining amount of such proceeds, if any, shall be deposited in the Surplus Fund.

(d) Upon a Written Order the Trustee shall waive any redemption premium payable on any Local Obligation as provided in the Trust Agreement.

Capital Improvement Fund.

(a) The amounts deposited in the Capital Improvement Fund on the date of delivery of the Bonds shall be applied as a credit against a portion of the interest component of each Base Rental Payment payable through approximately two years following the date of issuance of the Bonds. On or before each Base Rental Payment date through such date, the Trustee shall transfer from the Capital Improvement Fund to the Interest Fund the amounts as set forth in the Trust Agreement.

(b) The Trustee shall deposit in the Capital Improvement Fund such amounts as may be specified in the Trust Agreement or one or more Written Orders of the Issuer delivered to the Trustee. Moneys in the Capital Improvement Fund shall be disbursed solely to pay capital costs of the Project. Amounts in the City Hall Account within the Capital Improvement Fund shall be used solely to pay for the costs of the City Hall Project; provided that upon completion of the City Hall Project as certified by the City, the Trustee shall transfer any remaining amounts in the City Hall Account to the Capital Improvement Fund. Except for amounts described in subsection (a) above, moneys in the Capital Improvement Fund shall be transferred to or upon the order of the Issuer from time to time upon receipt by the Trustee of a requisition of the Issuer specifying:

(i) the item number of such payment;

(ii) the name and address of the person to whom each such payment is due, which may be the Issuer, the Agency or the City in the case of reimbursement for costs of any public capital improvement (as defined in the Act) theretofore paid by any such party (or any other specified purpose if the Trustee receives an Opinion of Bond Counsel to the effect that such use would not result in interest on the Bonds becoming includable in gross income for purposes of federal income taxation);

(iii) the amounts to be paid;

(iv) the purpose by general classification for which each obligation to be paid was incurred;

(v) that obligations in the stated amounts have been incurred by the Issuer, the Agency or the City and are presently due and payable and that each item thereof consists of a capital cost of the Project and has not been previously paid from the Capital Improvement Fund.

(c) Upon written request of the Issuer, upon completion of the Project as certified by the City, any amounts in the Capital Improvement Fund may be transferred to the Redemption Fund and applied to the redemption of Bonds.

Application of Insurance Proceeds. In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Issuer, except as provided in the Trust Agreement, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the

Facilities, and the Trustee shall hold said proceeds in a fund established when required by the Trustee for such purpose separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall invest said proceeds in Investment Securities pursuant to the written direction of the City, as agent for the Issuer under the Facilities Lease, and withdrawals of said proceeds shall be made from time to time upon the filing with the Trustee of a certification of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. The City shall file a certification with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the City, or from any combination thereof are available in the event it elects to repair, reconstruct or replace the Facilities. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance shall be treated by the Trustee as Base Rental Payments or a prepayment thereof and applied in the manner provided in the Trust Agreement, as directed by the City. Alternatively, the City, at its option, if the proceeds of such insurance together with any other moneys then available for such purpose are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of Prepayment of the Bonds. The City shall not apply the proceeds of insurance as set forth in the Trust Agreement to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the initially-scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Facilities Lease Reserve Fund.

(a) The Trustee agrees to establish the Facilities Lease Reserve Fund and to hold such Fund and any moneys and investments on deposit therein in trust for the benefit of the Owners. The Trustee shall maintain therein an amount equal to the Facilities Lease Reserve Requirement, subject to receipt of sufficient amounts therefor from the City pursuant to the Facilities Lease. Upon receipt of moneys or securities designated in writing by the City (or by any successor or assign as lessee under the Facilities Lease) for deposit therein, and upon receipt by the Trustee of any delinquent Base Rental Payments with respect to which moneys have been advanced from the Facilities Lease Reserve Fund, the Trustee shall deposit such moneys or securities in the Facilities Lease Reserve Fund. Amounts on deposit in the Facilities Lease Reserve Fund shall be invested, and investment earnings thereon shall be applied, as provided in the Trust Agreement. Except as provided in subsections (b) and (c) below, all moneys in the Facilities Lease Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of or the redemption premium, if any, on the Bonds; but solely to the extent that the applicable Base Rental Payments (or prepayments thereof, as applicable) have not been received and solely to the extent that insufficient moneys are available in the Interest Fund, the Principal Fund, the Redemption Fund or the Surplus Fund for such purpose.

(b) If on any date moneys held in the Facilities Lease Reserve Fund equal or exceed the amount necessary to redeem all Outstanding Bonds allocable to the Facilities Lease, fund the premium described in the Facilities Lease and fund any then-applicable redemption premium, the Trustee shall notify the Issuer about such fact and, upon consent of the Issuer, shall liquidate the Investment Securities in the Facilities Lease Reserve Fund and deposit all such moneys in the Redemption Fund pursuant to the Trust Agreement to redeem such Outstanding Bonds at the option of the Issuer.

(c) On each Interest Payment Date, the Trustee shall withdraw any amounts in the Facilities Lease Reserve Fund in excess of the Facilities Lease Reserve Requirement and transfer such moneys to the Principal Fund as a credit against the Base Rental Payment next due.

(d) In connection with the payment of Bonds within the meaning of defeasance of the Bonds ("Refunded Bonds"), amounts in excess of the Facilities Lease Reserve Requirement for the Bonds which remain Outstanding may be applied to the payment of such Refunded Bonds.

(e) Notice of any withdrawal from the Facilities Lease Reserve Fund shall be provided by the Trustee as set forth in the Trust Agreement.

Credit to Base Rental Payments. As provided in the Facilities Lease, amounts paid to the Trustee representing Creditable Revenues shall be credited against the Base Rental Payments due from the City.

Security for and Investment of Moneys

Security. All moneys required to be deposited with or paid to the Trustee in any of the Funds (other than the Rebate Fund) referred to in any provision of the Trust Agreement shall be held by the Trustee in trust, and except for moneys held for the payment or redemption of Bonds or the payment of interest on Bonds pursuant to the Trust Agreement, shall, while held by the Trustee, constitute part of the Trust Estate and shall be subject to the lien and pledge created.

Investment of Funds. So long as the Bonds are Outstanding and there is no default under the Trust Agreement, moneys on deposit to the credit of the Revenue Fund, the Interest Fund, the Principal Fund, the Expense Fund, the Capital Improvement Fund, and the Surplus Fund and all accounts within such funds (other than amounts invested in Local Obligations) shall be invested by the Trustee in Investment Securities as directed by the Issuer, and moneys held in the Rebate Fund or the Redemption Fund shall be invested by the Trustee in Government Obligations as directed by the Issuer. If no such instructions are provided, the Trustee shall invest such funds in Investment Securities described in Clause (vi) of the definitions thereof, and the Trustee shall thereupon immediately request investment instructions from the Issuer. Moneys on deposit in the Proceeds Fund and the Facilities Lease Reserve Fund shall be invested in Investment Securities pursuant to a Written Order and such moneys may not be invested in any other investments unless the Trustee receives, at the time of such reinvestment, a Cash Flow Certificate to the effect that, after such reinvestment, Revenues will be sufficient to pay principal and interest on the Bonds when due. Notwithstanding, anything to the contrary contained in the Trust Agreement, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the Fund (or account) from which such accrued interest was paid. The securities purchased with the moneys in each such Fund shall be deemed a part of such Fund. If at any time it shall become necessary or appropriate that some or all of the securities purchased with the moneys in any such Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of the Trust Agreement, the Trustee shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method of effecting the same.

Covenants of the Issuer

Payment of Bonds; No Encumbrances. The Issuer shall cause the Trustee to promptly pay, from Revenues and other funds derived from the Trust Estate pledged under the Trust Agreement, the principal of and redemption premium, if any, on and the interest on every Bond issued under and secured by the Trust Agreement at the place, on the dates and in the manner specified in the Trust Agreement and in such Bonds according to the true intent and meaning thereof. The Issuer shall not issue any bonds, notes or other evidences of indebtedness or incur any obligations payable from or secured by the Trust Estate, other than the Bonds.

Enforcement and Amendment of Local Obligations. The Issuer shall enforce all of its rights with respect to the Local Obligations to the fullest extent necessary to preserve the rights and protect the security of the Owners under the Trust Agreement. The Issuer and the Trustee may, without the consent of or notice to the Owners, consent to any amendment, change or modification of any Local Obligation that may be required (a) to conform to the provisions of the Trust Agreement (including any modifications or changes contained in any Supplemental Trust Agreement), (b) for the purpose of curing any ambiguity or inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Local Obligation, (d) in connection with any other change therein which is not to the material prejudice of the Trustee or the owners of the Bonds pursuant to an Opinion of Bond Counsel, or (e) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Local Obligations or the Series 2009A Bonds from federal income taxes or the exemption from California personal income tax.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of any Local Obligation without the mailing of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Trust Agreement. If at any time the Issuer and the City or the Agency, as the case may be, shall request the consent of the Trustee to any such proposed amendment, change or modification of a Local Obligation, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided in the Trust Agreement. Nothing contained in the Trust Agreement shall be construed to prevent the Trustee, with the consent of the Issuer, from settling a default under any Obligation on such terms as the Trustee may determine to be in the best interests of the Owners.

Tax Covenants.

(a) The Issuer will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Series 2009A Bonds under Section 103 of the Code. The Issuer will not directly or indirectly use or permit the use of any proceeds of the Series 2009A Bonds any other funds of the Issuer or take or omit to take any action that would cause the Series 2009A Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code. The Issuer will not allow ten percent (10%) or more of the proceeds of the Series 2009A Bonds to be used in the trade or business of any nongovernmental units and will not lend five percent (5%) or more of the proceeds of the Series 2009A Bonds to any nongovernmental units.

(b) The Issuer will not directly or indirectly use or permit the use of any proceeds of the Series 2009A Bonds or any other funds of the Issuer to take or omit to take any action that would cause the Series 2009A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Issuer will comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2009A Bonds. In the event that at any time the Issuer is of the opinion that it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Issuer will so instruct the Trustee in writing and the Trustee will take such actions as directed by such instructions.

(c) The Issuer will pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Issuer will cause the Rebate Requirement to be deposited in the Rebate Fund as provided in the Tax Certificate.

(d) Notwithstanding any provision of this section, if the Issuer shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2009A Bonds, the Trustee and the Issuer may conclusively rely on such Opinion in complying with the requirements of this section, and the covenants under the Trust Agreement shall be deemed to be modified to that extent.

(e) The provisions of the tax covenants shall survive the redemption or defeasance of the Bonds.

Defaults and Remedies

Events of Default. The following shall constitute "Events of Default" under the Trust Agreement:

(a) if payment of interest on the Bonds shall not be made when due; or

(b) if payment of any Principal Installment shall not be made when due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise; or

(c) if the Issuer shall fail to observe or perform in any material way any agreement, condition, covenant or term contained in the Trust Agreement on its part to be performed, and such failure shall continue for

thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer by the Trustee or by the Owner(s) of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, provided, that if such default (other than a default arising from nonpayment of the Trustee's fees and expenses) be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected, but subject to the condition that no grace period may be extended beyond sixty (60) days after the written notice described above.

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Issuer, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer shall deposit with the Trustee a sum sufficient to pay all the principal or redemption price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee may, if such declaration was made by the Trustee, and the Trustee shall, upon receipt of written notice by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which written notice shall also be delivered to the Issuer, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Proceedings by Trustee. Upon the happening and continuance of any Event of Default the Trustee in its discretion may, or at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall do the following:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, including the right to receive and collect the Revenues;

(b) bring suit upon or otherwise enforce any defaulting Local Obligation;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(d) as a matter of right, have a receiver or receivers appointed for the Trust Estate and of the earnings, income, issues, products, profits and revenues thereof pending such proceedings, with such powers as the court making such appointment shall confer; and

(e) take such action with respect to any and all Local Obligations or Investment Securities as the Trustee shall deem necessary and appropriate pursuant to the Trust Agreement and to the terms of such Local Obligations or Investment Securities.

Rights of Owners. Anything in the Trust Agreement to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in the Trust Agreement, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Trust Agreement.

The Trustee may refuse to follow any direction that conflicts with law or the Trust Agreement or that the Trustee determines is prejudicial to rights of the Owners or would subject the Trustee to personal liability without adequate indemnification therefor.

Restriction on Owner's Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Trust Agreement, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Trust Agreement, or any other remedy under the Trust Agreement or on the Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Trust Agreement and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Trust Agreement, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case to be conditions precedent to the execution of the trusts of the Trust Agreement or for any other remedy under the Trust Agreement, it being understood and intended that no one or more Owners of the Bonds secured by the Trust Agreement shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Trust Agreement, or to enforce any rights under the Trust Agreement or under the Bonds, except in the manner provided in the Trust Agreement, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Trust Agreement, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Trust Agreement. Notwithstanding the foregoing provisions of this section, the obligation of the Issuer shall be absolute and unconditional to pay, but solely from the Trust Estate, the principal of and the redemption premium, if any, and the interest on the Bonds to the respective Owners thereof at the respective due dates thereof, and nothing in the Trust Agreement shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

Remedies Not Exclusive. No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing at law or in equity or by statute.

Waiver of Events of Default; Effect of Waiver. Upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds the Trustee shall waive any Event of Default under the Trust Agreement and its consequences. The Trustee may waive any Event of Default under the Trust Agreement and its consequences at any time. If any Event of Default shall have been waived as provided in the Trust Agreement, the Trustee shall promptly give written notice of such waiver to the Issuer and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given to the Trustee pursuant to the Trust Agreement and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys. Any moneys received by the Trustee pursuant to the Trust Agreement shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel incurred in connection with the performance of the Trustee's duties under the Trust Agreement, be applied as follows:

(a) unless the principal of all of the Outstanding Bonds shall be due and payable,

FIRST, to the payment of the Owners entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not

be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND, to the payment of the Owners entitled thereto of the unpaid principal of and redemption premium, if any, and any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement) in the order of their due dates, and if the amount available shall not be sufficient to pay in full the principal of and redemption premium, if any, on such Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD, to be held for the payment to the Owners entitled thereto as the same shall become due of the principal of and redemption premium, if any, on and interest on the Bonds which may thereafter become due, either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full such principal and redemption premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs above.

(b) if the principal of all of the Outstanding Bonds shall be due and payable, to the payment of the principal and redemption premium, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of the principal of or the redemption premium, if any, on any Outstanding Bond over any other Outstanding Bond or of any interest on any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal and redemption premium, if any, and interest, to the Owners entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

Modification of Trust Agreement and Supplemental Trust Agreements

Supplemental Trust Agreements Without Consent of Owners. The Issuer may, without the consent of the Owners, enter into a Supplemental Trust Agreement or Supplemental Trust Agreements, which thereafter shall form a part of the Trust Agreement, for any one or more of the following purposes:

(a) to add to the agreements and covenants of the Issuer contained in the Trust Agreement other agreements and covenants thereafter to be observed, or to surrender any right or power in the Trust Agreement reserved to or conferred upon the Issuer; provided, that no such agreement, covenant or surrender shall materially adversely affect the rights of any Owner;

(b) to cure any ambiguity, to supply any omission or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement or in any Supplemental Trust Agreement;

(c) to make any change which does not materially adversely affect the rights of any Owner;

(d) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(e) to subject to the Trust Agreement additional collateral or to add other agreements of the Issuer;

(f) to modify the Trust Agreement or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(g) to make any change necessary or appropriate to accommodate leases;

(h) to evidence the succession of a new Trustee; or

(i) in the Opinion of Bond Counsel, to preserve or assure the exemption of interest on the Series 2009A Bonds or the Local Obligations from federal income taxes or the exemption from California personal income tax.

Supplemental Trust Agreements With Consent of Owners. Any modification or alteration of the Trust Agreement or of the rights and obligations of the Issuer or of the Owners of the Bonds may be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, that no such modification or alteration shall be made which will reduce the percentage of aggregate principal amount of Bonds the consent of the Owners of which is required for any such modification or alteration, or permit the creation by the Issuer of any lien prior to or on a parity with the lien of the Trust Agreement upon the Trust Estate or which will affect the times, amounts and currency of payment of the principal of or the redemption premium, if any, on or the interest on the Bonds or affect the rights, duties or obligations of the Trustee without the consent of the party affected thereby.

Defeasance

Defeasance. If and when the Bonds secured shall become due and payable in accordance with their terms or through redemption proceedings as provided in the Trust Agreement, or otherwise, and the whole amount of the principal and the redemption premium, if any, and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under the Trust Agreement by the Issuer, including all fees and expenses of the Trustee, then and in that case, the Trust Agreement and the lien created shall be completely discharged and satisfied and the Issuer shall be released from the agreements, conditions, covenants and terms of the Issuer contained in the Trust Agreement, and the Trustee shall assign and transfer to or upon the order of the Issuer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the Issuer in this regard.

Notwithstanding the satisfaction and discharge of the Trust Agreement, those provisions of the Trust Agreement relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall, subject to the provisions of the Trust Agreement, continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and redemption premium, if any, on and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due, and those provisions contained in the Trust Agreement relating to the compensation and indemnification of the Trustee shall remain in effect and shall be binding upon the Trustee and the Issuer.

Bonds Deemed to Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest installments therefor at the maturity or redemption date thereof, such Bonds shall be deemed to be paid within the meaning and with the effect provided in the Trust Agreement. Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect provided in the Trust Agreement if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail notice of redemption of such Bonds on such redemption date, such notice to be given in accordance with the redemption provisions, (b) there shall have been deposited with the Trustee in escrow either moneys in an amount which shall be sufficient, or noncallable Government Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient, to pay when due the principal of and the redemption premium, if any, and the interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (c) in the event any of such Bonds are not to be redeemed within the next succeeding sixty (60) days, the Issuer shall have given the Trustee in form

satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to the Trust Agreement, a notice to the Owners of such Bonds and to the Securities Depositories and the Information Services that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on and interest on such Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and redemption premium, if any, on and interest on such Bonds; provided, that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and at the direction of the Issuer, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Trustee pursuant to this section, sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a Written Order so directing, be paid over to the Issuer as received by the Trustee free and clear of any trust, lien or pledge.

Limitation of Liability

The Issuer shall not be obligated to make any payments required under the Trust Agreement or under any Bond, or be deemed to incur any liability under the Trust Agreement or by reason thereof or arising out of any of the transactions contemplated, payable from any funds or assets other than the Trust Estate as provided in the Trust Agreement.

FACILITIES LEASE

Definitions

Certain terms used in the Facilities Lease and not defined below shall have the meanings as defined in the Trust Agreement.

"Additional Payments" means all amounts payable to the Issuer or the Trustee or any other person from the City as Additional Payments pursuant to the Facilities Lease.

"Applicable Environmental Law" means and shall include, but shall not be limited to, Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901, et seq., the Federal Water Pollution Control Act, 33 USC §§ 1251, et seq., the Clean Air Act, 42 USC §§ 7401, et seq., the California Hazardous Waste Control Law ("HWCL"), California Health and Safety Code §§ 25100, et seq., Hazardous Substance Account Act ("HSAA"), California Health & Safety Code §§ 25300, et seq., or the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code §§ 13000 et seq., the Air Resources Act, California Health & Safety Code §§ 3900, et seq., the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code §§ 25249.5, and the regulations thereunder, and any other local, State and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern

(i) the existence, cleanup and/or remedy of contamination on property;

(ii) the protection of the environment from spilled, deposited or otherwise emplaced contamination;

(iii) the control of hazardous wastes; or

(iv) the use, generation, transport, treatment, removal or recovery of Hazardous Substances, including building materials.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Issuer from the City pursuant to the Facilities Lease.

"Base Rental Payments" means all amounts payable to the Issuer from the City as Base Rental Payments pursuant to the Facilities Lease.

"City Hall Project" means the acquisition of certain real property situated in the City and the construction of a new city hall facility thereon and any facilities substituted for the City Hall Project or any portion thereof at the discretion of the City in compliance with the Tax Certificate.

"Closing Date" means the date of delivery of the Bonds.

"Demised Premises" means that certain real property situated in the City, described in the Facilities Lease or any real property substituted for all or any portion of such property in accordance with the Facilities Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record known to the City.

"Event of Default" shall have the meaning specified in the Facilities Lease.

"Existing Leases" means, collectively, all leases granted by the City to any party other than the Issuer with respect to any portion of the Demised Premises or the Facilities, or both, that are in effect as of the Closing Date, including without limitation the leases identified in the Facilities Lease. Any lease that has not been executed as of the Closing Date and any renewal of an Existing Lease shall not be included within the meaning of "Existing Leases" for purposes of the Facilities Lease.

"Facilities" means all buildings, structures, improvements and appurtenances existing on the Demised Premises, as more fully described in the Facilities Lease.

"Facilities Lease" means the lease dated as of October 1, 2009, by and between the Brentwood Infrastructure Financing Authority and the City, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Facilities Lease and of the Trust Agreement.

"Government Obligations" shall have the meaning ascribed to such term in the Trust Agreement.

"Hazardous Substance" means any substance which shall, at any time, be listed as "hazardous" or "toxic" or in the regulations implementing CERCLA, RCRA, HWCL, HSAA, or the Porter-Cologne Act, or which has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Law. The term "Hazardous Substance" shall also include, without limitation, raw materials, building components, the products of any manufacturing or other activities on the subject property, wastes, petroleum, and source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC. 3011, et seq., as amended).

"Insurance Consultant" means an individual or firm employed by the City, including the Risk Manager of the City, that has actuarially-experienced personnel in the field of risk management.

"Issuer" means (i) the Brentwood Infrastructure Financing Authority, acting as lessor under the Facilities Lease; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Issuer.

"Opinion of Counsel" means an opinion signed by an attorney or firm of attorneys (who may be counsel to the City) selected by the City.

"Outstanding," when applied to Bonds, shall have the meaning ascribed to such term in the Trust Agreement.

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facilities Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facilities Lease in the office of the County Recorder of Contra Costa County and which the City certifies in writing will not materially impair the use of the Demised Premises; (3) the Site Lease, as it may be amended from time to time; (4) the Facilities Lease, as it may be amended from time to time; (5) the Trust Agreement, as it may be amended from time to time; (6) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (7) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Issuer and the City consent in writing and certify to the Trustee will not materially impair the leasehold interests of the Issuer or use of the Facilities by the City; and (8) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Series 2009A Bonds.

"Rental Payment Period" means the twelve month period commencing September 16 of each year and ending the following September 15; provided, that the first Rental Payment Period shall commence on the date of issuance of the Bonds and end on September 15, 2010.

"Reserve Fund" means the Facilities Lease Reserve Fund established pursuant to the Trust Agreement.

"Site Lease" means that lease, entitled "Site Lease" dated as of October 1, 2009, by and between the City, as lessor, and the Issuer, as lessee, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

"Written Request of the City" means an instrument in writing signed by the City Manager or Director of Finance of the City or by such official's designee, or by any other officer or employee of the City duly authorized by the City for that purpose.

"Written Request of the Issuer" means an instrument in writing signed by or on behalf of the Issuer by its Treasurer/Controller or by such official's designee or by any other officer of the Issuer duly authorized by the governing board of the Issuer to sign documents on its behalf under the Facilities Lease.

Lease of Demised Premises and Facilities; Term; Substitution

Lease of Demised Premises and Facilities. The Issuer leases to the City and the City leases from the Issuer the Demised Premises and the Facilities. The City agrees and covenants during the term of the Facilities Lease that it will use the Demised Premises and the Facilities for public and City purposes so as to afford the public the benefits contemplated by the Facilities Lease.

The leasing by the City to the Issuer of the Demised Premises and the Facilities shall not effect or result in a merger of the City's leasehold estate pursuant to the Facilities Lease and its fee estate as lessor under the Site Lease, and the Issuer shall continue to have and hold a leasehold estate in said Demised Premises and Facilities pursuant to the Site Lease throughout the term thereof. As to said Demised Premises and Facilities, the Facilities Lease shall be deemed and constitute a sublease.

Term; Occupancy. The term of the Facilities Lease shall commence on the Closing Date and shall end on the date of the last scheduled Base Rental Payment, unless such term is extended or sooner terminated as provided in the Facilities Lease.

If on the date of the last scheduled Base Rental Payment, all amounts due under the Facilities Lease and under the Trust Agreement shall not be fully paid or deemed paid, or if the rental or other amounts payable under the Facilities Lease shall have been abated at any time and for any reason, then the term of the Facilities Lease shall be extended until all amounts due under the Facilities Lease and under the Trust Agreement shall be fully paid or deemed paid, subject to the limitations on such extension described in the Facilities Lease. If prior to the date of the last scheduled Base Rental Payment, all Bonds allocable to the Facilities Lease and all amounts due thereunder and

under the Trust Agreement shall be fully paid or deemed paid, or provision therefor made in accordance with the terms and provisions of the Trust Agreement, the term of the Facilities Lease shall end immediately.

The Facilities. The City and the Issuer agree to lease the Facilities under the Facilities Lease. The annual Base Rental Payments for the Demised Premises and the Facilities as set forth in the Facilities Lease shall be the fair rental value for such property, as determined by the City. The Base Rental Payments for the Demised Premises and the Facilities shall be due and payable on the dates set forth in the Facilities Lease.

Substitution. The City and the Issuer may substitute real property as part of the Demised Premises and the Facilities for purposes of the Site Lease and the Facilities Lease only after the City shall have filed with the Issuer and the Trustee, with copies to each rating agency then providing a rating for the Bonds at the request of the City or the Issuer, all of the following:

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

(b) A Certificate of the City with copies of the Site Lease and the Facilities Lease, if needed, or amendments thereto containing the amended description of the Facilities and the Demised Premises stating that such documents have been duly recorded in the official records of the County Recorder of Contra Costa County.

(c) A Certificate of the City evidencing that the useful life of the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution will be at least equal to the useful life of the Facilities and the Demised Premises which constitute the Facilities and the Demised Premises before such substitution.

(d) A Certificate of the City, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the City, evidencing that the annual fair rental value of the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending September 15, or in any subsequent year ending September 15.

(e) (i) A California Land Title Association leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Demised Premises after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Demised Premises prior to such substitution; each such insurance instrument, when issued, shall name the Trustee as the insured, and shall insure the leasehold estate of the City in such substituted property subject only to such exceptions as do not substantially interfere with the City's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the City under the Facilities Lease; or

(ii) An Opinion of Counsel or Certificate of the City stating that, based upon review of such instruments, certificates or any other matters described in such Opinion of Counsel or Certificate of the City, the City has good merchantable title to the Facilities and the Demised Premises which will constitute the Facilities and the Demised Premises after such substitution. The term "Good Merchantable Title" shall mean such title, as in the Opinion of Counsel or Certificate of the City, is satisfactory and sufficient for the needs and operations of the City, subject only to Permitted Encumbrances.

(f) A Certificate of the City stating that such substitution does not adversely affect the City's use and occupancy of the Facilities and the Demised Premises.

(g) An Opinion of Bond Counsel stating that such amendment or modification (i) will, upon the execution and delivery thereof, be valid and binding upon the Issuer and the City in accordance with its terms; and (ii) will not cause the interest on the Series 2009A Bonds to be included in gross income for federal income tax purposes.

Base Rental Payments; Use of Proceeds

Base Rental Payments. Subject to any credits available pursuant to the Facilities Lease, the City agrees to pay to the Issuer, as Base Rental Payments for the use and occupancy of the Facilities and the Demised Premises (subject to the provisions of the Facilities Lease with respect to Payment Provisions, Rental Abatement and Eminent Domain), annual rental payments, all in accordance with the Base Rental Payment Schedule as set forth in the Facilities Lease. Base Rental Payments shall be calculated on an annual basis, for each Rental Payment Period. Each Base Rental Payment shall be for the use of the Demised Premises and the Facilities for such Rental Payment Period.

If the term of the Facilities Lease shall have been extended pursuant to the Facilities Lease, Base Rental Payment installments shall continue to be due on the fifteenth (15th) day of March and September in each year, and payable as described in the Facilities Lease, continuing to and including the date of termination of the Facilities Lease, in an amount equal to the amount of Base Rental payable for the last scheduled Rental Payment Period under the Facilities Lease. Upon such extension of the Facilities Lease, Base Rental Payments shall be established in an amount sufficient to pay all unpaid principal of and interest on the Bonds plus interest on the extended principal and interest at a rate equal to the rate of interest on such Bonds so extended.

Additional Payments. The City shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Issuer for the payment of all amounts, costs and expenses incurred by the Issuer in connection with the execution, performance or enforcement of the Facilities Lease or any assignment thereof, the Trust Agreement, its interest in the Demised Premises and the Facilities and the lease of the Demised Premises and the Facilities to the City, including but not limited to payment of amounts required for the Facilities Lease Reserve Fund, the allocable portion of the fees, costs and expenses and administrative costs of the Issuer related to the Bonds, the Demised Premises and the Facilities, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Issuer to the Trustee under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Issuer or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Bonds.

Fair Rental Value. Such payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of the Facilities Lease shall constitute the total rental for said Rental Payment Period and shall be paid by the City in each Rental Payment Period for and in consideration of the right of use and occupancy of the Demised Premises and the Facilities during each such period for which said rental is to be paid. The parties to the Facilities Lease have agreed and determined that such total rental payable for each Rental Payment Period represents no more than the fair rental value of the Demised Premises and the Facilities for each such period. In making such determination, consideration has been given to costs of acquisition, design, construction and financing of the Facilities, other obligations of the parties under the Facilities Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

Payment Provisions. Each Base Rental Payment installment or Additional Payment payable under the Facilities Lease shall be paid in lawful money of the United States of America to or upon the order of the Issuer at the corporate trust office of the Trustee or such other place as the Issuer shall designate. Any such Base Rental Payment installment or Additional Payment accruing under the Facilities Lease which shall not be paid when due and payable under the terms of the Facilities Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due under the Facilities Lease until the same shall be paid. Notwithstanding any dispute between the Issuer and the City, the City shall make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and shall not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments due under the Facilities Lease or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Facilities Lease for payment of Base Rental Payments on any date shall be reduced to the extent of amounts transferred from the Reserve Fund to the Revenue Fund and other amounts on deposit in the

Revenue Fund and available therefor. Rental is subject to abatement as provided in the Facilities Lease. Nothing contained in the Facilities Lease shall prevent the City from making from time to time contributions or advances to the Issuer for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities.

Subject to any credits available pursuant to Facilities Lease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder as a separate line item in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Issuer copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments hereunder within thirty (30) days after the filing or adoption thereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Facilities Lease agreed to be carried out and performed by the City.

The Issuer and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments under the Facilities Lease shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Facilities Lease constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due under the Facilities Lease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due under the Facilities Lease as consideration for the use of the Demised Premises and Facilities. The City has not pledged the full faith and credit of the City, the State or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facilities Lease.

The Base Rental Payments and Additional Payments shall be abated proportionately, during any period in which by reason of any material damage or destruction there is substantial interference with the use and occupancy of the Demised Premises and the Facilities, by the City, in the proportion in which the cost of that portion of the Demised Premises and the Facilities rendered unusable bears to the cost of the whole of the Demised Premises and the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Facilities Lease shall continue in full force and effect and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate this Facilities Lease by virtue of any such damage or destruction or interference. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement, including Creditable Revenues available to be credited against Base Rental Payments pursuant to the Trust Agreement and Facilities Lease (but excluding amounts in the Rebate Fund) Base Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

Assignment of Facilities Lease. The City acknowledges that the Issuer has assigned, bargained, conveyed, granted, mortgaged and pledged its interest in the Facilities Lease to the Trustee under the Trust Agreement and the City consents to same.

Credits Toward Base Rental Payments. Amounts paid to the Trustee representing Creditable Revenues pursuant to the Trust Agreement shall be applied as a credit against the Base Rental Payments due under the Facilities Lease. The City's obligation to pay Base Rental Payments shall be satisfied to the extent Creditable Revenues are actually received and applied by the Trustee pursuant to the Trust Agreement. If Creditable Revenues are insufficient to make any payment of rental under the Facilities Lease, such rental shall be paid out of any source of available funds of the City.

Maintenance; Alterations and Additions to the Facilities

Maintenance and Utilities. Throughout the term of the Facilities Lease, all maintenance and repair, both ordinary and extraordinary, of the Demised Premises and the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Demised Premises and the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Demised Premises and the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Demised Premises and the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Demised Premises and the Facilities.

Changes to the Facilities. Subject to provisions of the Facilities Lease, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities and the Demised Premises. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and the Demised Premises and be subject to the provisions of the Facilities Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made as described in this paragraph, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities and the Demised Premises. All such items shall remain the sole property of such party, in which neither the Issuer nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in the Facilities Lease shall prevent the City from purchasing items to be installed pursuant to this section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities or Demised Premises.

Defaults And Remedies

Defaults and Remedies.

(a) If the City shall fail to pay any Base Rental Payment, Additional Payment or other amount payable under the Facilities Lease when the same becomes due and payable, time being expressly declared to be of the essence of the Facilities Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained in the Facilities Lease or in the Trust Agreement to be kept or performed by the City for a period of thirty (30) days after notice of the same has been given to the City by the Issuer, the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same or upon the happening of any of the events specified in subsection (b) of this section (any such case above being an "Event of Default"), the City shall be deemed to be in default under the Facilities Lease and it shall be lawful for the Issuer to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Lease. Upon any such default, the Issuer, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) Terminate the Facilities Lease in the manner provided on account of default by the City, notwithstanding any re-entry or re-letting of the Demised Premises and the Facilities as provided for in subparagraph (2) below, and to re-enter the Demised Premises and the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Demised Premises and the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Demised Premises and the Facilities, without let or hindrance, and to pay the Issuer all damages recoverable at law that the Issuer may incur by reason of default by the City, including, without limitation,

any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Demised Premises and the Facilities and removal and storage of such property by the Issuer or its duly authorized agents in accordance with the provisions contained in the Facilities Lease. Neither notice to pay rent or to deliver up possession of the Demised Premises or the Facilities given pursuant to law nor any entry or re-entry by the Issuer nor any proceeding in unlawful detainer, or otherwise, brought by the Issuer for the purpose of effecting such re-entry or obtaining possession of the Demised Premises and the Facilities nor the appointment of a receiver upon initiative of the Issuer to protect the Issuer's interest under the Facilities Lease shall of itself operate to terminate the Facilities Lease, and no termination of the Facilities Lease on account of default by the City shall be or become effective by operation of law or acts of the parties to the Facilities Lease, or otherwise, unless and until the Issuer shall have given written notice to the City of the election on the part of the Issuer to terminate the Facilities Lease. The City covenants and agrees that no surrender of the Demised Premises and the Facilities or of the remainder of the term of the Facilities Lease or any termination of the Facilities Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Issuer by such written notice.

(2) Without terminating the Facilities Lease, (i) collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision of the Facilities Lease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) exercise any and all rights of re-entry upon the Demised Premises and the Facilities. In the event the Issuer does not elect to terminate the Facilities Lease in the manner provided for in subparagraph (1) above, the City shall remain liable and agrees to keep or perform all covenants and conditions contained in the Facilities Lease to be kept or performed by the City and, if the Demised Premises and the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of the Facilities Lease or, in the event that the Demised Premises and the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and further agrees to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as provided in the Facilities Lease for the payment of Base Rental Payments, Additional Payments and other amounts under the Facilities Lease (without acceleration), notwithstanding the fact that the Issuer may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts specified in the Facilities Lease, and notwithstanding any entry or re-entry by the Issuer or suit in unlawful detainer, or otherwise, brought by the Issuer for the purpose of effecting such entry or re-entry or obtaining possession of the Demised Premises and the Facilities. Should the Issuer elect to enter or re-enter as provided in the Facilities Lease, the City irrevocably appoints the Issuer as the agent and attorney-in-fact of the City to re-let the Demised Premises and the Facilities, or any part thereof, from time to time, either in the Issuer's name or otherwise, upon such terms and conditions and for such use and period as the Issuer may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Demised Premises and the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City exempts and agrees to save harmless the Issuer from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Demised Premises and the Facilities and removal and storage of such property by the Issuer or its duly authorized agents in accordance with the provisions contained in the Facilities Lease. The City agrees that the terms of the Facilities Lease constitute full and sufficient notice of the right of the Issuer to re-let the Demised Premises and the Facilities and to do all other acts to maintain or preserve the Demised Premises and the Facilities as the Issuer deems necessary or desirable in the event of such re-entry without effecting a surrender of the Facilities Lease, and further agrees that no acts of the Issuer in effecting such re-letting shall constitute a surrender or termination of the Facilities Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Facilities Lease shall vest in the Issuer to be effected in the sole and exclusive manner provided for in sub-paragraph (1) above. The City further waives the right to any Base Rental Payment or other amounts obtained by the Issuer in excess of such rental and other amounts specified in the Facilities Lease and conveys and releases such excess to the Issuer as compensation to the Issuer for its services in re-letting the Demised Premises and the Facilities or any part thereof. The City further agrees to pay the Issuer the cost of any alterations or additions to the Demised Premises and the Facilities necessary

to place the Demised Premises and the Facilities in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

(b) If (1) the City's interest in the Facilities Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Issuer, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Demised Premises and the Facilities, then the City shall be deemed to be in default under the Facilities Lease.

(c) The Issuer shall in no event be in default in the performance of any of its obligations under the Facilities Lease or imposed by any statute or rule of law unless and until the Issuer shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Issuer properly specifying wherein the Issuer has failed to perform any such obligation. In the event of default by the Issuer, the City shall be entitled to pursue any remedy provided by law; provided, however, that the City shall not have the right to terminate the Facilities Lease and expressly waives any such right.

(d) In addition to the other remedies set forth in the Facilities Lease, upon the occurrence of an event of default as described in the Facilities Lease, the Issuer shall proceed to protect and enforce the rights vested in the Issuer by the Facilities Lease or by law. In addition to the other remedies available to the Issuer, the Issuer has the remedy described in California Civil Code Section 1951.4 (Issuer may continue the Facilities Lease in effect after the City's breach and abandonment and recover rent as it becomes due, if the City has the right to sublet or assign the Facilities or any portion thereof, subject to the consent of the Owners of seventy-five percent (75%) of the principal amount of the Outstanding Bonds). The provisions of the Facilities Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Issuer by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Issuer may bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Issuer's rights against the City (and its council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Issuer as provided in the Facilities Lease.

The exercise of any rights or remedies under the Facilities Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Issuer under the Facilities Lease or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege under the Facilities Lease shall not impair the right of the Issuer to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in the Facilities Lease shall include, but not be limited to, re-letting by means of the operation by the Issuer of the Demised Premises and the Facilities. If any statute or rule of law validly shall limit the remedies given to the Issuer under the Facilities Lease, the Issuer nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

Waiver. Failure of the Issuer to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Issuer to insist upon performance by the City of any term, covenant or condition of the Facilities Lease, or to exercise any rights given the Issuer on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent under the Facilities Lease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Facilities Lease.

Eminent Domain; Prepayment

Eminent Domain. If the whole of the Demised Premises and the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power or threat of eminent domain, the term of the Facilities Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Demised Premises and the Facilities shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then the Facilities Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due under the Facilities Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds shall be Outstanding, any award made in eminent domain proceedings for taking the Demised Premises and the Facilities or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facilities Lease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefore made, shall be paid to the City.

Prepayment.

(a) The City shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in the Facilities Lease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Issuer the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Facilities Lease for proceeds of insurance), all or any part (in an integral multiple of $5,000 principal component) of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date, at a prepayment amount equal to the principal of and interest on the allocable Bonds to the date of redemption of such Bonds, plus such additional amount as may be required under subsection (e) below.

(b) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by (i) depositing with the Trustee moneys or securities as provided in the Facilities Lease or the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable, (ii) satisfying the other defeasance requirements set forth in the Trust Agreement and (iii) satisfying the provisions of subsection (e) below. The City agrees that if following such prepayment the Facilities and the Demised Premises are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to provisions in the Facilities Lease, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Issuer and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment

of the Base Rental Payments or option price, sufficient moneys and Government Obligations, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the allocable Bonds to the due date of such Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be and to the payment in full of all other amounts due under the Facilities Lease or under the Trust Agreement; (2) all of the defeasance requirements set forth in the Trust Agreement have been satisfied; (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the allocable Bonds shall remain unpaid; and (4) the requirements of subsection (e) below have been satisfied; then and in that event the right, title and interest of the Issuer in the Facilities Lease and the obligations of the City under the Facilities Lease shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Issuer and the obligation of the City to have such moneys and such Government Obligations applied to the payment of the Base Rental Payments or option price) and the Issuer's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Issuer shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Issuer (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Issuer shall pay over to the City as an overpayment of Base Rental Payments all such moneys or Government Obligations held by it pursuant to the Facilities Lease other than such moneys and such Government Obligations as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Issuer to the payment and redemption of the allocable Bonds and the fees and expenses of the Trustee.

(e) Notwithstanding any contrary provision of the Facilities Lease, the price to prepay all or any portion of the Base Rental Payments under the Facilities Lease and the option price to purchase all or any portion of the Demised Premises as described in the paragraph below shall include a premium equal to such additional amount as may be necessary to increase such prepayment price or option price to that amount which is sufficient to redeem an amount of Bonds, including the principal thereof and any redemption premium and accrued interest thereon, such that, after such redemption, the remaining scheduled payments payable to the Issuer under the remaining Local Obligations and other Revenues shall be sufficient to pay when due the remaining principal of and interest on the Bonds; provided, however, that with respect to prepayments from insurance or eminent domain proceeds, such premium shall be payable only out of such proceeds, and further provided that to the extent such sources are insufficient therefor, the prepayment price shall be reduced by the amount of such insufficiency and the amount of Bonds to be redeemed therefrom shall be reduced as necessary.

Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Issuer's interest in any part of the Demised Premises and the Facilities upon payment of an option price consisting of moneys or Government Obligations (not callable by the issuer thereof prior to maturity), or both, in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facilities Lease of the part of the total rent under the Facilities Lease attributable to such part of the Demised Premises and Facilities, plus such additional amount as may be required under subsection (e) above. Any such payment shall be made to the Trustee and shall be treated as Base Rental Payments and shall be applied by the Trustee to pay the principal of and interest on the allocable Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all defeasance requirements set forth in the Trust Agreement, (a) the Base Rental Payments thereafter payable under the Facilities Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to the Facilities Lease, (b) the Rental Abatement and the Option to Purchase and Sale of Personal Property as described in the Facilities Lease shall not thereafter be applicable to such part of the Demised Premises and Facilities, (c) the insurance required by the Facilities Lease need not be maintained as to such part of the Demised Premises and Facilities, and (d) title to such part of the Facilities and of the portion of the Demised Premises upon which such part of the Facilities is located shall vest in the City and the term of the Facilities Lease shall end as to the portion of the Demised Premises upon which such part of the Facilities is located and to such part of the Facilities.

The City, in its discretion may request the Issuer to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Facilities Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the

operation of the Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Issuer, exceed the amount of $500,000, the Issuer shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Issuer) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Issuer. Any money so paid to the Issuer may, so long as the City is not in default under any of the provisions of the Facilities Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased under the Facilities Lease. The Issuer may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Facilities Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

Covenants

Right of Entry. The Issuer and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Facilities and the Demised Premises during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Issuer's or the City's rights or obligations under the Facilities Lease, and (c) for all other lawful purposes.

Liens. In the event the City shall at any time during the term of the Facilities Lease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Demised Premises or the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Demised Premises or the Facilities and shall keep the Demised Premises and the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Demised Premises or the Facilities or the Issuer's interest therein. In the event any such lien attaches to or is filed against the Demised Premises or the Facilities or the Issuer's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Issuer and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Demised Premises or the Facilities or the Issuer's interest therein.

Quiet Enjoyment. The parties mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Facilities Lease and if not in default thereunder, shall at all times during the term of the Facilities Lease peaceably and quietly have, hold and enjoy the Demised Premises and the Facilities without suit, trouble or hindrance from the Issuer.

Issuer Not Liable. The Issuer and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Demised Premises and the Facilities.

The City, to the extent permitted by law, shall indemnify and hold the Issuer and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from (i) the construction or operation of the Demised Premises or the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Demised Premises or the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity, and (ii) the issuance of the Bonds and any other action of the Issuer taken pursuant to the Trust Agreement.

Assignment and Subleasing. The Facilities Lease or any interest of the City under the Facilities Lease may be mortgaged, pledged, assigned, sublet or transferred by the City, provided, such subletting shall not cause interest

on the Bonds to be included in gross income for federal income tax purposes. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required under the Facilities Lease.

Title to Facilities. During the term of the Facilities Lease, the Issuer shall hold title to the Facilities and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to the installation of City's equipment as described in the Facilities Lease. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to the Facilities Lease. During the term of the Facilities Lease, the Issuer shall have a leasehold interest in the Demised Premises pursuant to the Site Lease.

Upon the termination or expiration of the Facilities Lease (other than as provided therein), title to the Facilities shall vest in the City pursuant to the Site Lease. Upon any such termination or expiration, the Issuer shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Tax Covenants. The City and the Issuer shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Series 2009A Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

The City further covenants that it will not use or permit the use of the Facilities by any person not an "exempt person" within the meaning of Section 141(a) of the Code or by an "exempt person" (including the City) in an "unrelated trade or business", in such manner or to such extent as would result in the inclusion of interest on the Series 2009A Bonds in gross income for federal income tax purposes under Section 103 of the Code.

Purpose of Facilities Lease. The City covenants that during the term of the Facilities Lease, (a) it will use, or cause the use of, the Demised Premises and the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Demised Premises and the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to the Facilities Lease.

Environmental Matters.

(a) The City will comply with Applicable Environmental Law and shall not use, store, generate, treat, transport or dispose of any Hazardous Substance on, or in a manner that would cause it to later flow, migrate, leak, leach or otherwise come to rest on or in the Facilities or the Demised Premises.

(b) The City will transmit copies of all records concerning the contact with any local, State or federal agency concerning any violation of any Applicable Environmental Law involving the Facilities or the Demised Premises, and all notices, orders or statements received from any governmental entity concerning violations of Applicable Environmental Law with respect to the Facilities or the Demised Premises and any operations conducted thereon or any conditions existing thereon to the Trustee.

(c) The City shall permit the Issuer, its agents or any experts designated by the Issuer to have full access to the Facilities and the Demised Premises during reasonable business hours for purposes of such independent investigation of compliance with the Applicable Environmental Law.

Net-Net-Net Facilities Lease. The Facilities Lease shall be deemed and construed to be a "net-net-net lease" and the City agrees that the rentals and other payments provided for in the Facilities Lease shall be an absolute net return to the Issuer, free and clear of any expenses, charges or set-offs whatsoever.

Facilities Lease Reserve Fund. On each date on which Base Rental Payments are due, the City shall pay to the Trustee, as Additional Payments, such amounts as may be required to maintain the Facilities Lease Reserve Requirement in the Facilities Lease Reserve Fund.

Eminent Domain. The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Demised Premises or Facilities. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns all or part of the Demised Premises or Facilities, the appraised value of such property shall not be less than the greater of (i) the principal and interest components of the outstanding Bonds allocable to the Base Rental Payments relating to such property, through the date of their redemption, if such Bonds are then subject to redemption, or (ii) the amount necessary to defease such Bonds to the first available redemption date in accordance with the Trust Agreement, if such Bonds are not then subject to redemption.

Use of the Facilities

The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Facilities Lease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not adversely affect the estate of the Issuer in and to the Facilities or its interest or rights under the Facilities Lease.

SITE LEASE

The City and the Issuer have entered into a Site Lease, dated as of October 1, 2009 (the "Site Lease") in a lease-leaseback arrangement of that certain real property and all buildings, structures, improvements and appurtenances thereon as described in the Site Lease. Capitalized terms used in this summary of the Site Lease and not otherwise defined shall have the meaning given to such terms in the above-described Facilities Lease.

Demised Premises.

The City leases to the Issuer and the Issuer hires from the City, on the terms and conditions as set forth in the Site Lease, the real property situated in the County of Contra Costa, State of California, and described therein, together with any additional real property added thereto by any supplement or amendment thereto, or any real property substituted for all or any portion of such property in accordance with the Site Lease and the Trust Agreement (collectively called the "Demised Premises"), and the buildings, structures, improvements and appurtenances located on the Demised Premises (the "Facilities"); subject, however, to any conditions, reservations, and easements of record or known to the City.

Term.

The term of the Site Lease shall commence on the date of issuance of the Bonds and shall end on October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, unless such term is extended or sooner terminated as provided in the Site Lease. If on October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, the Bonds and all other amounts due under the Trust Agreement shall not be fully paid, or if the rental or other amounts payable under the Facilities Lease shall have been abated at any time and for any reason or shall not have been fully paid, then the term of the Site Lease shall be extended until ten (10) days after the Bonds and all other amounts due under the Trust Agreement and the Facilities Lease shall be fully paid, subject to the limitation on such extension described in the Site Lease. If prior to October 1 of the year in which the last Base Rental Payment is due under the Facilities Lease, the Bonds and all other amounts due under the Trust Agreement shall be fully paid, the term of the Site Lease shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Issuer, whichever is earlier.

Rental.

The Issuer shall pay to the City as and for rental under the Site Lease, including but not limited to the payment of rent for the Facilities, the sum of $1.00, the receipt of which amount the City acknowledges.

Purpose.

The Issuer shall use the Demised Premises solely for the purpose of leasing the Demised Premises and the Facilities thereon to the City pursuant to the Facilities Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facilities Lease the Issuer may exercise the remedies provided in the Facilities Lease or in the Trust Agreement.

Owner in Fee.

The City represents and warrants that it is the owner in fee of the Demised Premises, as described in the Site Lease. The City covenants and agrees that if for any reason this representation and warranty proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Issuer harmless from any loss, cost or damages resulting from any breach by the City of the covenants contained in the Site Lease.

Assignments and Subleases.

Unless the City shall be in default under the Facilities Lease, the Issuer may not assign its rights under the Site Lease or sublet the Demised Premises and the Facilities, except pursuant to the Facilities Lease and the Trust Agreement, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facilities Lease, the Issuer may assign or sell its rights under the Site Lease or sublet the Demised Premises and the Facilities, without the consent of the City.

Termination.

The Issuer agrees, upon the termination of the Site Lease, to quit and surrender the Demised Premises in the same good order and condition as the same were in at the time of commencement of the term under the Site Lease, reasonable wear and tear excepted; provided, that certain structures and improvements currently on the Demised Premises may be demolished or remodeled, as approved by the City, and the Issuer further agrees that any permanent improvements and structures existing upon the Demised Premises at the time of the termination of the Site Lease shall remain thereon and title thereto shall vest in the City without any further act.

Upon the exercise of the option to purchase set forth in the Facilities Lease and upon payment of the option price required by said section, the term of the Site Lease shall terminate as to the portion of the Demised Premises upon which the part of the Facilities being so purchased is situated.

Default.

In the event the Issuer shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Issuer, the City may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Facilities Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate the Site Lease by reason of any default on the part of the Issuer if such termination would affect or impair any assignment or sublease of all or any part of the Demised Premises then in effect between the Issuer and any assignee or subtenant of the Issuer (including the City under the Facilities Lease). So long as any such assignee or subtenant of the Issuer (other than the City) shall duly perform the terms and conditions of the Site Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the City under the Site Lease and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms

thereof, the rentals or any part thereof payable to the Issuer or Trustee shall continue to be paid to the Trustee on behalf of the Owner of Bonds.

Eminent Domain.

In the event the whole or any part of the Demised Premises or the improvements thereon (including all or any part of the Facilities) is taken by eminent domain proceedings, the interest of the Issuer shall be recognized and is determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facilities Lease attributable to such part of the Facilities and shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

MASTER INDENTURES AND SUPPLEMENTAL INDENTURES

A separate Master Indenture and Supplemental Indenture, each dated as of October 1, 2009, have been entered into between the City of Brentwood (the "City") and U.S. Bank National Association, as trustee (the "Trustee"), providing for the issuance of a separate Series of special tax bonds in each of the City's Community Facilities District No. 3, Community Facilities District No. 4 and Community Facilities District No. 5 (each a "Community Facilities District" and collectively, the "Community Facilities Districts"). The following is a summary of the general provisions of each Master Indenture and each Supplemental Indenture. The proceeds of the Special Tax (defined below) in each Community Facilities District secures payment of bonds issued under the Master Indenture for the respective Community Facilities District only. The summary below should be read as a summary of each Master Indenture and Supplemental Indenture separately.

Definitions

"Acquisition and Construction Fund" means the fund by that name as established in the Indenture.

"Act" means, collectively, the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto.

"Authorized Officer", means the Mayor, the Vice Mayor, the City Manager, the City Treasurer, Director of Finance, or any other person authorized by the Local Agency in a Written Order of the City or resolution to perform an act or sign a document on behalf of the Local Agency for the purposes of the Indenture.

"Bond Reserve Fund" means the fund by that name established and maintained pursuant to the Indenture.

"Bond Year" means the twelve-month period terminating on September 15 of each year; provided, that the first Bond Year shall commence on the date of the execution, authentication and initial delivery of the first Series issued under the Indenture.

"Bonds" means, (a) with respect to Community Facilities District No. 3, the $30,000,000 aggregate principal amount of the City of Brentwood Community Facilities District No. 3 Special Tax Bonds, (b) with respect to Community Facilities District No. 4, the $50,000,000 aggregate principal amount of the City of Brentwood Community Facilities District No. 4 Special Tax Bonds, and (c) with respect to Community Facilities District No. 5, the $50,000,000 aggregate principal amount of the City of Brentwood Community Facilities District No. 5 Special Tax Bonds, at any time Outstanding under the Indenture. "Serial Bonds" means Bonds for which no Sinking Fund Account Payments are established. "Term Bonds" means Bonds which are redeemable or payable on or before their specified maturity date or dates from Sinking Fund Account Payments established for the purpose of redeeming or paying such Bonds on or before their specified maturity date or dates.

"Business Day" means any day (other than a Saturday or a Sunday) on which the Trustee is open for corporate trust business at its Principal Corporate Trust Office.

"Certificate of the City" means an instrument in writing signed by an Authorized Officer of the City duly authorized by the City Council for that purpose.

"City" means the City of Brentwood, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"City Council" means the City Council of the City.

"City Clerk" means the City Clerk of the City.

"City Manager" means the City Manager of the City.

"Code" means the Internal Revenue Code of 1986 and all regulations of the United States Department of the Treasury issued thereunder from time to time to the extent that such regulations are, at the time, applicable and in effect, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

"Community Facilities District" means (a) the City of Brentwood Community Facilities District No. 3, (b) the City of Brentwood Community Facilities District No. 4, or (c) the City of Brentwood Community Facilities District No. 5, each a community facilities district duly organized and existing in the City under and by virtue of the Act.

"Community Facilities Fund" means the fund by that name established pursuant to the Indenture.

"Continuing Disclosure Agreement" shall mean each Continuing Disclosure Agreement, dated as of the date of delivery of a Series of Bonds, by and between the Local Agency and the Trustee.

"Debt Service" means, for any Bond Year, the sum of (1) the interest payable during such Bond Year on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Sinking Fund Account Payments, plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such Bond Year, plus (3) the Sinking Fund Account Payments required to be deposited in the Sinking Fund Account in such Bond Year.

"Director of Finance" means the Director of Finance & Information Systems of the City.

"Event of Default" means an event described as such in the Indenture.

"Expense Fund" means the fund by that name established pursuant to the Indenture.

"Expenses" means all expenses paid or incurred by the City for the cost of planning and designing the Facilities, including the cost of environmental evaluations of the Facilities, and all costs associated with the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, together with all costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, and any other expenses incidental to the acquisition, construction, completion and inspection of the Facilities; all as determined in accordance with Generally Accepted Accounting Principles.

"Facilities" means the public facilities authorized to be acquired and constructed in and for each Community Facilities District under and pursuant to the Act at the special election held in each Community Facilities District, and generally constituting (a) with respect to Community Facilities District No. 3, open space facilities, policy facilities, flood and storm drainage facilities and joint use school facilities as described in Resolution No. 2907 adopted by the City Council of the City on June 24, 2003, (b) with respect to Community Facilities District No. 4, flood and storm drainage facilities, joint use school facilities, roadway rehabilitation facilities, library facilities and undergrounding of utility transmission and distribution facilities as described in Resolution No. 2004-263 adopted by the City Council of the City on November 9, 2004, and (c) with respect to

Community Facilities District No. 5, public protection and safety facilities, governmental and community facilities, floor and storm drainage facilities, roadway construction and rehabilitation of facilities and undergrounding of utility transmission and distribution facilities as described in Resolution No. 2007-152 adopted by the City Council of the City on June 26, 2007.

"Federal Securities" means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by Fannie Mae, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of City funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Trustee or a third party acting solely as agent for the Trustee who holds a perfected first lien therein, and (3) are free from all third party claims.

"First Supplemental Indenture" means the First Supplemental Indenture, dated as of October 1, 2009, by and between the City and the Trustee entered into under and pursuant to the Act and the Master Indenture.

"Fiscal Year" means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the City as its Fiscal Year in accordance with applicable law.

"Generally Accepted Accounting Principles" means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

"Holder" means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books maintained by the Trustee pursuant to the Indenture.

"Indenture" means, collectively, the Master Indenture and all Supplemental Indentures.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the City, and who, or each of whom --

(1) is in fact independent and not under the domination of the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the City.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Standard & Poor's J.J. Kenny Information Services' "Called Bond Service," 55 Water Street, 45th Floor, New York, New York 10041; Moody's "Municipal and Government," 250 Greenwich Street, Public Finance Group - 23rd Floor, New York, New York 10007, Attention: Municipal News Reports; and any other service providing information with respect to called bonds that the Issuer may designate in writing to the Trustee.

"Interest Payment Date" means March 15 and September 15 of each year, commencing March 15, 2010.

"Legal Investments" means any securities in which funds of the City may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the City (as established by the City Council).

"Local Agency" means the City, and its successors.

"Local Obligation Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Local Obligations" means the Bonds as defined in the Indenture.

"Master Indenture" means the Master Indenture, dated as of October 1, 2009, by and between the City and the Trustee entered into under and pursuant to the Act.

"Maximum Annual Debt Service" means, as of any date of calculation, the largest Debt Service in any Bond Year during the period from the date of such calculation through the final maturity date of all Outstanding Bonds.

"Mayor" means the Mayor of the City.

"Opinion of Counsel" means a written opinion of counsel (including, without limitation, counsel for the City) retained by the City.

"Outstanding," when used as of any particular time with reference to Bonds, means (except disqualified bonds) all Bonds except --

(1) Bonds cancelled and destroyed by the Trustee or delivered to the Trustee for cancellation and destruction;

(2) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the City and authenticated and delivered by the Trustee pursuant to the Indenture.

"Principal Corporate Trust Office" means the principal office of the Trustee in San Francisco, California, at which at any particular time its corporate trust business is being administered, except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such term shall mean the office of the Trustee in St. Paul, Minnesota, or such other office designated by the Trustee from time to time as its Principal Corporate Trust Office.

"Required Bond Reserve" means, as of any date of calculation, an amount equal to the Maximum Annual Debt Service on the Bonds, as computed by the City under the Code and specified in writing to the Trustee.

"Series" means any series of the Bonds authorized, executed and authenticated pursuant to the Master Indenture and pursuant to one or more Supplemental Indentures as constituting a single series and delivered on initial issuance in a simultaneous transaction pursuant to the Indenture, and any Bonds thereafter executed, authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

"Series 2009 Acquisition and Construction Account" means the account in the Acquisition and Construction Fund by that name established pursuant to the First Supplemental Indenture for the Series 2009 Bonds.

"Series 2009 Bonds" or "Series 2009 Local Obligations" means the Bonds referred to by that name authorized to be issued under the Master Indenture and the First Supplemental Indenture.

"Sinking Fund Account" means the account in the Local Obligation Redemption Fund referred to by that name established pursuant to the Indenture.

"Sinking Fund Account Payments" means the payments required by all Supplemental Indentures to be deposited in the Sinking Fund Account for the payment of the Term Bonds.

"Special Tax" means the special tax authorized to be levied and collected annually on all Taxable Land in each Community Facilities District under and pursuant to the Act at the special election held in each Community Facilities District.

"Special Tax Formula" means the Rate and Method of Apportionment of Special Tax approved at the election held in each Community Facilities District.

"Special Tax Fund" means the fund by that name established pursuant to the Indenture.

"Supplemental Indenture" means any indenture then in full force and effect that has been made and entered into by the City and the Trustee, amendatory of or supplemental to the Master Indenture; but only to the extent that such Supplemental Indenture is specifically authorized under the Master Indenture.

Taxable Land" means all land within each Community Facilities District taxable under the Act in accordance with the proceedings for the authorization of the issuance of the Bonds and the levy and collection of the Special Tax.

"Treasurer" means the City Treasurer of the City.

"Trustee" means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character set forth in the Indenture, at its Principal Corporate Trust Office, and its successors or assigns, or any other bank or trust company having a corporate trust office in San Francisco, California which may at any time be substituted in its place as provided in the Indenture.

"Vice Mayor" means the Vice Mayor of the City.

"Written Request of the City" or "Written Order of the City" means an instrument in writing signed by the City Manager or the Director of Finance, or by any other officer of the City duly authorized by the City Council for that purpose.

Issuance Of Bonds

Conditions for the Issuance of Bonds. The City may at any time issue a Series payable from the proceeds of the Special Tax as provided in the Indenture on a parity with all other Series theretofore issued under the Indenture, but only subject to the following conditions, which are made conditions precedent to the issuance of such Series:

(a) The issuance of such Series shall have been authorized pursuant to the Act and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) The purpose for which such Series is to be issued; provided, that the proceeds of sale of such Series shall be applied solely for the purpose of providing funds to pay the costs of financing or refinancing the acquisition and construction of the Facilities, including the payment of costs incidental to or connected with such acquisition and construction, the deposit in the Bond Reserve Fund to satisfy the Required Bond Reserve, and payment of costs of issuance of such Series or to refund Bonds previously issued under the Indenture;

(ii) The principal amount and designation of such Series and the denomination or denominations of the Bonds of such Series;

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which Sinking Fund Account Payments are due, if any, for such Series; provided, that (i) the Serial Bonds of such Series

shall be payable as to principal on September 15 of each year in which principal of such Series falls due, and the Term Bonds of such Series shall be subject to mandatory redemption on September 15 of each year in which Sinking Fund Account Payments for such Series are due; (ii) the Bonds of such Series shall be payable as to interest semiannually on March 15 and September 15 of each year, except that the first installment of interest may be payable on either March 15 or September 15 and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on March 15 and September 15, (iii) all the Bonds of such Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds of such Series or Sinking Fund Account Payments for Term Bonds of such Series, or any combination thereof, shall be established to provide for the redemption or payment of the Bonds of such Series on or before their respective maturity dates;

(iv) The redemption premiums and redemption terms, if any, for such Series;

(v) The form of the Bonds of such Series;

(vi) The amount, if any, to be deposited from the proceeds of sale of such Series in the Local Obligation Redemption Fund, and its use to pay interest on the Bonds of such Series;

(vii) The amounts to be deposited from the proceeds of sale of such Series in the separate accounts for such Series to be maintained in the Acquisition and Construction Fund; and

(viii) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(b) The City shall be in compliance with all agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures required to be observed or performed by it, and no Event of Default under the Master Indenture or under any Supplemental Indenture shall have occurred and shall be then continuing; and

(c) The proceeds of the Special Tax that would be available to the City if the Special Tax were to be levied and collected at its maximum rate and amount on all Taxable Land in the Community Facilities District during each Fiscal Year that any Bonds of such Series will be Outstanding, as shown by a Certificate of the special tax consultant of the City for the Community Facilities District and the issuance of such Series on file with the Trustee, would have produced a sum equal to at least 100% of the annual Debt Service during each such Fiscal Year; provided, that nothing contained in the Indenture shall limit the issuance of any Series payable from the proceeds of the Special Tax as provided in the Indenture if after the issuance and delivery of such Series none of the Bonds theretofore issued under the Indenture will be Outstanding, and provided further, that notwithstanding the within limitations, any Series may be issued without regard to such limitations if the Debt Service in each Fiscal Year after the issuance of such Series is not increased by reason of the issuance of such Series; provided still, that the City need not comply with the terms of this subparagraph (c) with respect to the issuance of the first Series of Bonds under the Indenture.

Acquisition and Construction Fund. There is established in the treasury of the City a fund to be known as the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Acquisition and Construction Fund," into which fund shall be deposited (in a separate account to be maintained therein) the amount required to be deposited therein by the provisions of each Supplemental Indenture providing for the issuance of a Series. All money in the Acquisition and Construction Fund shall be applied by the Director of Finance in the manner provided by the Act for payment of costs of the acquisition and construction of the Facilities (or for making reimbursements to the City for such costs theretofore paid by it), including payment of costs incidental to or connected with such acquisition and construction; or for the repayment of funds advanced to or for the Community Facilities District; provided, that any money remaining in the separate account in the Acquisition and Construction Fund created in connection with the issuance of such Series (after the completion of the payment of the costs of the acquisition and construction of the Facilities for which such Series was issued) shall be withdrawn by the Director of Finance from the Acquisition and Construction Fund and deposited by the Director of Finance in the Special Tax Fund.

Terms and Provisions of Bonds

Terms of Bonds.

(a) The interest on and principal of and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Trustee.

(b) The Bonds of each Series shall be issued as fully registered Bonds in such denominations as may be authorized in the Supplemental Indenture authorizing the issuance of such Series (but not to exceed the principal amount of Bonds of such Series maturing on any one date) and shall be dated as provided in the Supplemental Indenture authorizing the issuance of such Series and shall be numbered as determined by the City.

(c) Each Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated on a day during the period from the second (2nd) day of the month in which an interest payment date falls to such interest payment date, both dates inclusive, in which event it shall bear interest from such interest payment date, or unless it is authenticated on a day on or before the first (1st) day of the month in which the first interest payment date falls, in which event it shall bear interest from its date; provided, that if at the time of authentication of any Bond interest is then in default on any Outstanding Bonds, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of interest on the Bonds due on or before the maturity or prior redemption thereof shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to the Indenture as the registered owner thereof at the close of business as of the first (1st) day of the month in which each interest payment date falls, such interest to be paid by check mailed by first class mail to such registered owner at his address as it appears on such books (except that in the case of a Holder of one million dollars ($1,000,000) or more in aggregate principal amount of Outstanding Bonds, payment shall be made at such Holder's option by federal wire transfer of immediately available funds according to written instructions provided by such Holder to the Trustee at least fifteen (15) days before such interest payment date to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America). Payment of the principal of and redemption premiums, if any, on the Bonds shall be made only to the person whose name appears in the registration books required to be kept by the Trustee pursuant to the Indenture as the registered owner thereof, such principal and redemption premiums, if any, to be paid only on the surrender of the Bonds at the Principal Corporate Trust Office of the Trustee at maturity or on redemption prior to maturity.

(d) So long as such outstanding Local Obligations are registered in the name of the Trustee, the City and the Director of Finance shall cooperate with the Trustee, as sole registered owner, in effecting payment of the interest on and principal of and redemption premiums, if any, on such Local Obligations by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due in accordance with the Indenture.

(e) The Bonds shall recite in substance that they are special tax obligations of the City and the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax and the other funds provided in the Indenture for such payment, and that the City is not obligated to pay the Bonds except from the proceeds of the Special Tax and such other funds; that the General Fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds; that the Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any of the property of the City or any of its income or receipts except the money in the Special Tax Fund and such other funds; and that neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City.

Redemption of Bonds

Privilege of Redemption of Bonds. Any Series subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice being given as provided in the Indenture, at such times,

upon payment of such redemption premiums, if any, and upon such terms (in addition to and consistent with the terms contained in the Indenture) as may be prescribed in the Supplemental Indenture authorizing the issuance of such Series; provided, that redemption of Bonds other than from Sinking Fund Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Trustee and available for such purpose on the date notice is given.

Selection of Bonds for Redemption. Unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, if less than all the Bonds of any Series are to be redeemed at the option of the City at any one time, the City shall select the maturity date or dates of the Bonds of such Series to be redeemed, and if less than all the Bonds of any Series of any one maturity date are to be redeemed at any one time, the Trustee shall select the Bonds of such Series or the portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars ($5,000) in any manner that it deems appropriate. The City shall notify the Trustee in writing at least fifteen (15) days prior to the date fixed for the selection of any Bonds for redemption, and after such selection the Trustee shall promptly notify the City in writing of the numbers of the Bonds selected for redemption in whole or in part.

Notice of Redemption. The Trustee shall mail a notice of redemption pursuant to the Indenture to the respective Holders of all Bonds selected for redemption in whole or in part and to all securities information services selected by the City and designated to the Trustee in writing to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the City in its sole discretion and to the original underwriter or first purchaser of the Bonds selected for redemption. If any Bond so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Bond is to be redeemed in part only and that upon presentation of such Bond for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Bond or Bonds and maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion. Any notice of redemption may be rescinded by the City by giving written notice to the Trustee of such rescission no later than five (5) days prior to the date fixed for redemption.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the registered owner thereof at the expense of the City a new Bond or Bonds of the same Series and maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption of Bonds. If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and redemption premiums, if any, on, together with interest to the redemption date on, the Bonds or portions thereof so called for redemption is held by the Trustee, then on the redemption date designated in such notice such Bonds or such portions thereof shall become due and payable, and from and after the date so designated interest on the Bonds or such portions thereof so called for redemption shall cease to accrue and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the redemption premiums, if any, thereon and the interest accrued thereon to the redemption date.

Payment of Bonds

Deposit of Proceeds of the Special Tax in the Special Tax Fund. The City agrees and covenants that all proceeds of the Special Tax, when and as received, will be received and held by it in trust under the Indenture, and will be deposited as and when received in the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Special Tax Fund," which fund is established in the treasury of the City and which fund the City agrees and covenants to maintain with the Director of Finance so long as any Bonds are Outstanding under the Indenture, and all such money in the Special Tax Fund shall be accounted for separately and apart from all other accounts, funds, money or other resources of the City, and shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture.

Allocation of Money in the Special Tax Fund. All money in the Special Tax Fund shall be set aside by the Director of Finance in the following respective funds (each of which funds the City agrees and covenants to maintain with the Director of Finance or the Trustee, as the case may be, so long as any Bonds are Outstanding

under the Indenture) in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes authorized in the Indenture:

(1) *Local Obligation Redemption Fund.* There is established a fund to be know as the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Local Obligation Redemption Fund" (the "Local Obligation Redemption Fund") which shall be held and maintained in trust under the Indenture by the Trustee. On or before the fifteenth (15th) day in each March and September, the Director of Finance shall, from the money in the Special Tax Fund, transfer to the Trustee for deposit in the Local Obligation Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such March 15 or September 15, as the case may be, and on or before the fifteenth (15th) day in September 15 in each year, the Director of Finance shall, from the then remaining money in the Special Tax Fund, transfer to the Trustee for deposit in the Local Obligation Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such September 15 plus the Sinking Fund Account Payments required to be made on such September 15 into the Sinking Fund Account; provided, that all of the aforesaid payments shall be made without priority of any payment over any other payment, and in the event that the money in the Local Obligation Redemption Fund on any March 15 or September 15 is not equal to the amount of interest becoming due on all Bonds on such date, or in the event that the money in the Local Obligation Redemption Fund on any September 15 is not equal to the amount of principal of the Bonds becoming due on such date plus the amount of the Sinking Fund Account Payments becoming due on such date, as the case may be, then such money shall be applied pro rata in such proportion as such interest and principal and Sinking Fund Account Payments bear to each other; and provided further, that no deposit need be made into the Local Obligation Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of this paragraph to be deposited therein at the times and in the amounts provided in the Indenture.

All money in the Local Obligation Redemption Fund shall be used and withdrawn by the Trustee solely to pay the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity) plus the principal of and redemption premiums, if any, on the Bonds as they shall mature or upon the prior redemption thereof, except that any money in the Sinking Fund Account shall be used only to purchase or redeem or retire Term Bonds.

(2) *Bond Reserve Fund.* There is established a fund to be known as the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Bond Reserve Fund" (the "Bond Reserve Fund") which shall be held and maintained in trust under the Indenture by the Trustee. On or before each September 15 and March 15, the Director of Finance shall, from the then remaining money in the Special Tax Fund, after making the deposits in the Redemption Fund as set forth in subsection (1) above, transfer to the Trustee for deposit in the Bond Reserve Fund the amount of money that the Trustee shall determine (and shall advise the Director of Finance) is required to restore the Bond Reserve Fund to a sum equal to the Required Bond Reserve. No deposit need be made into the Bond Reserve Fund if the value of the money and investment earnings contained therein is at least equal to the Required Bond Reserve. All money in the Bond Reserve Fund shall be used and withdrawn by the Trustee and transferred to the Redemption Fund solely for the purpose of paying the interest on or principal of the Bonds in the event there is insufficient money in the Redemption Fund available for this purpose. Notwithstanding any other provision of the Indenture, the failure to maintain an amount in the Bond Reserve Fund equal to the Required Bond Reserve shall not be an Event of Default under the Indenture.

(3) *Expense Fund.* There is established a fund to be known as the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Expense Fund" (the "Expense Fund") to be maintained by the Director of Finance. On September 15 in each year, the Director of Finance shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the City for the payment of budgeted Expenses during the twelve-month period beginning on such date, or to reimburse the City for the payment of unbudgeted Expenses during the prior twelve-month period. All money in the Expense Fund shall be used and withdrawn by the Director of Finance only for transfer to or for the account of the City to pay budgeted Expenses as provided in the Indenture, or to reimburse the City for the payment of unbudgeted Expenses as provided in the Indenture, or to pay interest on or principal of or redemption premiums, if any, on the Bonds in the event that no other money is available therefor.

(4) *Community Facilities Fund*. All money remaining in the Special Tax Fund on September 15 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date with respect to the Local Obligation Redemption Fund, the Bond Reserve Fund and the Expense Fund, shall be withdrawn from the Special Tax Fund by the Director of Finance for and deposited in the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds Community Facilities Fund" (the "Community Facilities Fund"), which fund is established and the City agrees and covenants to maintain with the Director of Finance so long as any Bonds are Outstanding under the Indenture, and all money in the Community Facilities Fund shall be used and withdrawn by the City solely for the benefit of the Community Facilities District in accordance with the Act; provided, that the Director of Finance shall not make any such withdrawal of money in the Special Tax Fund if and when an Event of Default is then existing under the Indenture.

Covenants of the City

Punctual Payment and Performance. The City will punctually pay the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Indenture in strict conformity with the terms of the Act and of the Indenture and of the Bonds, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures and in the Bonds required to be observed and performed by it.

Against Indebtedness and Encumbrances. The City will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided in the Indenture, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided in the Indenture; provided, that the City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited in the funds pursuant to the Indenture so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided in the Indenture.

Payment of Claims. The City will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Director of Finance or the Trustee allocated to the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, or which might impair the security of the Bonds.

Protection of Security and Rights of Holders. The City will preserve and protect the security of the Bonds and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

Payment of Governmental Charges and Compliance with Governmental Regulations. The City will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Facilities or any part thereof promptly as and when the same shall become due and payable, except that the City shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the City shall have set aside reserves to cover such charges. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Facilities or any part thereof, except that the City shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

Levy and Collection of the Special Tax. The City, so long as any Bonds are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, together with the money then on deposit in the Local Obligation Redemption Fund, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and Sinking Fund Account Payments for and redemption premiums, if any, on the Bonds as they become due and payable and to replenish the Bond Reserve Fund and to pay all current Expenses as they become due and payable in accordance with the provisions and terms of the Indenture. The Special Tax shall be collected in the same manner as ordinary ad valorem property taxes for the County of Contra Costa are collected and, except as

otherwise provided in the Indenture or by the Act, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for ad valorem property taxes.

Foreclosure of Special Tax Liens. The City will annually on or before October 1 of each year review the public records of the County of Contra Costa relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and on the basis of such review, if the City determines that the total amount so collected is less than ninety-five percent (95%) of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California; and provided further, that the City shall not be obligated to enforce the lien of any delinquent installment of the Special Tax either (a) as long as the amount on deposit in the Bond Reserve Fund is at least equal to the Required Bond Reserve or (b) for any Fiscal Year in which the City shall have received one hundred percent (100%) of the amount of such installment from the County of Contra Costa pursuant to the so-called "Teeter Plan."

Amendment Of Or Supplement To The Master Indenture

Procedure for Amendment of or Supplement to the Master Indenture.

(a) *Amendment or Supplement With Consent of Holders*. The Master Indenture and the rights and obligations of the City and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding when the written consents of the Holders of sixty percent (60%) or more in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, shall have been filed with the Trustee; provided, that no such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the interest on or principal of or Sinking Fund Account Payment for or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Indenture without the express written consent of the Holder of such Bond, or (2) permit the issuance by the City of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the City to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

(b) *Amendment or Supplement Without Consent of Holders*. The Master Indenture and the rights and obligations of the City and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the City and the Trustee, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes --

(i) To add to the agreements and covenants required in the Indenture to be performed by the City other agreements and covenants thereafter to be performed by the City which shall not (in the opinion of the City) adversely affect the interests of the Holders, or to surrender any right or power reserved in the Indenture to or conferred therein upon the City which shall not (in the opinion of the City) adversely affect the interests of the Holders;

(ii) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the City may deem desirable or necessary and not inconsistent with the Indenture and which shall not (in the opinion of the City) adversely affect the interests of the Holders;

(iii) To authorize the issuance under the Act and under the Indenture of a Series and to provide the conditions and terms under which such Series may be issued; or

(iv) To authorize the issuance under and subject to the Act of any refunding bonds for any of the Bonds and to provide the conditions and terms under which such refunding bonds may be issued.

Disqualified Bonds. Bonds owned or held for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in the Indenture, and shall not be entitled to consent to or take any other action provided for in the Indenture.

Endorsement or Replacement of Bonds After Amendment or Supplement. After the effective date of any action taken as provided in the Indenture, the City may determine that the Bonds may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Bond Outstanding on such effective date and presentation of his Bond for such purpose at the Principal Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Bond Outstanding on such effective date such new Bonds shall, upon surrender of such Outstanding Bonds, be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Holder, for Bonds then Outstanding.

Events Of Default And Remedies Of Holders

Events of Default and Remedies of Holders. If one or more of the following events (herein "Events of Default") shall happen, that is to say --

(a) if default shall be made by the City in the due and punctual payment of any interest on or principal of or Sinking Fund Account Payment for any of the Bonds when and as the same shall become due and payable;

(b) if default shall be made by the City in the observance or performance of any of the other agreements or covenants contained in the Indenture required to be observed or performed by it, and such default shall have continued for a period of thirty (30) days after the City shall have been given notice in writing of such default by the Trustee;

(c) if default shall be made by the City in the due and punctual payment of any indebtedness on a parity with the payment of the Bonds; or

(d) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then in each and every such case during the continuance of such Event of Default any Holder shall have the right for the equal benefit and protection of all Holders similarly situated --

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the City Council or the City or any of the officers or employees of the City, and to compel the City Council or the City or any such officers or employees to perform and carry out their duties under the Act and the agreements and covenants with the Holders contained in the Indenture;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Bonds to require the City Council or the City or its officers and employees to account as the trustee of an express trust.

Non-waiver. Nothing in the Indenture or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Holders of the Bonds at the respective dates of maturity or upon redemption prior to maturity as provided in the Indenture from the proceeds of the Special Tax and the other funds as provided in the Indenture, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Indenture and in the Bonds. A waiver of any Event of Default or breach of duty or contract by any Holder shall not affect any subsequent Event of Default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent Event of Default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any Event of Default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Act or may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to any Holder, the City and such Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Defeasance

Discharge of the Bonds.

(a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and in the Indenture, then all agreements, covenants and other obligations of the City to the Holders of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City for deposit in the Community Facilities Fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee money which is sufficient to pay the interest due on such Bonds on such date and the principal and redemption premiums, if any, due on such Bonds on such date.

(c) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the City shall have agreed to mail a notice of redemption pursuant to the Indenture to the respective Holders of all such Outstanding Bonds and to the securities information services selected by it pursuant to the Indenture, (2) there shall have been deposited with an escrow agent or the Trustee either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Trustee at the same time, shall be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by an Accountant's Report on file with the City and the Trustee, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have agreed to mail pursuant to the Indenture a notice to the Holders of such Bonds and to the securities information

services selected by it pursuant to the Indenture that the deposit required by clause (2) above has been made with such escrow agent or the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money will be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Miscellaneous

Liability of City Limited to Proceeds of the Special Tax and Certain Other Funds. Notwithstanding anything contained in the Indenture, the City shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds provided in the Indenture for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are special tax obligations of the City and the interest on and principal of and redemption premiums, if any, on the Bonds are payable solely from the proceeds of the Special Tax and such other funds, and the City is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction, and neither the City Council nor the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds otherwise than from the proceeds of the Special Tax and such other funds as provided in the Indenture.

Deposit and Investment of Money in Accounts and Funds. All money held by the Director of Finance in any fund established in the Indenture shall be deposited by the Director of Finance in time or demand deposits in any state or nationally chartered bank or trust company, including the Trustee or its affiliates, or in any state or federal savings and loan association, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law; provided, that all money in the Acquisition and Construction Fund, the Special Tax Fund, the Expense Fund and the Community Facilities Fund may be invested by the Director of Finance in Legal Investments. All money held by the Trustee in the Local Obligation Redemption Fund and the Bond Reserve Fund shall be invested by the Trustee pursuant to a Written Request of the City; provided, that in the absence of receipt of any such Written Request of the City, the Trustee shall, to the extent practicable, invest such money in units of a taxable government money-market portfolio composed of or secured by Federal Securities. The Trustee (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Trustee under the Indenture. All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall be deposited in the Local Obligation Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

Series 2009 Bonds

Authorization and Purchase of Series 2009 Bonds. The City has authorized the issuance of the Series 2009 Bonds pursuant to the Master Indenture and the First Supplemental Indenture for the purpose of providing funds to pay the costs of financing the acquisition and/or construction of a portion of the Facilities, including payment of costs incidental to or connection with such acquisition, and payment of costs of issuance.

Term of Series 2009 Bonds. The Series 2009 Bonds shall be issued in the aggregate principal amount as set forth in the First Supplemental Indenture, shall be designated the "City of Brentwood Community Facilities District No. 3 (No. 4 or No. 5, as applicable) Special Tax Bonds, Series 2009," shall be dated the date of initial delivery, shall be issued in fully registered form in the denomination of $0.01 or any integral multiple thereof and shall mature on the dates and in the principal amounts and shall bear interest, payable on March 15 and September 15, commencing March 15, 2010, as set forth in the First Supplemental Indenture.

Series 2009 Sinking Fund Account Payments are established for the mandatory redemption and payment of the Term Series 2009 Bonds as set forth in the First Supplemental Indenture. If any of the Term Series 2009 Bonds shall have been optionally redeemed pursuant to the First Supplemental Indenture, the amounts of such Series 2009 Sinking Fund Account Payments shall be reduced as directed by the City as set forth in the First Supplemental Indenture. All such Series 2009 Sinking Fund Account Payments shall be deposited in the Sinking Fund Account which is established for the Term Series 2009 Bonds (the "Series 2009 Sinking Fund Account") to be held by the Trustee. All money in the Series 2009 Sinking Fund Account shall be used and withdrawn by the Trustee at the written direction of the City at any time for the purchase of the Term Series 2009 Bonds, at public or private sale, as and when and at such prices (including brokerage and other charges) as it may in its discretion determine, but not to exceed the principal amount of such Term Series 2009 Bonds, as provided in the First Supplemental Indenture. The City agrees and covenants with the Holders of the Term Series 2009 Bonds to call and redeem in accordance with provisions of the Master Indenture or pay the Term Series 2009 Bonds from the Series 2009 Sinking Fund Account Payments deposited in the Series 2009 Sinking Fund Account pursuant to the First Supplemental Indenture.

Redemption Prices and Terms of Series 2009 Bonds. The Series 2009 Bonds are subject to optional redemption by the City prior to their respective stated maturity dates, as a whole or in part in integral multiples of $0.01 from such maturity dates selected by the City, on any interest payment date, from any source of available funds, upon mailed notice as provided in the Mater Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date of redemption.

The Term Series 2009 Bonds are subject to mandatory redemption by the City prior to their respective stated maturity dates in part on September 15 in each of the years as set forth in the First Supplemental Indenture, solely from Series 2009 Sinking Fund Account Payments deposited in the Series 2009 Sinking Fund Account, upon mailed notice as provided in the Master Indenture, at a redemption price equal to the principal amount thereof called for redemption, together with accrued interest thereon to the date fixed for redemption, without premium.

Application of Proceeds of Sale of Series 2009 Bonds. The proceeds of the sale of the Series 2009 Bonds shall be deposited in the Bond Reserve Fund and in the Series 2009 Acquisition and Construction Account in the Acquisition and Construction Fund, and the proceeds deposited therein shall be applied in the manner provided by the Act for payment of costs of the acquisition and construction of the Facilities, including payment of costs incidental to or connected with such acquisition and construction and capitalized interest on the Series 2009 Bonds.

Terms of Series 2009 Bonds Subject to the Master Indenture. Except as expressly provided in the First Supplemental Indenture, every agreement, condition, covenant and term contained in the Master Indenture shall apply to the First Supplemental Indenture and to the Series 2009 Bonds with the same force and effect as if the same were set forth at length in the First Supplemental Indenture, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the First Supplemental Indenture.

APPENDIX B

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

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City of BRENTWOOD

THE CITY OF BRENTWOOD

HERITAGE ▪ VISION ▪ OPPORTUNITY

708 Third Street
Brentwood, CA 94513

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

THE CITY OF
BRENTWOOD
HERITAGE ▪ VISION ▪ OPPORTUNITY

Every year the City selects a theme for the covers of its major financial documents - the Capital Improvement Program Budget (CIP), the Operating Budget, the Cost Allocation Plan, the Fiscal Model and the Comprehensive Annual Financial Report (CAFR). This year each of the covers will portray an aspect of the new Civic Center, which is currently in the planning stages.

COVER: This year's CAFR cover shows a 3-D rendering of the proposed Civic Center Plaza. Surrounding the plaza will be the Council Chambers and City Hall. In the background is the proposed Community Center. All of these buildings surround City Park which is scheduled to be redesigned as part of the Civic Center project. The entire Civic Center complex is scheduled for completion in 2011.

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Prepared By:
Finance Department
City of Brentwood
708 Third Street
Brentwood, California 94513

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Letter of Transmittal

December, 2008

The Honorable Mayor, Members of the City Council and Citizens of the City of Brentwood
City of Brentwood
Brentwood, California 94513

Dear Mayor, Members of the City Council and Citizens of the City of Brentwood:

State law requires all general-purpose local governments to publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles, within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report for the City of Brentwood, California for the fiscal year ended June 30, 2008. This is the eighth year the City's Finance Department has prepared this report and the seventh year using the reporting requirements as prescribed by the Governmental Accounting Standards Board in Statement No. 34. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of Brentwood. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Generally accepted accounting principles require that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Department, in conjunction with the City's management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance these objectives are met, while recognizing that this assurance

City Hall – 708 Third Street, Brentwood, California 94513 Phone: (925) 516-5400 Fax: (925) 516-5401

is not absolute. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. City administration believes the existing internal control systems are adequate to provide reasonable assurance the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's ninth consecutive "Unqualified" Audit issued in 2008.

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements and 2) engaging certified public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial reporting.

The Government Code of the State of California requires general law cities, such as the City of Brentwood, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Maze & Associates Corporation. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Maze & Associates Corporation has full and free access to meet with the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the basic financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements. This report is available in the City's separately issued Single Audit Report.

PROFILE OF BRENTWOOD

The City of Brentwood was incorporated in 1948 as a general law city under the laws of the State of California. Brentwood is located halfway between the cities of San Francisco and Sacramento, in eastern Contra Costa County. The City is governed by a five member City Council, under the Council–Manager form of government. As of June 30, 2008 the City had a population of 50,614 and encompassed approximately 14.83 square miles.

The City provides a full range of services including: Police, Public Works, Economic Development, Planning, Building, Engineering and Inspection, Parks and Recreation, Housing and General Administrative services. The City also operates public water and wastewater utilities, as well as providing a recycling program and refuse collection and disposal. All of these services are accounted for in the City's financial statements.

In addition, the City is financially accountable for two component units, the Brentwood Redevelopment Agency and the Brentwood Infrastructure Financing Authority. Although legally separate entities, these blended component units are, in substance, part of the government's operations. Financial data for these units is combined with the data of the primary government. Each of the blended components has a June 30 year-end date for accounting purposes. See Note #1–A, found on page 31, for a more detailed discussion of these two component units.

The City's annual budget serves as the foundation for planning and controlling the City's finances. As such, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control is established at the fund level. Budgets are prepared and expenditures recorded at the object of expenditure level. The accounting records are maintained using either the accrual basis or modified accrual basis of accounting, as appropriate. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control.

The two-year budget process begins as a team effort in January of the first year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the proposed budget and the final adoption of the two-year budget is scheduled for a City Council meeting in June. Before the beginning of the second year of the two-year budget cycle, the City Council reviews the progress during the first year and approves any changes to appropriations for the second year.

Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Proprietary and Capital Project Funds are included in the annual appropriated budget. Budget-to-actual comparisons are included in the Financial Section for the General Fund, Special Revenue Funds, certain Debt Service Funds and certain Capital Project Funds.

The following funds are not legally required to adopt budgets as their appropriations are either established by the related bond documentation, other legal agreements or are multi-year projects whose budget cycle exceeds one fiscal year: Capital Improvement Financing Programs; 2002 Series A&B; 2006 Series A&B; Capital Improvement 2001; Randy Way Assessment District Improvements; the 2002 General Obligation Bond; Community Facilities Improvement Projects; Park Improvement Projects; Drainage Improvement Projects and Street Improvement projects. See Note #2–A on page 43, for additional information.

ECONOMIC OUTLOOK

The City, like much of the rest of the nation, is in the midst of the worst housing market contraction since the Great Depression. Rapid declines in property values are projected to cause a decrease of nearly 9% in the City's property tax revenue for next fiscal year. The City's rate of population growth has slowed as well. While the City grew at an average annual rate of over 12% over the past decade, current forecasts show the City's

growth slowing to 1-2% for the next several years. Partially offsetting these reductions is an increase in sales taxes derived from the newly opened Streets of Brentwood lifestyle center.

Brentwood has added approximately 1,000,000 square feet of new retail, office and industrial space in the past several years. Most notably is the recent completion and opening of the Streets of Brentwood, a large lifestyle center project featuring specialty shops and restaurants, along with a large multi-plex theater. The Streets of Brentwood, along with our key retail centers and anchor tenants such as Best Buy, and Home Depot, generate the majority of the City's sales tax revenue. This revenue provides a significant financial benefit to the City's General Fund.

The City implemented a series of General Fund budget reductions over the past twelve months in response to the dramatic slowdown in development and declining revenues. These reductions have included reduced contractual services, travel, and capital outlay; as well as personnel reductions in the Community Development, Finance, Parks, and Public Works Departments. These reductions have allowed the City to continue to operate in a fiscally responsible manner, where revenues exceed operating expenditures. In addition, the City has continued to maintain General Fund undesignated reserves of 30% of appropriations, in accordance with the City's Budget and Fiscal Policy. The City will continue to carefully monitor the economic environment and will take all requisite actions needed to ensure a strong financial future.

FINANCIAL OUTLOOK

Long-Range Financial Planning – Key to planning for the City's build-out is the development of a highly sophisticated fiscal model that ensures that the City continues to budget conservatively, with revenues exceeding expenditures, and with adequate reserves to cover future liabilities and unexpected emergencies. The City's fiscal model, adopted by the City Council in February 2007, combines a 10-year financial forecast of expenditures, revenues and fund balance, with recommendations on how any possible gaps between City revenues and expenditures might be closed. The fiscal model is updated annually and is a valuable tool during the next decade as the City continues to transition from a reliance on developer revenue to a reliance on property and sales taxes from a newly expanded economic and commercial base.

Cash Management – The City invests temporarily idle cash in accordance with California Government Code Section 53601 and a formal investment policy approved by the City Council. This policy limits investments to certain types of instruments and requires that investments must meet established criteria for safety, liquidity and yield. In accordance with the policy, deposits are either collateralized or insured by federal depository insurance, with all collateral held either by the City, its agent or a financial institution's trust department in the City's name. All investments held by the government during the year end at June 30, 2008, are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Development Fees – The City of Brentwood established a Development Fee Program in 1989. The program sets forth the nexus between future development, facilities needed to serve future development and the estimated costs of those improvements based on the current General Plan and Capital Improvement Program. The purpose of the fees, referred to as AB 1600 fees, is to finance municipal public facilities to mitigate the impacts caused by future development. These capital improvement facility fees are adopted pursuant to Government Code §66000, et seq.

The Development Fee Program implements policies of the City's General Plan including the policy that "…new development shall contribute its fair share of the cost of on-site and off-site public infrastructure and services. This shall include installation of public facilities, payment of impact fees and participation in a Capital Improvement Financing Program (CIFP)." Capital Improvement Financing Programs provide a mechanism through which the City and the development community cooperate to fund and construct both major Master Planned and Sub-Master Planned infrastructure (roads, water and wastewater lines, regional drainage facilities, etc.). Bonds are sold using the participating Developer's property as collateral. There is minimal risk involved for the City as a 3 to 1 value to lien ratio is used to determine the amount of bonds to be sold. Additionally, the City is able to obtain very low interest rates through its outstanding financial reputation. As the properties develop, the bonds are repaid by the new property owner over a 30-year period.

MAJOR INITIATIVES – BRINGING BRENTWOOD'S VISION TO REALITY

Community Award

The City of Brentwood has been named a Playful City USA. Playful City USA is a national recognition program honoring cities and towns across the nation committed to taking action for play. Communities become Playful City USA communities by meeting five commitments: 1) create a local play commission, 2) design an annual action plan for play, 3) conduct a playspace audit of all publicly accessible play areas, 4) identify current spending on capital projects and maintenance of play spaces and 5) proclaim and celebrate an annual "Play Day".

Customer Service

Several initiatives are under way in order to provide efficient service to both internal and external customers. These include: 1) implementation of the One Stop Permit Center which will provide one location for customers who need any type of City permit and 2) selection of a new development services software system which includes a workflow component for all departmental approvals required during the processing of development projects.

Economic Development

Economic development remains a top priority for the City. Key economic development projects include: implementation of the Downtown Specific Plan; continued facilitation of regional retail development including the Streets of Brentwood shopping center; the development of the Agricultural Park and History Center; expansion of Los Medanos College to facilitate the development of a permanent center in Brentwood and the planning and development of the Vineyards Project.

Infrastructure and Public Facilities

Brentwood continues to cultivate a vital, thriving and charming historical Downtown. These efforts resulted in the development of the Downtown Brentwood 2010 action plan which will serve as the template for the following community facilities: a new City Hall, Council Chambers, and Community Center; the Civic Center Parking Facility; the Civic Center Plaza; a new Senior Center, Library and City Park; and the Downtown Parking Facilities. The designs for all of these facilities will reflect the community input gathered as a result of community outreach workshops. The City is also nearing completion of a new water treatment plant. The facility, with a total budget of $56 million, is the largest project the City has ever undertaken. The water treatment plant initially has the capacity to treat 12 to 15 million gallons per day, and is expandable to 30 million gallons per day to meet the ultimate demands of the City at build-out.

Neighborhood Improvement

The City is monitoring and evaluating the success of the Current Code Enforcement practices to ensure that citizens are reasonably maintaining their property and that public property enhances the appearance of all neighborhoods. The newly appointed City Council Neighborhood Improvement Committee and City staff will continue to work with the community to monitor the Code, as well as oversee other neighborhood concerns such as noise, civility issues and neighborhood beautification efforts. Recent activities of the Neighborhood Improvement Committee include the adoption of a Nuisance Ordinance and implementation of the City's Rental Inspection Program.

Public Safety

To help maintain a community where everyone feels safe, the City is focused on the following activities: 1) development of a fire plan for the City; 2) implementing a crime analysis software program which will help identify and track crime occurrences and trends; 3) increasing traffic enforcement; 4) improving communication with the community and 5) establishing a professional standards unit which will provide a centralized contact point for citizen complaints and provide consistency in training, internal investigations and procedures.

Regional / Local Transportation

Brentwood has been a leader in regional transportation through participation with local, County and regional agencies for the planning and funding of transportation projects. As a member of the State Route 4 Bypass Authority and East Contra Costa Regional Fee and Finance Authority, Brentwood was actively involved in the implementation of the Regional Transportation Mitigation Fee. This $16,667 fee is collected from all new development to continue to finance transportation projects.

A current project under construction is the State Route 4 Bypass. This project will ease traffic and commute congestion in Brentwood and Oakley and provide access to the growing areas of eastern Contra Costa County. Segment II, which runs south from Lone Tree Way to Balfour Road, was completed in 2002. Segment I, which runs south from the existing Highway 4 to Lone Tree Way was opened in February 2008, and Segment III, which runs south from Balfour Road to Vasco Road was opened in October 2008. The Bypass Authority's project priority list (East Contra Costa Regional Fee and Financing Authority's Strategic Plan) includes funding for widening of Segment II to four lanes, with bridges for grade separation at Sand Creek Road and Balfour Road. This widening work will commence in the near future.

In addition to the State Route 4 Bypass, The East Contra Costa Regional Fee and Finance Authority also includes funding for regional projects such as widening of the existing State Route 4 east of Antioch, BART and Vasco Road safety improvements.

Technology

The City is committed to either implementing new systems, or updating existing systems, in order to ensure state-of-the-art technology is always being utilized. The City recently implemented a five-year Technology Strategic Plan which will assist the City in meeting its technology goals.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its comprehensive annual financial report for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We wish to thank the City Council for providing the clear policy direction and goals that have been used to prepare this Comprehensive Annual Financial Report. A great deal of effort and attention to detail, representing many hours of work by staff members throughout the organization, is required to produce a report of this quality. We would like to express our appreciation to all City of Brentwood staff members who have taken the time to participate in the development of this year's Comprehensive Annual Financial Report. Special recognition is given to the Finance Department and specifically the Business Services and Financial Services staff. Appreciation is also expressed to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

The City of Brentwood has a bright future due to its committed elected leadership and the talents and ingenuity of its City employees. One of the key components in securing this future is through a well-planned, long-term fiscal strategy based upon economic development that will generate high paying, long-term employment opportunities, new and stable sales tax revenue sources and improved inter-governmental relations. City Council and staff have taken steps to plan and implement this long-term strategy. Though the challenges are great, the City is firmly committed to meeting each and every challenge that comes our way. This Comprehensive Annual Financial Report is the next step towards meeting those challenges. By continuing to follow the financial policy set forth by the City Council, the City of Brentwood will deliver the highest level of service permitted by the available resources.

Respectfully submitted,

Donna Landeros

Donna Landeros
City Manager

Pamela Ehler

Pamela Ehler
City Treasurer
Director of Finance and Information Systems

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brentwood
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

LIST OF PRINCIPAL OFFICIALS

(As of June 30, 2008)

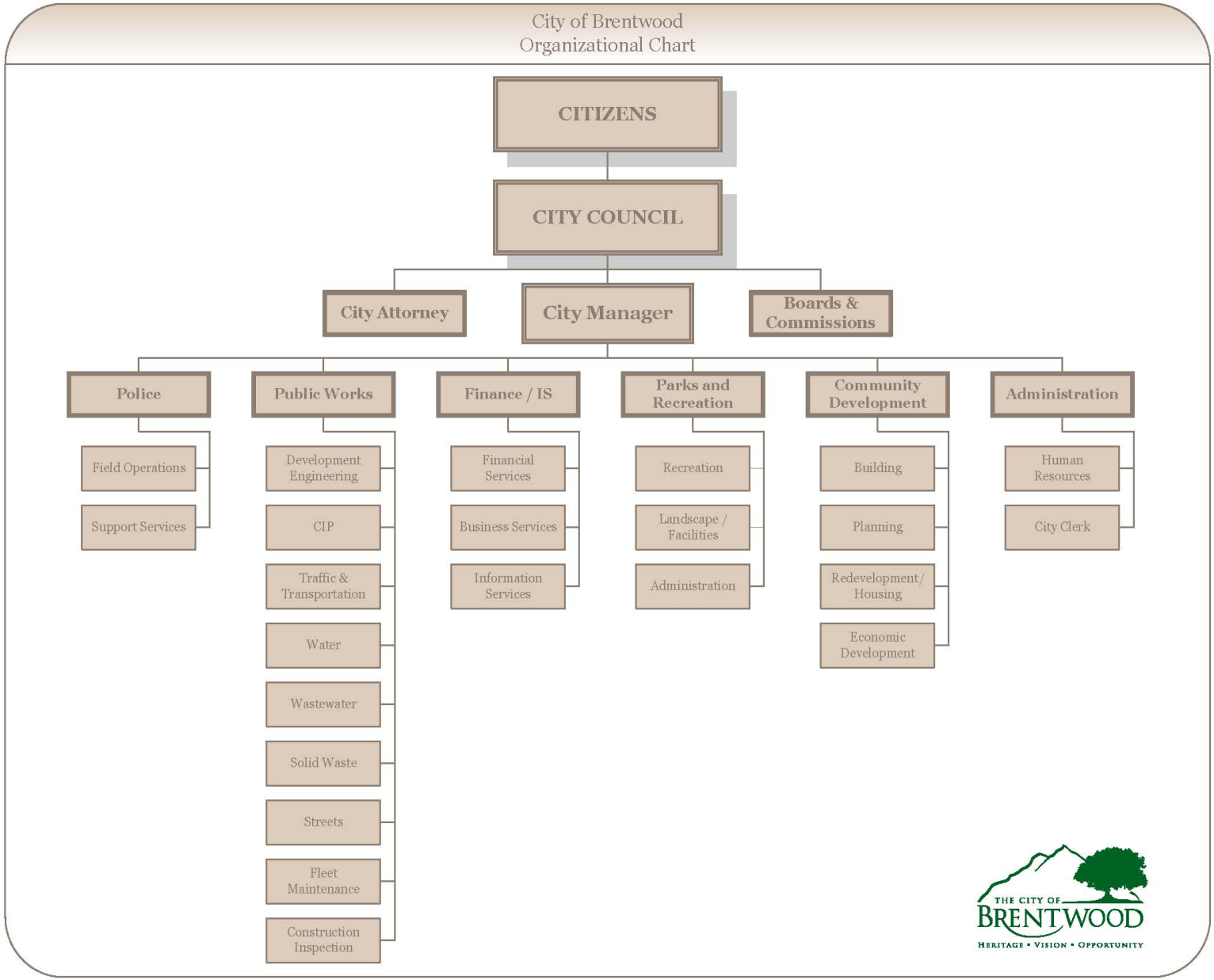
City Officials

Robert Taylor ..... Mayor
Robert Brockman ..... Vice-Mayor
Chris Becnel ..... Council Member
Brandon Richey ..... Council Member
Erick Stonebarger ..... Council Member

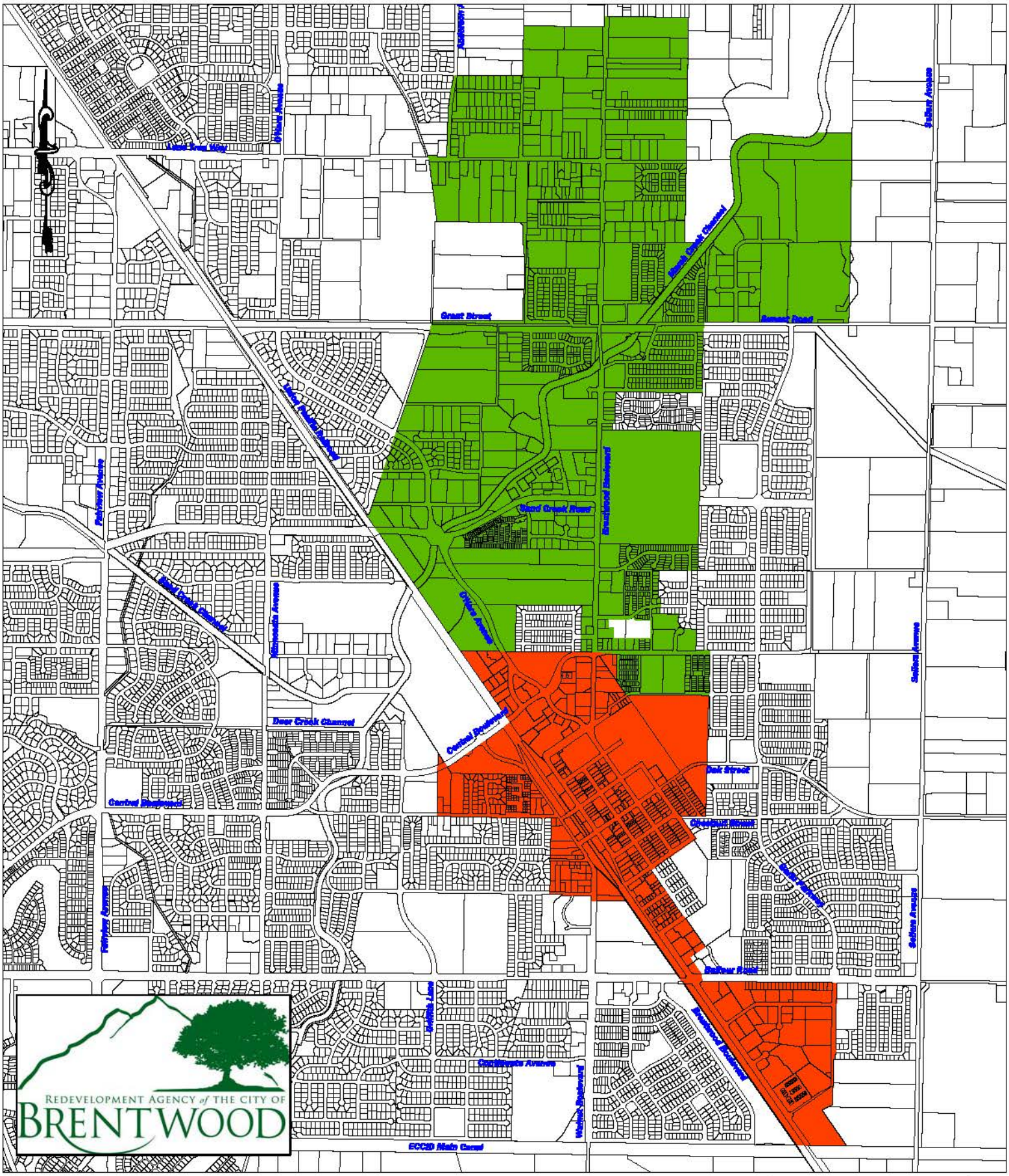
Executive Team

Donna Landeros ..... City Manager
Damien Brower ..... City Attorney
Craig Bronzan ..... Director of Parks & Recreation
Karen Chew ..... Assistant City Manager
Pamela Ehler ..... City Treasurer / Director of Finance & Information Systems
Mark Evenson ..... Police Chief
Bailey Grewal ..... Director of Public Works / City Engineer
Casey McCann ..... Director of Community Development

Letter of Transmittal



Brentwood Redevelopment Project Areas



Brentwood Project Area (371 AC)

North Brentwood Project Area (948 AC)

Scale: 1 inch = 2,000 feet
Prepared April 23, 2007

Mission Statement

Bringing Brentwood's Vision to Reality

Vision and Culture

We are an organization of dedicated professionals working together to make Brentwood the very best, preserving its rich heritage and keeping Brentwood in the hearts of the people.

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MAZE & ASSOCIATES

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Pleasant Hill, California 94523
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maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Brentwood, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, California as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, California at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

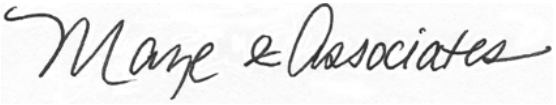
As described in Note 6, the City implemented the provisions of GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.



November 19, 2008

This discussion and analysis of the City of Brentwood's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $707.5 million. Of this amount, $87.7 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased $51.2 million due primarily to contributed assets.
- At of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $111.6 million, a decrease of $6.2 million in comparison to the prior year. This is primarily due to developer reimbursements in the Capital Improvement Financing Program 2005-1 Fund.
- The City's total long-term debt decreased by $3.5 million.
- Internal Service Funds have net assets of $28.2 million at year end, which is an increase of $2.2 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Brentwood ("the City") and its component units using the blended approach as prescribed by government accounting standards. The City's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The **Government-Wide Financial Statements** present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred, as prescribed by GASB 34, in regards to interfund activity, payables and receivables.

Governmental Activities – Most of the City's basic services are reported in this category including the General Government, Public Safety, Community Development, Engineering, Public Works, Community Services and Parks and Recreation. Property and sales taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Wastewater, Solid Waste, Water, City Rental and Housing activities are reported in this category.

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's net assets and changes in them. Over time, increases or decreases in the City's net assets are one indicator of whether its financial

health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. The Government-Wide Financial Statements can be found on pages 17 – 18 of this report.

The **Fund Financial Statements** provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain taxes, grants and other money.

The City's Fund Financial Statements are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds are agency funds which only report a balance sheet and do not have a measurement focus. The Fund Financial Statements can be found on pages 19 – 27 of this report.

Governmental Funds – Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund Financial Statements to those in the Government-Wide Financial Statements are explained in a reconciliation following each Governmental Fund Financial Statement. The Governmental Fund Financial Statements can be found on pages 19 – 22 of this report.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in Proprietary Funds. The City maintains two different types of Proprietary Funds – Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. Examples of Enterprise Funds include Water and Solid Waste. Internal Service Funds are used to report activities which provide supplies and services for the City's other programs and activities. Two examples are the City's Information Systems Replacement Fund and the Fleet Maintenance Services Fund. Internal Service Funds are reported with governmental activities in the Government-Wide Financial Statements, found on pages 17 – 18 of this report.

Proprietary Funds provide a more detailed version of the information provided in the Government-Wide Financial Statements. Cash flows for the Proprietary Funds and the Internal Service Funds are provided, as well as combining statements for the individual Internal Service Funds. The Proprietary Fund Financial Statements can be found on pages 23 – 25 of this report.

Fiduciary Funds – The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund Financial Statement can be found on page 27 of this report.

Notes to the Basic Financial Statements
The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found on pages 29 – 71 of this report.

Required Supplementary Information
In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning: 1) budgetary comparison schedules for the general fund and each major special revenue fund and 2) the City's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information can be found on pages 73 – 75 of this report.

Combining and Individual Fund Statements and Schedules
Combining and Individual Fund Statements and Schedules for the following funds can be found on pages 77 – 124 of this report: Non-Major Governmental Funds, Internal Service Funds, Fiduciary Funds, General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net assets for the City as a whole increased 7.8% from $656.3 million at June 30, 2007 to $707.5 million at June 30, 2008. This increase of $51.2 million comes from the change in net assets as recorded in the Statement of Activities and which flows through the Statement of Net Assets. Invested in capital assets, net of related debt, increased $46.0 million during the year. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represent resources which are subject to external restrictions on how they may be used. This restricted amount is $109.2 million as of June 30, 2008. The remaining balance of unrestricted net assets, $87.7 million as of June 30, 2008, may be used to meet the City's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	$ 148,579,984	$ 154,936,543	$ 64,368,319	$ 57,381,055	$ 212,948,303	$ 212,317,598
Capital Assets	408,966,378	377,097,550	186,466,134	174,573,049	595,432,512	551,670,599
Total Assets	557,546,362	532,034,093	250,834,453	231,954,104	808,380,815	763,988,197
Current Liabilities	$ 13,667,472	$ 17,030,668	$ 6,139,402	$ 6,107,518	$ 19,806,874	$ 23,138,186
Long-Term Liabilities Outstanding	35,966,396	36,781,822	45,099,015	47,805,597	81,065,411	84,587,419
Total Liabilities	49,633,868	53,812,490	51,238,417	53,913,115	100,872,285	107,725,605
Net Assets:						
Invested in Capital Assets, Net of Related Debt	$ 372,951,683	$ 339,857,455	$ 137,697,679	$ 124,783,446	$ 510,649,362	$ 464,640,901
Restricted	80,452,738	79,233,723	28,721,075	31,204,635	109,173,813	110,438,358
Unrestricted	54,508,073	59,130,425	33,177,282	22,052,908	87,685,355	81,183,333
Total Net Assets - Restated	$ 507,912,494	$ 478,221,603	$ 199,596,036	$ 178,040,989	$ 707,508,530	$ 656,262,592

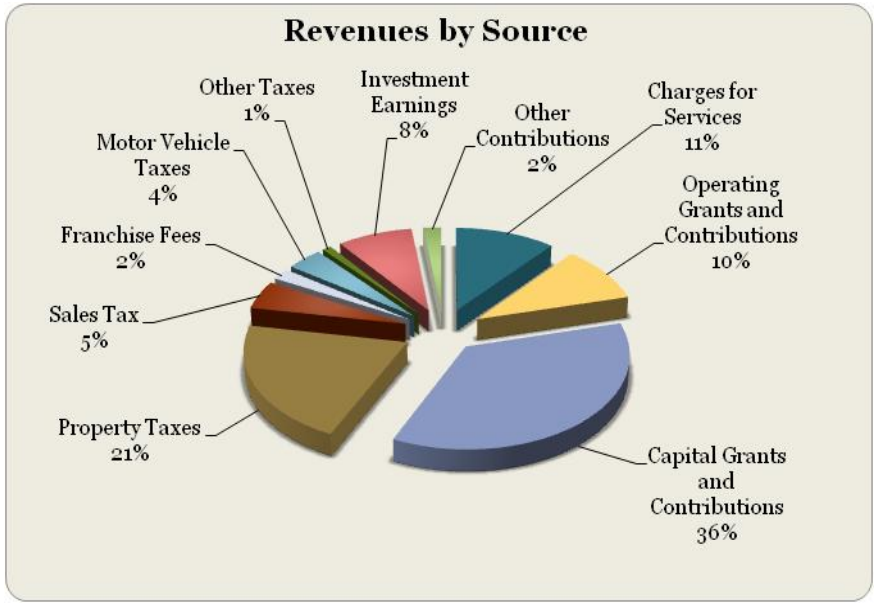
Governmental Activities – The City's net assets from governmental activities increased 6.2% from $478.2 million to $507.9 million. This increase represents 58.0% of the City's total growth in net assets. The majority of this increase was due to an increase in capital assets through contributions.

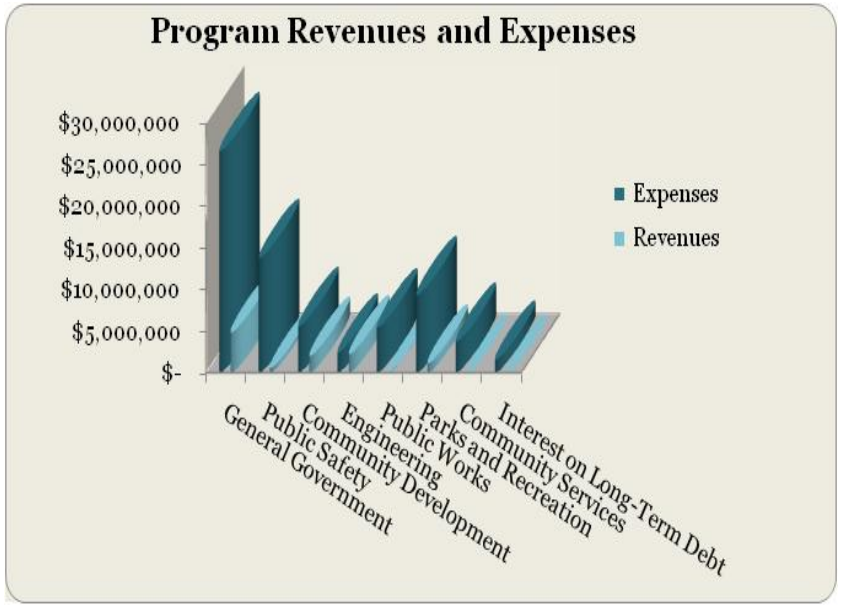
Business-Type Activities – The City's net assets from Business-Type activities increased 12.1% from $178.0 million to $199.6 million. Investment in capital assets, net of related debt, increased $12.9 million due to capital asset contributions from development. Overall, the unrestricted net assets increased by $11.1 million.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	$ 10,899,250	$ 14,225,400	$ 33,171,384	$ 31,451,819	$ 44,070,634	$ 45,677,219
Operating Grants and Revenues	9,868,672	6,443,633	-	-	9,868,672	6,443,633
Capital Grants and Contributions	35,633,756	50,529,249	11,971,155	22,969,310	47,604,911	73,498,559
General Revenues:						
Taxes:						
Property Taxes	20,802,069	19,676,078	-	-	20,802,069	19,676,078
Sales Tax	4,827,706	4,661,529	-	-	4,827,706	4,661,529
Franchise Fees	1,018,540	1,230,265	-	-	1,018,540	1,230,265
Public Service Taxes	342,627	527,766	-	-	342,627	527,766
Measure C, TOT	635,411	598,358	-	-	635,411	598,358
Motor Vehicle Taxes	3,942,089	3,597,495	-	-	3,942,089	3,597,495
Other Taxes	-	260,577	-	-	-	260,577
Investment Earnings	8,191,379	8,960,696	3,663,930	2,535,390	11,855,309	11,496,086
Intergovernmental	-	42,737	-	-	-	42,737
Interfund Services	-	48,484	-	-	-	48,484
Miscellaneous	1,765,659	2,726,006	-	-	1,765,659	2,726,006
Total Revenues	97,927,158	113,528,273	48,806,469	56,956,519	146,733,627	170,484,792
Expenses:						
General Government	26,566,890	28,578,304	-	-	26,566,890	28,578,304
Public Safety	13,770,801	12,768,274	-	-	13,770,801	12,768,274
Community Development	5,581,469	5,576,796	-	-	5,581,469	5,576,796
Engineering	2,420,953	2,332,730	-	-	2,420,953	2,332,730
Public Works	5,441,455	4,967,567	-	-	5,441,455	4,967,567
Parks and Recreation	9,312,868	8,129,353	-	-	9,312,868	8,129,353
Community Services	3,728,537	3,402,377	-	-	3,728,537	3,402,377
Interest on Long-Term Debt	1,557,776	1,839,058	-	-	1,557,776	1,839,058
Wastewater	-	-	6,734,960	6,264,947	6,734,960	6,264,947
Solid Waste	-	-	6,620,638	6,259,740	6,620,638	6,259,740
Water	-	-	12,304,859	11,181,295	12,304,859	11,181,295
City Rentals	-	-	654,428	729,754	654,428	729,754
Housing	-	-	792,055	1,481,274	792,055	1,481,274
Total Expenses	68,380,749	67,594,459	27,106,940	25,917,010	95,487,689	93,511,469
Increase in Net Assets Before Transfers	29,546,409	45,933,814	21,699,529	31,039,509	51,245,938	76,973,323
Transfers	144,482	2,111,311	(144,482)	(2,111,311)	-	-
Increase in Net Assets	29,690,891	48,045,125	21,555,047	28,928,198	51,245,938	76,973,323
Net Assets 7/1, Restated	478,221,603	430,176,478	178,040,989	149,112,791	656,262,592	579,289,269
Net Assets 6/30	$ 507,912,494	$ 478,221,603	$ 199,596,036	$ 178,040,989	$ 707,508,530	$ 656,262,592

Governmental Activities – The cost of all Governmental activities this year was $68.4 million. Net expenses, as shown in the Statement of Activities, were $12.0 million. A portion of the cost for these activities was paid either by those who directly benefited from the programs ($10.9 million), by other governments and organizations that subsidized certain programs with operating grants and contributions ($9.9 million), or capital grants and contributions ($35.6 million). Public Works finished the year with net revenues of $26.4 million as a result of significant dedicated infrastructure. Overall, the City's governmental program revenues were $56.4 million.

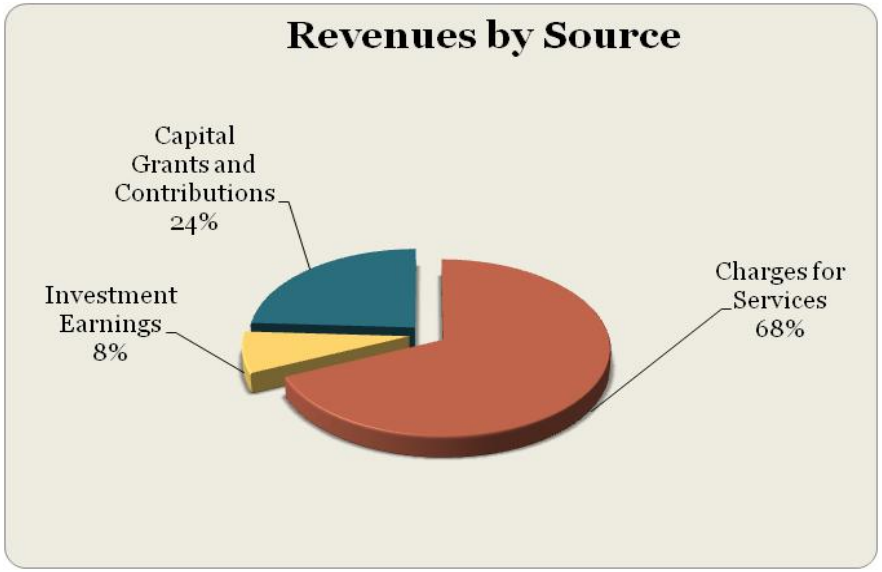
Total resources available during the year to finance governmental operations were $576.3 million consisting of net assets at July 1, 2007 of $478.2 million, program revenues of $56.4 million and general revenues and transfers of $41.7 million. Total Governmental activities during the year were $68.4 million, thus net assets were increased by $29.7 million to $507.9 million.

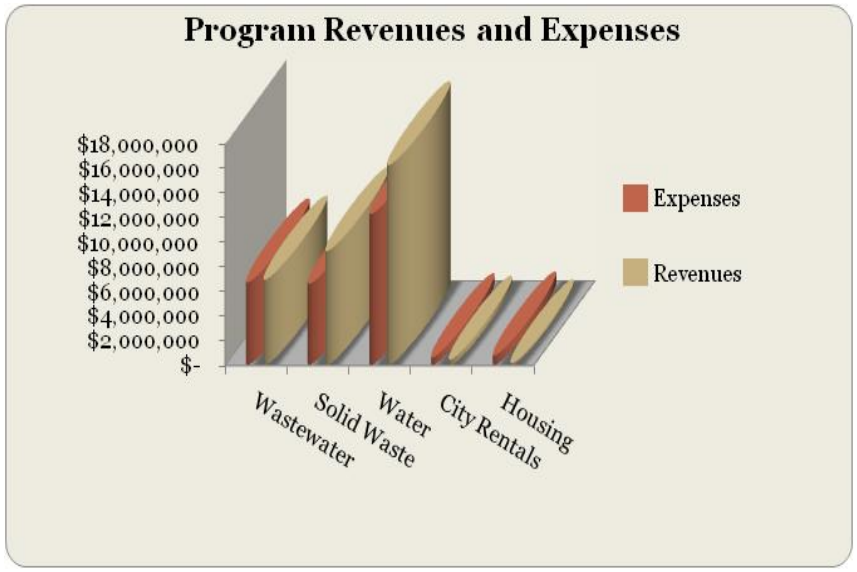




Business-Type Activities – The cost of all Business-Type activities this year was $27.1 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were $33.2 million. Capital Grants and Contributions totaled $12.0 million and Investment earnings were $3.7 million.

Total resources available during the year to finance Business-Type activities were $226.7 million consisting of net assets at July 1, 2007 of $178.0 million, charges for services of $33.2 million, capital contributions of $12.0 million and general revenues and net transfers of $3.5 million. Total Business-Type activities during the year were $27.1 million, thus net assets increased by $21.6 million to $199.6 million.





FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of $24,011,019. This is a decrease of $1,388,546 compared to last year. The decrease is attributable to significant funding of capital improvement projects during the year. In addition, the downturn in the housing market has led to a substantial decline in the City's development revenues.

Thoroughfares, which is reported as a Special Revenue fund, had an increase in fund balance of $7,341,869 due primarily to the transfer back of excess funds which were contributed for capital improvement projects. Thoroughfares also continued to receive development fees and did not need to provide any significant funding for projects during the year.

Parks and Trails, which is reported as a Special Revenue fund, had a decrease in fund balance of $1,923,211. This is due to the transfer of funds to a parks capital project.

Redevelopment Debt, which is reported as a Debt Service fund, had an increase in fund balance of $2,732,273 as tax increment revenues currently exceed the fund's debt service requirements.

Capital Improvement Financing Program (CIFP) 2005-1, which is reported as a Capital Projects fund, had a decrease in fund balance of $9,742,425. This was primarily due to reimbursements paid to developers for the construction of certain capital assets and infrastructure. The majority of the revenue for the CIFP 2005-1 fund was received in fiscal year 2005/06 with the funding of CIFP 2005-1. Current revenues consist only of interest income.

Park Improvement Projects, which is reported as a Capital Projects fund, had a decrease in fund balance of $2,136,517. The City had set aside these funds in previous years for the construction of capital assets which occurred this fiscal year.

Equipment Replacement, which is reported as an Internal Service fund, has an increase of $1,460,506. This was due to an unexpected increase in investment income as well as the City's continued full funding of the fund while deferring purchases wherever possible.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2007/08 original budget (or adopted) General Fund expenditures and transfers out in the amount of $44,214,932, to the final budget amount of $41,856,677 shows a net decrease of $2,358,255.

Beginning Balance	-	Supplemental Changes	=	Final Budget
$44,214,932		$2,358,255		$41,856,677

During the fiscal year, the total revenues and transfers in for the General Fund were $38,483,397. This was $930,806 less than budgeted. The total expenses and transfers out for the General Fund were $39,871,943. This was $1,984,734 less than budgeted. The City Council approved significant revenue and expense reductions to the City's General Fund budget in January 2008 in response to the tremendous slowdown in development. These reductions were made in order to allow for the General Fund to avoid having operating expenditures exceed revenues and to maintain the General Fund's undesignated reserves at a minimum of 30% of expenditures.

After these budget reductions, the housing market and residential development activity continued to decline precipitously, and the City was forced to institute two rounds of employee layoffs. As a result of these measures, and a concerted effort on the part of all City Departments to conserve and reduce expenditures wherever possible, the City finished the year $1,984,734 under budget in our expenses and transfers out. Of these savings, $1,916,177 was achieved through savings in our supplies and services and an additional $537,789 was saved through reduced employee costs. These savings helped offset internal services and transfers, which finished slightly over budget.

The City's revenue shortfall of $930,806 was primarily due to a $439,733 shortfall in sales tax and Parks Planning development revenue shortfall of $289,530.

Supplemental changes to the FY 2007/08 General Fund budget were:

- Decrease of $1,991,770 for personnel changes during the year
- Decrease of $1,557,555 for supplies and services
- Decrease of $638,788 for internal service
- Decrease of $69,822 for capital outlay
- Increase of $1,899,680 for transfers out

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The capital assets of the City are those assets which are used in the performance of the City's functions. At June 30, 2008, capital assets net of accumulated amortization and depreciation of the Governmental activities totaled $409,427,233, excluding intangible assets. Capital assets net of accumulated amortization and depreciation of the Business-Type activities totaled $184,743,674, excluding intangible assets. Amortization and depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note #5, found on pages 54 – 56 of this report, for detailed information regarding capital assets. The City has elected to use the amortization and depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets – Governmental:			
Land	$ 31,664,076	$ -	$ 31,664,076
Land Improvements	26,193,688	784,896	25,408,792
Buildings	15,134,628	2,807,001	12,327,627
Infrastructure	319,843,104	43,710,798	276,132,306
Machinery and Equipment	3,377,226	1,642,263	1,734,963
Vehicles	6,790,877	3,492,251	3,298,626
Intangible Assets	4,245,000	208,231	4,036,769
Work in Progress – CIP & Infrastructure	54,824,074	-	54,824,074
Total Capital Assets – Governmental	$ 462,072,673	$ 52,645,440	$ 409,427,233
Capital Assets – Business-Type:			
Land	$ 1,968,198	$ -	$ 1,968,198
Land Improvements	1,230,303	740,830	489,473
Buildings	10,256,670	2,518,482	7,738,188
Infrastructure	158,142,393	17,074,630	141,067,763
Machinery and Equipment	1,060,005	662,060	397,945
Intangible Assets	10,597,532	1,074,306	9,523,226
Work in Progress – CIP & Infrastructure	23,558,881	-	23,558,881
Total Capital Assets – Business-Type	$ 206,813,982	$ 22,070,308	$ 184,743,674

Debt Administration – Debt, considered a liability of Governmental Activities, decreased in fiscal year 2007/08 by $801,716. Per capita debt outstanding decreased from $787 to $745 per capita compared to the prior fiscal year. Detailed information regarding long-term debt activity can be found in Note #6 on pages 56 – 63 in this report.

Debt of the Business-Type activities decreased by $2,615,827 in fiscal year 2007/08 due primarily to regularly scheduled principal payments.

	Balance June 30, 2007	Incurred or Issued	Satisfied or Matured	Balance June 30, 2008
Governmental Activities				
Notes Payable	1,738,860	-	112,369	1,626,491
Bonds Payable	35,501,238	202,821	855,000	34,849,059
Accumulated Compensated Absences	1,272,732	1,449,984	1,487,152	1,235,564
Total Governmental Activities	$ 38,512,830	$ 1,652,805	$ 2,454,521	$ 37,711,114
Business-Type Activities				
Notes Payable	40,541,318	126,192	2,480,868	38,186,642
Bonds Payable	9,945,000	-	310,000	9,635,000
Accumulated Compensated Absences	249,077	401,410	352,561	297,926
Total Business-Type Activities	$ 50,735,395	$ 527,602	$ 3,143,429	$ 48,119,568

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2008/09 were:

1. Approximately 35 new housing units will be constructed, down from a peak of 1,400 units a few years ago.
2. Sales Tax revenues are expected to increase by 9% due to the opening of the Streets of Brentwood, a 460,000 square foot lifestyle center.
3. Lowered interest rates will cause a decline in investment income.

The City of Brentwood is feeling a significant financial impact from the slow housing market and slowdown in general building activity. The City's population, which has increased at an annual average rate of 11% during the past decade, is expected to increase by less than 3% per year over the next several years. Key budgetary impacts addressed in the 2008/09 budget were:

- Building revenues will decline about $800,000 from the already depressed levels of 2007/08. This represents a decline of 91% from our peak revenue year for building revenue which occurred during the 2004/05 fiscal year.

- Property taxes, which grew 13% during the 2007/08 fiscal year, are projected to decrease by 9% in 2008/09.

- Property Transfer Taxes are expected to increase from 2007/08 due to increased sales activity, although they will remain significantly below the amounts received in the early to mid 2000's.

- In 2005/06, the City implemented a plan to minimize its dependence on development impact fees. As part of this plan staff members funded through CIP are having their funding allocations changed from development impact fees to General Fund. The City will complete this transition in the 2008/09 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Finance Department, located at 708 Third Street, Brentwood, California 94513, either by phone (925) 516-5460 or e-mail dept-finance@ci.brentwood.ca.us.

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Statement of Net Assets

June 30, 2008

	PRIMARY GOVERNMENT		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Current Assets:			
Cash and Investments	$ 123,877,396	$ 57,798,245	$ 181,675,641
Restricted Cash and Investments	18,238,648	959,863	19,198,511
Receivables	3,583,270	5,526,556	9,109,826
Prepaids	75,002	25,155	100,157
Land Held for Resale	2,805,668	-	2,805,668
Notes Receivable	-	58,500	58,500
Total Current Assets	148,579,984	64,368,319	212,948,303
Non-Current Assets:			
Deferred Charges	-	427,085	427,085
Long-Term Notes Receivable	250,000	584,520	834,520
Internal Balances	(710,855)	710,855	-
Capital Assets, Net of Accumulated Depreciation & Amortization:			
Intangible Assets	4,036,769	9,523,226	13,559,995
Land	31,664,076	1,968,198	33,632,274
Land Improvements	25,408,792	489,473	25,898,265
Buildings	12,327,627	7,738,188	20,065,815
Infrastructure	276,132,306	141,067,763	417,200,069
Machinery and Equipment	1,734,963	397,945	2,132,908
Vehicles	3,298,626	-	3,298,626
Work in Progress	54,824,074	23,558,881	78,382,955
Total Non-Current Assets	408,966,378	186,466,134	595,432,512
Total Assets	557,546,362	250,834,453	808,380,815
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	6,562,221	2,651,183	9,213,404
Other Liabilities	-	36,886	36,886
Unearned Revenue	214,424	308,442	522,866
Deposits Held	5,146,109	122,337	5,268,446
Long-Term Liabilities Due Within One Year	1,744,718	3,020,553	4,765,271
Total Current Liabilities	13,667,472	6,139,401	19,806,873
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	33,944,059	9,305,000	43,249,059
Notes Payable	1,528,112	35,674,845	37,202,957
Compensated Absences Payable	494,225	119,170	613,395
Total Non-Current Liabilities	35,966,396	45,099,015	81,065,411
Total Liabilities	49,633,868	51,238,416	100,872,284
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	372,951,683	137,697,679	510,649,362
Restricted for:			
Debt Service	12,402,086	-	12,402,086
Specific Projects and Programs	68,050,652	28,721,075	96,771,727
Unrestricted	54,508,073	33,177,282	87,685,355
Total Net Assets	$ 507,912,494	$ 199,596,036	$ 707,508,530

See Accompanying Notes to the Basic Financial Statements

Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2008

		Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
						Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:								
Government Activities								
General Government	$ 26,566,890	$ 4,832,281	$ 1,207,946	$ 3,865,605	$ 9,905,832	$ (16,661,058)	$ -	$ (16,661,058)
Public Safety	13,770,801	611,166	1,358,473	240,954	2,210,593	(11,560,208)	-	(11,560,208)
Community Development	5,581,469	2,021,118	-	38,733	2,059,851	(3,521,618)	-	(3,521,618)
Engineering	2,420,953	2,218,835	-	-	2,218,835	(202,118)	-	(202,118)
Public Works	5,441,455	87,670	3,171,515	28,593,366	31,852,551	26,411,096	-	26,411,096
Parks and Recreation	9,312,868	1,128,180	-	2,895,098	4,023,278	(5,289,590)	-	(5,289,590)
Community Services	3,728,537	-	4,130,738	-	4,130,738	402,201	-	402,201
Interest on Long-Term Debt	1,557,776	-	-	-	-	(1,557,776)	-	(1,557,776)
Total Governmental Activities	68,380,749	10,899,250	9,868,672	35,633,756	56,401,678	(11,979,071)	-	(11,979,071)
Business-Type Activities								
Wastewater	6,734,960	6,966,204	-	4,746,542	11,712,746	-	4,977,786	4,977,786
Solid Waste	6,620,638	9,284,062	-	-	9,284,062	-	2,663,424	2,663,424
Water	12,304,859	16,279,479	-	5,841,309	22,120,788	-	9,815,929	9,815,929
City Rentals	654,428	467,271	-	-	467,271	-	(187,157)	(187,157)
Housing	792,055	174,368	-	1,383,304	1,557,672	-	765,617	765,617
Total Business-Type Activities	27,106,940	33,171,384	-	11,971,155	45,142,539	-	18,035,599	18,035,599
Total Primary Government	$ 95,487,689	$ 44,070,634	$ 9,868,672	$ 47,604,911	$ 101,544,217	$ (11,979,071)	$ 18,035,599	$ 6,056,528

General Revenues:			
Taxes:			
Property Taxes	20,802,069	-	20,802,069
Sales Tax	4,827,706	-	4,827,706
Franchise Fees	1,018,540	-	1,018,540
Public Service Taxes	342,627	-	342,627
Measure C, TOT	635,411	-	635,411
Motor Vehicle Taxes	3,942,089	-	3,942,089
Investment Earnings	8,191,379	3,663,930	11,855,309
Miscellaneous	1,765,659	-	1,765,659
Transfers	144,482	(144,482)	-
Total General Revenues and Transfers	41,669,962	3,519,448	45,189,410
Change in Net Assets	29,690,891	21,555,047	51,245,938
Net Assets - Beginning of Year - Restated	478,221,603	178,040,989	656,262,592
Net Assets - End of Year	$ 507,912,494	$ 199,596,036	$ 707,508,530

See Accompanying Notes to the Basic Financial Statements

Balance Sheet

Governmental Funds

June 30, 2008

	General Fund	Debt Service: Redevelopment Debt	Capital Projects: Capital Improvement Financing Program 2005-1	Capital Projects: Community Facilities Improvement Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Current Assets:						
Cash and Investments	$ 29,600,497	$ 9,669,560	$ -	$ 17,947,078	$ 42,919,528	$ 100,136,663
Restricted Cash and Investments	-	-	9,767,609	-	8,471,039	18,238,648
Receivables	930,215	16,291	-	84,576	4,722,959	5,754,041
Prepaids	69,008	-	-	-	2,697	71,705
Due from Other Funds	-	-	-	-	1,393,656	1,393,656
Land Held for Resale	-	-	-	-	2,805,668	2,805,668
Total Assets	$ 30,599,720	$ 9,685,851	$ 9,767,609	$ 18,031,654	$ 60,315,547	$ 128,400,381
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	$ 1,228,168	$ 1,385,939	$ -	$ 556,459	$ 3,130,959	$ 6,301,525
Due to Other Funds	-	-	-	64,000	1,130,216	1,194,216
Interfund Balances	-	-	-	-	910,295	910,295
Unearned Revenue	214,424	-	-	-	3,069,493	3,283,917
Deposits Held	5,146,109	-	-	-	-	5,146,109
Total Liabilities	6,588,701	1,385,939	-	620,459	8,240,963	16,836,062
Fund Balances:						
Reserved for:						
Prepaids	69,008	-	-	-	2,697	71,705
Land Held for Resale	-	-	-	-	2,805,668	2,805,668
Debt Service	-	8,299,912	-	-	2,297,133	10,597,045
Specific Projects and Programs	-	-	9,767,609	17,411,195	40,871,848	68,050,652
Unreserved, Reported in:						
General Fund	23,942,011	-	-	-	-	23,942,011
Special Revenue	-	-	-	-	6,156,567	6,156,567
Capital Projects	-	-	-	-	(59,329)	(59,329)
Total Fund Balances	24,011,019	8,299,912	9,767,609	17,411,195	52,074,584	111,564,319
Total Liabilities and Fund Balances	$ 30,599,720	$ 9,685,851	$ 9,767,609	$ 18,031,654	$ 60,315,547	$ 128,400,381

See Accompanying Notes to the Basic Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets

June 30, 2008

Total Fund Balances - Total Governmental Funds	$	111,564,319
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		404,784,038
Internal Service Funds are used by management to charge costs of certain activities, such as data processing and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets.		28,152,938
The long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		1,038,771
Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet:		
Bonds		(34,849,059)
Notes Payable		(1,626,491)
Compensated Absences		(1,152,022)
Total Long Term Liabilities		(37,627,572)
Net Assets of Governmental Activities	$	507,912,494

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2008

		Debt Service	Capital Projects			
	General Fund	Redevelopment Debt	Capital Improvement Financing Program 2005-1	Community Facilities Improvement Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 16,511,382	$ 6,270,270	$ -	$ -	$ 3,436,940	$ 26,218,592
Licenses	454,678	-	-	-	-	454,678
Permits and Fines	3,311,232	-	-	-	-	3,311,232
Uses of Money and Property	2,540,498	856,411	525,055	1,117,311	2,781,540	7,820,815
Intergovernmental	4,174,292	-	-	-	3,898,151	8,072,443
Franchises	1,018,540	-	-	-	-	1,018,540
Charges for Other Services	515,471	-	-	-	-	515,471
Charges to Other Funds	5,293,754	-	-	-	-	5,293,754
Fees and Other Revenues	1,324,519	-	-	273,717	14,703,219	16,301,455
Total Revenues	35,144,366	7,126,681	525,055	1,391,028	24,819,850	69,006,980
EXPENDITURES						
Current:						
General Government	6,306,881	-	10,267,480	-	7,896,976	24,471,337
Public Safety	14,082,356	-	-	-	261,320	14,343,676
Community Development	4,095,931	1,643,431	-	-	17,050	5,756,412
Engineering	2,574,651	-	-	-	-	2,574,651
Public Works	2,676,479	-	-	-	-	2,676,479
Parks and Recreation	5,797,217	-	-	-	2,394,119	8,191,336
Community Services	225,313	-	-	-	3,514,303	3,739,616
Capital Outlay	64,014	-	-	3,352,049	8,379,210	11,795,273
Debt Service:						
Principal	112,369	435,000	-	-	420,000	967,369
Interest and Fiscal Charges	-	934,300	-	-	420,655	1,354,955
Total Expenditures	35,935,211	3,012,731	10,267,480	3,352,049	23,303,633	75,871,104
REVENUES OVER (UNDER) EXPENDITURES	(790,845)	4,113,950	(9,742,425)	(1,961,021)	1,516,217	(6,864,124)
OTHER FINANCING SOURCES (USES)						
Transfers In	3,339,031	-	-	5,001,993	11,371,793	19,712,817
Transfers Out	(3,936,732)	(1,381,677)	-	-	(13,734,645)	(19,053,054)
Total Other Financing Sources (Uses)	(597,701)	(1,381,677)	-	5,001,993	(2,362,852)	659,763
NET CHANGE IN FUND BALANCES	(1,388,546)	2,732,273	(9,742,425)	3,040,972	(846,635)	(6,204,361)
Fund Balance, Beginning of Year, Restated	25,399,565	5,567,639	19,510,034	14,370,223	52,921,219	117,768,680
Fund Balance, End of Year	$ 24,011,019	$ 8,299,912	$ 9,767,609	$ 17,411,195	$ 52,074,584	$ 111,564,319

See Accompanying Notes to the Basic Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2008

Net Changes in Fund Balances - Total Governmental Funds	$	(6,204,361)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount shown represents the capital assets recorded in the current period.		11,795,273
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(4,815,909)
The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net assets.		25,794,960
To record the net change in compensated absences in the Statement of Activities.		44,434
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.		
This amount represents long-term debt repayments.		967,369
This amount represents accretion interest.		(202,821)
Revenues in the Governmental Funds that have been previously recognized in the Statement of Activities.		141,990
Internal Service Funds are used by management to charge the costs of certain activities, such as data processing and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities.		2,169,956
Changes in Net Assets of Governmental Activities	$	29,690,891

Statement of Net Assets

Proprietary Funds

June 30, 2008

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
ASSETS							
Current Assets:							
Cash and Investments	$ 24,893,177	$ 7,629,536	$ 17,752,461	$ 145,207	$ 7,377,864	$ 57,798,245	$ 23,740,733
Restricted Cash and Investments	239,890	-	719,973	-	-	959,863	-
Receivables	1,318,410	1,606,827	2,543,275	28,611	29,433	5,526,556	109,951
Prepaids	6,979	8,446	8,216	920	594	25,155	3,297
Notes Receivable	-	-	58,500	-	-	58,500	-
Total Current Assets	26,458,456	9,244,809	21,082,425	174,738	7,407,891	64,368,319	23,853,981
Non-Current Assets:							
Deferred Charges	87,339	-	339,746	-	-	427,085	-
Due from Other Funds	35,331	-	45,516	-	-	80,847	-
Long-Term Notes Receivable	-	-	234,000	-	350,520	584,520	-
Interfund Balances	910,295	-	-	-	-	910,295	-
Capital Assets:							
Intangible Assets	-	-	10,597,532	-	-	10,597,532	-
Land	409,620	254,420	62,556	-	1,241,602	1,968,198	-
Buildings	2,895,399	14,000	5,780,724	-	1,566,547	10,256,670	-
Infrastructure	85,500,980	696,851	71,944,562	-	-	158,142,393	-
Machinery and Equipment	546,109	84,388	429,508	-	-	1,060,005	2,556,451
Vehicles	-	-	-	-	-	-	6,790,877
Land Improvements	58,494	1,000,000	171,809	-	-	1,230,303	-
Work in Progress	1,026,963	606,310	21,925,608	-	-	23,558,881	-
Less Accumulated Depreciation and Amortization	(8,788,188)	(656,472)	(12,576,110)	-	(49,538)	(22,070,308)	(4,704,133)
Total Capital Assets, Net of Accumulated Depreciation	81,649,377	1,999,497	98,336,189	-	2,758,611	184,743,674	4,643,195
Total Non-Current Assets	82,682,342	1,999,497	98,955,451	-	3,109,131	186,746,421	4,643,195
Total Assets	109,140,798	11,244,306	120,037,876	174,738	10,517,022	251,114,740	28,497,176
LIABILITIES AND NET ASSETS							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	924,428	467,406	1,206,069	25,869	27,412	2,651,184	260,696
Due to Other Funds	-	-	-	-	280,287	280,287	-
Other Liabilities	-	-	36,886	-	-	36,886	-
Unearned Revenue	-	-	292,500	15,942	-	308,442	-
Deposits Held	-	11,518	89,750	-	21,069	122,337	-
Long-Term Debt Due Within One Year	1,811,853	-	1,029,944	-	-	2,841,797	-
Compensated Absences Payable	47,797	53,985	65,468	2,629	8,877	178,756	50,126
Total Current Liabilities	2,784,078	532,909	2,720,617	44,440	337,645	6,419,689	310,822
Non-Current Liabilities Due in More Than One Year:							
Bonds Payable	1,902,872	-	7,402,128	-	-	9,305,000	-
Notes Payable	28,000,555	-	7,674,290	-	-	35,674,845	-
Compensated Absences Payable	31,864	35,990	43,646	1,752	5,918	119,170	33,416
Total Non-Current Liabilities	29,935,291	35,990	15,120,064	1,752	5,918	45,099,015	33,416
Total Liabilities	32,719,369	568,899	17,840,681	46,192	343,563	51,518,704	344,238
Net Assets:							
Invested in Capital Assets, Net of Related Debt	50,369,998	1,999,497	82,569,573	-	2,758,611	137,697,679	4,643,195
Restricted for:							
Special Projects and Programs	17,414,749	1,438,756	2,171,914	-	7,695,656	28,721,075	-
Unrestricted	8,636,682	7,237,154	17,455,708	128,546	(280,808)	33,177,282	23,509,743
Total Net Assets	$ 76,421,429	$ 10,675,407	$ 102,197,195	$ 128,546	$ 10,173,459	$ 199,596,036	$ 28,152,938

See Accompanying Notes to the Basic Financial Statements

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
Operating Revenues:							
Charges for Services	$ 6,816,737	$ 9,284,062	$ 15,849,527	$ 465,526	$ 170,454	$ 32,586,306	$ 7,251,667
Other Income	149,467	-	429,952	1,745	3,914	585,078	174,872
Total Operating Revenues	6,966,204	9,284,062	16,279,479	467,271	174,368	33,171,384	7,426,539
Operating Expenses:							
Personnel Services	1,759,138	2,333,072	2,386,183	97,170	466,323	7,041,886	1,917,009
Repairs and Maintenance	12,953	58,348	528,292	69,921	18,778	688,292	409,871
Materials, Supplies and Services	2,961,435	4,158,433	6,540,675	487,337	275,623	14,423,503	1,961,017
Depreciation and Amortization	1,336,290	70,785	1,389,695	-	31,331	2,828,101	1,116,490
Total Operating Expenses	6,069,816	6,620,638	10,844,845	654,428	792,055	24,981,782	5,404,387
Operating Income (Loss)	896,388	2,663,424	5,434,634	(187,157)	(617,687)	8,189,602	2,022,152
Non-Operating Revenues (Expenses):							
Interest Income	1,539,674	478,526	1,186,489	2,307	456,934	3,663,930	684,572
Interest Expense	(665,144)	-	(1,333,822)	-	-	(1,998,966)	-
Connection Fees Paid	-	-	(126,192)	-	-	(126,192)	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	(21,487)
Total Non-Operating Revenues (Expenses)	874,530	478,526	(273,525)	2,307	456,934	1,538,772	663,085
Income (Loss) before Contributions and Transfers	1,770,918	3,141,950	5,161,109	(184,850)	(160,753)	9,728,374	2,685,237
Contributions - Impact Fees and Credits	841,516	-	1,008,025	-	1,383,304	3,232,845	-
Capital Asset Contributions	3,905,026	-	4,833,284	-	-	8,738,310	-
Transfers In	47,316	28,175	295,310	460,430	-	831,231	304,066
Transfers Out	(292,293)	(25,193)	(371,060)	(287,167)	-	(975,713)	(819,347)
Change in Net Assets	6,272,483	3,144,932	10,926,668	(11,587)	1,222,551	21,555,047	2,169,956
Net Assets, Beginning of Year	70,148,946	7,530,475	91,270,527	140,133	8,950,908	178,040,989	25,982,982
Net Assets, End of Year	$ 76,421,429	$ 10,675,407	$ 102,197,195	$ 128,546	$ 10,173,459	$ 199,596,036	$ 28,152,938

See Accompanying Notes to the Basic Financial Statements

Statement of Cash Flows

Proprietary Funds

For Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Wastewater	Solid Waste	Water	City Rentals	Housing	Totals	
Cash Flows from Operating Activities							
Cash Received from Customers/Other Funds	$ 6,773,985	$ 9,138,255	$ 15,996,694	$ 565,395	$ 173,435	$ 32,647,764	$ 195,941
Cash Received from Interfund Services	-		-	-	-	-	7,260,412
Cash Payments to Suppliers of Goods and Services	(2,308,986)	(3,014,038)	(6,614,827)	(278,425)	(309,649)	(12,525,925)	(2,116,051)
Cash Payments to Employees for Services	(1,759,138)	(2,333,072)	(2,386,183)	(97,170)	(466,323)	(7,041,886)	(1,917,009)
Cash Payments for Interfund Services	(427,658)	(1,020,699)	(503,274)	(329,154)	(33,786)	(2,314,571)	(357,980)
Other Receipts/Payments	(79,102)	(3,175)	(60,716)	28,377	(204,715)	(319,331)	-
Net Cash Provided By (Used for) Operating Activities	2,199,101	2,767,271	6,431,694	(110,977)	(841,038)	10,446,051	3,065,313
Cash Flows from Non-Capital Financing Activities							
Transfers Received	47,316	28,175	295,310	460,430	-	831,231	304,066
Transfers Paid	(292,293)	(25,193)	(371,060)	(287,167)	-	(975,713)	(819,347)
Due from Other Funds	(910,295)	-	1,410,295	-	-	500,000	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	(1,155,272)	2,982	1,334,545	173,263	-	355,518	(515,281)
Cash Flows from Capital and Related Financing Activities							
Contributions - Impact Fees and Credits	841,516	-	1,008,025	-	1,383,304	3,232,845	-
Interest Paid on Debt	(665,144)	-	(1,333,822)	-	-	(1,998,966)	-
Principal Paid on Debt	(1,776,834)	-	(1,014,034)	-	-	(2,790,868)	-
Acquisition and Construction of Assets	(862,349)	(1,507)	(3,366,053)	-	-	(4,229,909)	(693,333)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(2,462,811)	(1,507)	(4,705,884)	-	1,383,304	(5,786,898)	(693,333)
Cash Flows from Investing Activities							
Interest on Investments	1,539,674	478,526	1,186,489	2,307	456,934	3,663,930	684,572
Net Cash Provided By Investing Activities	1,539,674	478,526	1,186,489	2,307	456,934	3,663,930	684,572
Net Increase (Decrease) in Cash and Cash Equivalents	120,692	3,247,272	4,246,844	64,593	999,200	8,678,601	2,541,271
Cash and Cash Equivalents - Beginning of Year	25,012,375	4,382,264	14,225,590	80,614	6,378,664	50,079,507	21,199,462
Cash and Cash Equivalents - End of Year	$ 25,133,067	$ 7,629,536	$ 18,472,434	$ 145,207	$ 7,377,864	$ 58,758,108	$ 23,740,733
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:							
Operating Income (Loss)	$ 896,388	$ 2,663,424	$ 5,434,634	$ (187,157)	$ (617,687)	$ 8,189,602	$ 2,022,152
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities :							
Depreciation and Amortization	1,336,290	70,785	1,389,695	-	31,331	2,828,101	1,116,490
Receivables, Net	(250,922)	(147,866)	(148,170)	99,303	(205,971)	(653,626)	29,814
Inventories	2,547	(571)	2,711	21	322	5,030	-
Accounts Payable and Other Payables	213,722	175,061	(197,978)	12,642	(49,967)	153,480	(103,143)
Accrued Expenses	1,444	-	(1,580)	139	-	3	-
Deposits	(368)	6,438	(47,618)	(35,925)	934	(76,539)	-
Net Cash Provided By (Used for) Operating Activities	$ 2,199,101	$ 2,767,271	$ 6,431,694	$ (110,977)	$ (841,038)	$ 10,446,051	$ 3,065,313

See Accompanying Notes to the Basic Financial Statements

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Statement of Fiduciary Net Assets

Agency Funds

June 30, 2008

ASSETS

Cash and Investments	$	11,004,828
Restricted Cash and Investments		6,841,369
Interest Receivable		32,633
Total Assets	$	17,878,830

LIABILITIES

Accounts Payable and Accrued Liabilities	$	590,555
Due to Others		67,041
Due to Bondholders		17,221,234
Total Liabilities	$	17,878,830

See Accompanying Notes to the Basic Financial Statements

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NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY

The City of Brentwood is governed by a five member City Council under the Council-Manager form of government. The accompanying financial statements present the City of Brentwood (the primary government) and its component units, entities for which the government is considered financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e. unable to adopt a budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

In addition to reporting directly for the City operations, two component units, the Brentwood Redevelopment Agency and Brentwood Infrastructure Financing Authority, have been included in the primary reporting entity and are treated as blended component units.

- Brentwood Redevelopment Agency

  The Brentwood Redevelopment Agency (the "Agency") was established pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". On August 20, 1981 the City Council became the governing board of the Brentwood Redevelopment Agency. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Brentwood. The funds of the Agency have been included in the governmental activities in the financial statements. Separate financial statements for the Redevelopment Agency (RDA) may be obtained from the City of Brentwood Finance Department.

- Brentwood Infrastructure Financing Authority

  The Brentwood Infrastructure Financing Authority (the "Authority"), formed on March 14, 1995, is a joint powers authority organized under Section 6500 *et seq*. of the California Government Code between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Board of Directors is the Brentwood City Council. The primary purpose of the Authority is to render financial assistance to the City and the Agency by issuing debt and financing the construction of public facilities. Separate financial statements are not required for the Authority, and therefore, are not issued.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. The Statement of Activities and Changes in Net Assets demonstrates the degree to which direct and indirect expenses, for a given function or segment, are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Indirect expenses are expenses which are allocated based on the City's annual Cost Allocation Plan and Schedule of City Fees. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) operating grants and contributions, including special assessments and 3) capital grants and contributions. Taxes and other items not included among program revenue are reported as general revenues.

Summaries of governmental activities, which are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges. Fiduciary activities of the City are not included in these statements.

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Fund Financial Statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. These are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, Internal Service Fund transactions have been eliminated. However, the transactions between governmental and business-type activities, which are presented as transfers, have not been eliminated from the Statement of Activities.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

The Government-Wide Financial Statements and the Proprietary Fund Financial Statements are reported using an economic resources focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Governmental Fund Financial Statements are reported using a current financial resources measurement focus called the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incur-

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

red. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, including property and sales taxes, and inter-governmental revenue associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

For Proprietary Funds, all assets and liabilities, whether current or non-current, are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the Proprietary Funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. Proprietary Fund types include Enterprise Funds and Internal Service Funds.

Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds represent agency funds, which are custodial in nature (assets equal liabilities). Agency funds do not involve measurement of results of operations.

Financial reporting is based upon all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989, are not followed in preparation of the accompanying financial statements. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Fund Types

A *Major Fund* is a fund whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all Governmental or Enterprise funds and at least five percent of the aggregate amount for all Governmental and Enterprise funds for the same item. The General Fund is always considered a major fund. Any other Governmental or Enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major Governmental Funds: General Fund, Redevelopment Debt, Capital Improvement Financing Program 2005-1 and Community Facilities Improvement Projects. Descriptions of the City's funds are presented below.

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenues that are legally restricted to expenditures for particular purposes. There are no Special Revenue Funds included as major Governmental Funds. Below are specific descriptions of the Special Revenue Funds:

- *Thoroughfares* – This fund accounts for development fees collected for the design and construction of roadways within the City of Brentwood.
- *Gas Tax* – This fund accounts for monies received from the State of California under Street and Highways Code Sections 2105, 2106, 2107 and 2107.5.
- *Police Grants* – This fund accounts for all Police, Federal, State and County grants requiring segregated fund accounting.
- *Other Grants* – This fund accounts for miscellaneous Federal, State and County grants requiring segregated fund accounting.
- *Citywide Parks Districts* – This fund accounts for special benefit assessments levied on property owners for citywide park maintenance.
- *Community Facilities Districts* – This fund accounts for special benefit assessments levied on property owners for police services, fire services, joint use school facilities, and the construction, acquisition and maintenance of open spaces, flood drains and storm drains.
- *Community Facilities* – This fund accounts for development fees collected for the design and construction of public facilities within the City of Brentwood.
- *Vehicle Abatement* – This fund accounts for monies which can only be used for the abatement, removal and disposal, as public nuisances, of any abandoned, wrecked, dismantled or inoperative vehicles, or parts thereof, from private or public property.
- *Economic Development* – This fund accounts for fees collected from the development of property in the Harvest Business Park which are used to enhance economic development.
- *Storm Drainage* – This fund accounts for development fees collected for the design and construction of storm drainage systems within the City of Brentwood. *This fee is no longer collected.*
- *RDA Low Income Housing* – This fund accounts for the RDA's 20% tax increment set-aside. The monies are to be used to increase and improve the community's supply of low and moderate income housing within the redevelopment project area.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *PEG Media* – This fund accounts for Public Access, Educational and Governmental (PEG) television channels provided for the citizens of Brentwood.
- *Asset Forfeiture* – This fund accounts for property or funds seized by the Police Department. After a case has been tried and a guilty verdict is returned, the funds are considered forfeited. This fund must be used specifically for drug prevention programs.
- *Open Space* – This fund accounts for development fees collected for the preservation on open space within the City of Brentwood.
- *Measure C* – This fund accounts for the local jurisdiction portions of the Local Street Maintenance Fund allocation. The monies can only be spent on local streets and roads, transit operations, growth management planning and compliance, bicycle and pedestrian trails and parking facilities.
- *Facility Fee Administration* – This fund accounts for development fees collected for the administration of the Developer Facility Fee Program.
- *Parks and Trails* – This fund accounts for development fees collected for the design and construction of parks and trails.
- *Agriculture Administration* – This fund accounts for 20% of the Agriculture Preservation fees collected from developers. Monies are to be used for administrative purposes associated with establishing, monitoring and managing farmland conservation easements.
- *Public Art Administration* – This fund accounts for fees collected for the administration of the Public Art Program.
- *Public Art Acquisition* – This fund accounts for development fees collected for the acquisition and construction of Public Art.
- *Arts Commission* – This fund accounts for monies which are used for Arts Commission programs.
- *Agricultural Park and History Center* – This fund accounts for monies to be used for the development of an Agricultural Park and History Center.
- *Fire Fees* – This fund accounts for the Fire Facilities Impact Fee. The monies are used to provide funding for the fire facilities required to serve new development in the City of Brentwood through the year 2020 (build out of the General Plan).
- *Agriculture Land* – This fund accounts for 80% of the Agriculture Preservation fees collected from developers. The monies are used for farmland mitigation purposes.
- *Parking In Lieu* – This fund accounts for development fees collected for off street parking facilities located within the Downtown area.
- *Lighting and Landscape Districts* – This fund accounts for special benefit assessments levied on property owners for street lighting and landscape maintenance.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Redevelopment Debt is the only Debt Service Fund included as a major Governmental Fund. Below are specific descriptions of the Debt Service Funds:

- *Redevelopment Debt* – This fund accounts for transactions related to proceeds from tax allocation bonds.
- *Capital Improvement Program 2001* – This fund accounts for debt service transactions, including revenue collections and payments of principal and interest, on long-term obligations. This bond refinanced the Roadway Bonds and the Tax Allocation Bond, and financed the Technology Center.
- *2002 General Obligation Bond* – This fund accounts for tax levies from which general obligation principal and interest payments are made as the 2002 General Obligation Bond matures. This bond was used to finance the new Police Station.

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure not financed by Proprietary Funds. The Capital Improvement Financing Program 2005-1 and Community Facilities Improvement Projects funds are the only major Capital Project Funds included in the major Governmental Funds. Below are specific descriptions of the Capital Project Funds:

- *Capital Improvement Financing Program 94-1 (2004 A&B Refi)* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure. CIFP 2004 A&B refinanced CIFP 94-1.
- *Capital Improvement Financing Program 2000-1 (2004 C Refi)* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure. CIFP 2004 C refinanced CIFP 2000-1.
- *Capital Improvement Financing Program 2002-1 (2005 A&B Refi)* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure. CIFP 2005 A&B refinanced CIFP 2002-1.
- *Capital Improvement Financing Program 2005-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructures.
- *Capital Improvement Financing Program 2006-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructures.
- *2002 Series A&B* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructures.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *2006 Series A&B (2003-1 & 2004-1 Refi)* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructures.
- *Capital Improvement 2001* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Randy Way District Improvements* – This fund accounts for transactions from assessment bonds and other resources and their use to finance infrastructure improvements within the Randy Way Assessment District.
- *City Capital Improvement Financing Program* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct public capital improvements.
- *Capital Project Administration* – This fund accounts for administrative costs associated with all capital improvement projects.
- *Community Facilities Improvement Projects* – This fund accounts for various community facilities improvement projects associated with either the construction or improvement of the City's community facilities.
- *Park Improvement Projects* – This fund accounts for various park improvement projects associated with either the construction or improvement of the City's parks.
- *Drainage Improvement Projects* – This fund accounts for various drainage improvement projects associated with either the upgrade or replacement of the City's storm drain collection system.
- *Street Improvement Projects* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain street improvements.
- *Vineyards Projects* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to finance infrastructure improvements within the Vineyards assessment district.
- *Redevelopment Projects* – This fund accounts for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within the redevelopment project area.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The government reports the following major Proprietary Funds:

- *Wastewater Enterprise* – This fund accounts for the operation, maintenance and capital improvement projects of the wastewater system which is funded by user charges and other fees.
- *Solid Waste Enterprise* – This fund accounts for the operation, maintenance and capital improvement projects of the solid waste system. These activities are funded by user charges and impact fees.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- *Water Enterprise* – This fund accounts for the operation, maintenance and capital improvement projects of the water system. These activities are funded by user charges and impact fees.
- *City Rentals Enterprise* – This fund accounts for all the City facilities rented and maintained through this fund.
- *Housing Enterprise* – This fund accounts for the administrative and operational expenses for the Housing Division and Housing rental stock. This now includes Affordable Housing In Lieu and the First Time Homebuyers program.

Additionally, the government reports for the following fund types:

Internal Service Funds account for the financing of either goods or services provided by one department to other departments of the City on a cost reimbursement basis. Specific descriptions of these funds are as follows:

- *Emergency Preparedness* – To provide a source of funding for the City to be financially prepared for either a critical or catastrophic event.
- *Information Services* – To provide a source of funding for the development and coordination of the City's information systems' needs.
- *Equipment Replacement* – To provide a source of funding for vehicle and equipment replacement.
- *Information Systems Replacement* – To provide a source of funding for the on-going replacement of information systems such as computers and the phone system.
- *Facilities Replacement* – To provide a source of funding for repairs to City facilities.
- *Tuition Program* – To provide a source of funding for expenditures relating to continuing education.
- *Fleet Maintenance* – To provide a source of funding for the on-going maintenance of all City vehicles, except Police.
- *Facilities Maintenance Services* – To provide a source of funding for the custodial, janitorial and maintenance needs of the City's facilities and buildings.
- *Parks and LLD Replacement* – To provide a source of funding for the replacement of landscaping, equipment and facilities in the Citywide Parks and Lighting and Landscape Districts (LLD).
- *Insurance* – To provide a source of funding for the City's property insurance costs and retiree medical benefit costs.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds account for Agency funds which consist of:

- *Assessments* – Special obligations payable from, and secured by, specific revenue sources.
- *Pass-Through Funds* – Special funds used for the collection and distribution of development fees collected on behalf of other agencies.
- *Asset Seizure* – Special funds to be used exclusively to support law enforcement and prosecutorial efforts of the agency.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

i. Use of Restricted / Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

ii. Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with GASB Statement No. 40, the City's investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the reported value of securities in the investment pool does not reflect realized gains or losses but rather the fair value of those investments as of June 30, 2008.

iii. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. All cash and investments of the Proprietary Fund types are pooled with the City's pooled cash and investments.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

v. Prepaid Items and Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Land held for resale is valued at the lower of cost or estimated net realizable value.

vi. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for capital assets at $10,000 or more. Gifts or contributions of capital assets are recorded at fair market value when received. In accordance with GASB Statement No. 34, the City has included the value of all infrastructures in the Basic Financial Statements. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Land Improvements	20 years
Building and Structures	50 years
Machinery and Equipment	3 - 20 years
Vehicles	3 - 8 years
Infrastructure	65 years

The City defines infrastructure as long lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation lands and improvement system, storm water conveyance system and buildings, combined with the site amenities such as parking and landscaped areas, used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii. Compensated Absences Payable

The following totals may be accumulated by employees each year:

- A total of 11 to 28 vacation days
- Up to either 60, 80 or 120 hours of compensatory time off, depending on employee's classification, or 120 hours of administrative leave
- 12 days of sick leave

Sick leave is not paid at termination but is used for additional service credits towards retirement. Half of an employee's accrued sick leave (up to $8,000) may be cashed in when the employee retires from the City of Brentwood. Under certain restrictive circumstances, limited amounts of sick leave can be converted to vacation time. Vacation time is only allowed to accumulate up to one and one-half year's worth of earnings.

All employees may elect to receive a lump sum payment of up to 40 hours of accumulated vacation each March. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours in March. Additionally, each October employees with three years of service may elect to receive a lump sum payment of up to 40 hours of accumulated vacation time. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Liabilities for compensated absences are included as a liability in the Government-Wide Financial Statements and are liquidated by the fund which has recorded the liability. The long-term portion of compensated absences in Governmental-Type activities is liquated by the General Fund.

viii. Property Tax

Property tax valuation, lien and levy for secured and unsecured property is March 1st of each year. Fifty percent of secured taxes are due on November 1 and February 1 of each fiscal year and are delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and delinquent on August 31. Contra Costa County bills and collects the City's property taxes and the remittance of them to the City is accounted for in the City's General Fund. City property tax revenues are recognized when levied, to the extent that they result in current receivables. The City receives their full assessment of property tax and the County retains all delinquent charges.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ix. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them. Distribution may be made only at termination of employment, retirement, death or in an emergency as defined by the Plan. In accordance with GASB 32, the City revised the plan to no longer make the funds available to the City's general creditors and accordingly the City does not report any assets or liabilities associated with this plan in the accompanying financial statements.

x. New GASB Pronouncements

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the Government-Wide financial statements. This Statement establishes standards for the measurement, recognition and display of OPEB expense / expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations. This Statement generally provides for prospective implementation – meaning employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The City will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The City is in the process of determining the impact implementation of this Statement will have on the Government-Wide financial statements.

In December 2006, GASB issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on calculating and reporting the costs and obligations associated with pollution cleanup efforts. The requirements of Statement No. 49 are effective for fiscal periods beginning after December 15, 2007. The City does not anticipate that Statement No. 49 will have a significant impact on its financial statements.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In July 2007, GASB issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting requirements for intangible assets including: easements; water rights; timber rights; patents; trademarks and computer software. The requirements of this Statement are effective for fiscal periods beginning after June 15, 2009. The City is in the process of determining what impact the implementation of this Statement will have on the Government-Wide financial statements.

xi. Motor Vehicle Taxes

Motor vehicle taxes are collected by the State and remitted to the City. They are not restricted.

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

- General Budget Policies

The City operates on a two year budget cycle. During the first year of the cycle the next two budget years are legally enacted through passage of a resolution prior to July 1. The City Council periodically reviews the budgets and adopts supplemental appropriations (amendments) at the fund level when required over the ensuing two years. The level of budgetary control is established at the fund level and expenditures may not exceed budgeted appropriations at the fund level without City Council approval. In the financial statements, the final budget amounts include amendments to the original budget. Individual amendments were not material in relation to original appropriations.

- Budget Basis of Accounting

Budgetary comparisons are presented for the General, Special Revenue, certain Debt Service and certain Capital Project funds. The funds listed below are not legally required to adopt budgets as their appropriations are either established by the related bond documentation, other legal agreements, or are multi-year projects whose budget cycle exceeds one fiscal year.

***NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)*

Capital Project Funds

Capital Improvement Financing Program 94-1 *(2004 A&B Refi)*
Capital Improvement Financing Program 2000-1 *(2004 C Refi)*
Capital Improvement Financing Program 2002-1 *(2005 A&B Refi)*
Capital Improvement Financing Program 2005-1
Capital Improvement Financing Program 2006-1
2002 Series A&B
2006 Series A&B *(2003-1 & 2004-1 Refi)*
Capital Improvement 2001
Randy Way District Improvements
Community Facilities Improvement Projects
Park Improvement Projects
Drainage Improvement Projects
Street Improvement Projects

Debt Service Funds

2002 General Obligation Bond

B. DEFICIT FUND EQUITY

The following funds have either a deficit fund or accumulated deficit balance as of June 30, 2008, which were due to timing issues at year-end. Coverage of these funds was addressed in the fiscal year 2008/09 Operating Budget.

Special Revenue:

Facility Fee Administration	$ 677,978
Parks and Trails	$ 716,270

Capital Projects:

Capital Project Administration	$ 58,039

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the "Due To / From Other Funds" balance, as of June 30, 2008, is shown below. The due from amounts for Community Facilities Improvements, Measure C and Parks and Trails are due to timing issues and are expected to be paid during the next fiscal year. The due from Housing Enterprise amounts are development fees related to the construction of housing units which, when completed, will become rental units for the City's Housing Program. The development fees will be paid over the next several years from the Housing rental stream.

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Receivable Fund	Payable Fund	Amount
Agriculture Administration	Community Facilities Improvement Projects	$ 64,000
Thoroughfares	Measure C	413,086
Thoroughfares	Parks and Trails	717,130
Thoroughfares	Housing Enterprise	97,069
Community Facilities	Housing Enterprise	31,150
Facility Fee Administration	Housing Enterprise	4,725
Parks and Trails	Housing Enterprise	66,496
Wastewater Enterprise	Housing Enterprise	35,331
Water Enterprise	Housing Enterprise	45,516
	Total	$ 1,474,503

The following interfund loan, for costs associated with the Public Employee Retirement System (PERS), is to be repaid over the next six years.

Interfund Loan

Receivable Fund	Payable Fund	Amount
Wastewater Enterprise	Facility Fee Administration - Non-Major Funds	$ 910,295
	Total	$ 910,295

Interfund Transfers

Fund Description	General Fund	Community Facilities Improvements	Internal Service Funds	Non-Major Governmental Funds	Wastewater Enterprise	Solid Waste Enterprise	Water Enterprise	City Rentals Enterprise	Total Transfers Out
General Fund	$ -	$ 1,096,461	$ 229,112	$ 2,150,729	$ -	$ -	$ -	$ 460,430	$ 3,936,732
Redevelopment Debt Service	-	-	-	1,381,677	-	-	-	-	1,381,677
Non-Major Governmental Funds	3,339,031	3,448,102	32,201	6,643,985	15,116	-	256,210	-	13,734,645
Internal Service Funds	-	346,096	-	373,776	32,200	28,175	39,100	-	819,347
Wastewater Enterprise	-	40,610	14,483	237,200	-	-	-	-	292,293
Solid Waste Enterprise	-	8,333	16,860	-	-	-	-	-	25,193
Water Enterprise	-	62,391	11,410	297,259	-	-	-	-	371,060
City Rentals Enterprise	-	-	-	287,167	-	-	-	-	287,167
Total Transfers In	$ 3,339,031	$ 5,001,993	$ 304,066	$ 11,371,793	$ 47,316	$ 28,175	$ 295,310	$ 460,430	$ 20,848,114

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Transfers are indicative of funding for either capital projects, lease payments or debt service, subsidies of various City operations or reallocations of special revenues. The following schedule briefly summarizes the City's significant, unusual or non-consistent fund type transfer activity:

Transfer To	Amount	Purpose
City Rentals Enterprise	$ 460,430	Provide a subsidy to cover a portion of the costs for the City Rentals Enterprise.
Capital Projects	1,205,000	Provide a subsidy to cover a portion of the costs for the Pavement Management Program.
Capital Projects	379,136	Provide a subsidy to cover a portion of the costs for the Sunset Park Master Plan and Expansion project.
General Fund	664,915	Gas Tax revenue to subsidize the Street Maintenance Division.
Capital Projects	232,000	Provide a subsidy to cover a portion of the costs for the Agricultural Park and History Center project.
Capital Projects	600,000	Provide a subsidy to cover a portion of the costs for the Summerset Park project.
Capital Projects	125,000	Provide a subsidy to cover a portion of the costs for the McClarren Park Improvement project.
Capital Projects	250,000	Provide a subsidy to cover a portion of the costs for the Brentwood Boulevard Widening - North project.
Capital Projects	210,000	Provide a subsidy to cover a portion of the costs for the City Park project.
Capital Projects	163,776	Provide a subsidy to cover a portion of the costs for the Aquatic Complex Improvements project.
Capital Projects	250,000	Provide a subsidy to cover a portion of the costs for the Development Services Software project.
Capital Projects	500,000	Provide a subsidy to cover a portion of the costs for the Interim Civic Center Facilities project.
Capital Projects	1,200,000	Provide a subsidy to cover a portion of the costs for the Civic Center Plaza project.
Capital Projects	589,644	Provide a subsidy to cover a portion of the costs for the Fire Station #53 (Shady Willow) project.
Capital Projects	150,395	Provide a subsidy to cover a portion of the costs for the American Avenue Extension project.
Capital Projects	250,000	Provide a subsidy to cover a portion of the costs for the Information Systems project.
Capital Projects	872,700	Provide a subsidy to cover a portion of the costs for the Brentwood Business park Improvements project.
Capital Projects	1,640,035	Provide a subsidy to cover a portion of the costs for the John Muir Parkway Extension / Foothill - Phase I project.

NOTE # 3 – CASH AND INVESTMENTS

A. CASH AND DEPOSITS

The City of Brentwood maintains a cash investment pool that is available for all funds. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents, under the provisions of bond indentures. Each fund type balance in the pool is reflected on the combined balance sheet as Cash and Investments.

The carrying amounts of the City's cash deposits were ($388,698) at June 30, 2008. The bank balance, before reconciling items, was $2,223,791. The bank balance is collateralized for up to 110%, insured for up to $100,000 and is held by a pledging financial institution in the City's name. The market value of the pledged securities must equal 110% as stated by California Government Code Section 53651, but the City may waive collateral requirements for cash deposits that are insured by the Federal Deposit Insurance Corporation (FDIC). The City's cash and investment balances are as follows:

Pooled Deposits:		
Demand Deposits	$	(388,698)
Petty Cash		6,730
Pooled Investments		219,102,317
Total Cash and Investments	$	218,720,349

Cash and investments appear on the financial statements as follows:

Cash and Investments		
Governmental Activities	$	123,877,396
Business-Type Activities		57,798,245
Fiduciary Funds		11,004,828
		192,680,469
Restricted Cash and Investments		
Governmental Activities		18,238,648
Business-Type Activities		959,863
Fiduciary Funds		6,841,369
		26,039,880
Total Cash and Investments	$	218,720,349

NOTE # 3 – CASH AND INVESTMENTS (Continued)

B. INVESTMENTS

The City apportions interest earnings to all funds based on their monthly cash balance in accordance with California Government Code Section 53635. The table below identifies the investment types authorized for the City by the City's investment policy, which is more restrictive than California Government Code 53635. The table also identifies certain provisions of the City's investment policy which address interest rate risk, credit risk and concentration of risk. This table includes permitted investments for the management of the City's cash. In addition, these guidelines are used for the investments of debt proceeds held by bond trustees, which are governed by the provision of the City's debt agreements.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	$40M/Account	$40M/Account
Time Deposits	5 years	25%	None

* Excluding amounts held by bond trustee not subject to California Government code restrictions.

Credit Risk – The City's portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, over 84% of the rated portfolio consists of investments with Standard and Poor's highest ratings. This percentage does not include U.S. Treasury Bonds / Notes, LAIF, Money Market Mutual Funds (MMMF) or Guaranteed Investment Contracts (GICs) which are all unrated. Investments at June 30, 2008, held on behalf of the City are presented below, categorized separately to give an indication of the level of risk associated with each investment.

NOTE # 3 – CASH AND INVESTMENTS (Continued)

Investments are reported at fair value.

	Fair Value	Credit Rating	% of Rated Portfolio
Medium Term Corporate Notes	$ 1,215,512	A	1%
Medium Term Corporate Notes	1,494,091	A+	1%
Medium Term Corporate Notes	3,613,934	AA	3%
Medium Term Corporate Notes	7,077,089	AA-	5%
Medium Term Corporate Notes	3,066,845	AA+	2%
Medium Term Corporate Notes	7,458,505	AAA	5%
Commercial Paper	6,124,149	A-1+	4%
Federal Agency Bonds / Notes	115,244,967	AAA	79%
Total Rated Investments	145,295,092		
U.S. Treasury Bonds / Notes	17,983,339	Not Rated	
Local Agency Investment Fund	33,422,253	Not Rated	
Money Market Mutual Funds	20,631,395	Not Rated	
Guaranteed Investment Contracts	1,770,238	Not Rated	
Total Unrated Investments	73,807,225		
Total Investments	$ 219,102,317		

Concentration of Credit Risk – The City's investment policy contains no limitations on the amount the City may invest in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds or external investment pools, which represent 5% or more of the City's total investments are shown below:

Concentration of Credit Risk*

Issuers	Fair Value	% of Portfolio
Federal Home Loan Mortgage Corp.	$ 35,241,613	16.08
Federal Home Loan Bank	41,568,108	18.97
Federal National Mortgage Association	33,747,569	15.40

* Excludes LAIF, MMMF and U.S. Treasury Securities

NOTE # 3 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk – The City's investment policy limits the investment portfolio to maturities of less than five years as a means of limiting exposure to fair value losses arising from interest rates. Currently, 74% of the investment portfolio is concentrated in the 0 to 2 year maturity range.

Investment Maturities

	Fair Value *	0-6 mos**	6-12 mos.	1-2 years	2-3 years	% of Portfolio
U.S. Treasury Notes/Bonds	$ 17,983,339	$ -	$ 1,118,130	$ 1,028,657	$ 15,836,552	8.20
Medium-Term Corporate Notes	23,925,976	3,252,687	5,609,299	4,560,986	10,503,052	10.90
Federal Agency Bonds/Notes**	115,244,967	7,768,343	32,501,032	46,239,862	28,735,682	52.60
Commercial Paper	6,124,149	6,124,149	-	-	-	2.80
Local Agency Investment Funds	33,422,253	33,422,253	-	-	-	15.30
Money Market Mutual Funds	20,631,395	20,631,395	-	-	-	9.40
Guaranteed Investments Contracts	1,770,238	-	-	-	1,770,238	0.80
Totals	$ 219,102,317	$ 71,198,827	$ 39,228,461	$ 51,829,505	$ 56,845,524	
% of Portfolio		32.50	17.90	23.66	25.94	100.00

*Fair Value includes accrued interest

**Callable Securities are reported at either 0-6 months or the earliest call date

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities which are in possession of another party. The California Government Code does not contain legal or policy requirements limiting the exposure to custodial credit risk. The City's investment policy requires the assets of the City be secured through the third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

NOTE # 3 – CASH AND INVESTMENTS (Continued)

C. INVESTMENT IN STATE TREASURER'S POOL

LAIF is an external investment pool sponsored by the State of California authorized under Section 16429.1,2,3 of the California Government code. The fund is a voluntary program, created by statute, as an investment alternative for California local governments and special districts. The fund is administered by the California State Treasurer. The City is a voluntary participant in the investment pool. The management of LAIF has indicated to the City that as of June 30, 2008, the amortized cost of the pool was $70,027,950,242 The fair value was $70,024,464,181. The City deposits excess cash in LAIF, which is not required to be categorized. The fair value for these deposits was provided by the pool sponsor.

D. CASH AND INVESTMENTS WITH FISCAL AGENT

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds and lease obligations, plus monies held by a third-party administrator of the City's Housing Rental Program. The City has also set up escrow bank accounts to hold retention payments due to certain contractors. These monies appear on the financial statements as Restricted Cash and Investments. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested by trustees or fiscal agents in accordance with the ordinances, resolutions or indentures specifying the types of investments allowed.

E. FAIR VALUE OF INVESTMENTS

Methods and assumptions used to estimate fair value:

- The City maintains investment accounting records on a cost basis and adjusts those records to "fair value" on an annual basis.
- The Fund investment custodians provide fair values on each investment instrument on a monthly basis.
- The investments held by the Fund are widely traded in the financial markets and trading values are readily available from numerous published sources.
- The Fund has elected to report its money market investments (those investments with maturities of less than one year) at amortized cost adjusted to market value on a yearly basis.

The City holds an investment in LAIF that is subject to being adjusted to "fair value". The City is required to disclose its methods and assumptions used to estimate the market value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF. The City had a contractual withdrawal value of $33,422,253 whose pro-rata share of fair value was estimated by the State Treasurer to be $33,420,590. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

NOTE # 4 – NOTES AND LOANS RECEIVABLE

Accounts receivables at June 30, 2008 were comprised of the following:

	Taxes	Accounts	Inter-Governmental	Interest	Utilities	Loans	Total Receivables
Governmental Activities:							
General Fund	$ 168,568	$ 718,616	$ -	$ 43,031	$ -	$ -	$ 930,215
Internal Services	-	96,624	-	13,327	-	-	109,951
Special Revenue	219,642	609,078	524,980	45,096	-	2,280,722	3,679,518
Debt Service	-	-	-	16,659	-	-	16,659
Capital Projects	-	434,300	652,909	40,440	-	-	1,127,649
Total Governmental Activities	$ 388,210	$ 1,858,618	$ 1,177,889	$ 158,553	$ -	$ 2,280,722	$ 5,863,992
Business - Type Activities:							
Wastewater	$ -	$ 85,301	$ -	$ 25,338	$ 1,207,771	$ -	$ 1,318,410
Solid Waste	-	15,440	-	9,755	1,581,632	-	1,606,827
Water	-	395,280	-	20,168	2,127,827	292,500	2,835,775
City Rentals	-	28,611	-	-	-	-	28,611
Housing	-	21,069	-	8,364	-	350,520	379,953
Total Business-Type Actvities	$ -	$ 545,701	$ -	$ 63,625	$ 4,917,230	$ 643,020	$ 6,169,576

Loans Receivable at June 30, 2008 were comprised of the following:

Government - Type Activities:	
PEG Media	$ 250,000
Loans Under Redevelopment Agency Programs	2,030,722
Subtotal Governmental Funds	2,280,722
Less: Reservation for Loans Expected to be Forgiven	2,030,722
Net Notes Receivable	$ 250,000
Business - Type Activities:	
Diablo Water District	$ 292,500
Down Payment Assistance Loans	350,520
Net Notes Receivable	$ 643,020

NOTE # 4 – NOTES AND LOANS RECEIVABLE (Continued)

PEG Media – On February 23, 2005, the City entered into a franchise agreement with Comcast of California IV. This agreement calls for Comcast to provide the City with $850,000 of Public, Education, and Government (PEG) capital funding over an eight year period. The City has received $600,000 in funding through June 30, 2008. The remaining $250,000 is due as follows: $150,000 in the 2009/10 fiscal year, and the final $100,000 is due during the 2012/13 fiscal year, provided there are at least 11,000 subscribers in the City.

Loans Under Redevelopment Agency Programs – The Redevelopment Agency engages in programs designed to encourage construction of or improvements to low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset by deferred revenue as they are not expected to be repaid during the next fiscal year. A total of $2,030,722 is owed to the Redevelopment Agency under these programs.

Reservation for Loans Expected to be Forgiven – The loans under Redevelopment Agency programs provide for the eventual forgiveness of the loan balances if the borrower complies with all the terms of the loan over its full term. The Agency accounts for these loans as conditional grants in the entity-wide financial statements and provides a reserve against their eventual forgiveness. The balance of this reserve was $2,030,722 at June 30, 2008.

Diablo Water District Receivable – On October 25, 2000, the City entered into an agreement with Diablo Water District for reimbursement of the construction of facilities. The agreement calls for Diablo Water District to reimburse the City a total of $351,000, with annual payments of $58,500 beginning in 2007/08 with the final payment due during the 2012/13 fiscal year. The remaining balance owed to the City is $292,500, with $58,500 due within one year.

Down Payment Assistance and GAP Loans – The City has established a first time homebuyers down payment assistance program for the benefit of first time homebuyers in the City of Brentwood that earn up to 120% of the area median income. The loans are due in 30 years or upon a change in ownership of the property. The loans may be prepaid at any time without penalty. The interest rate is dependant upon the length of time the loan exists. Loans closed in less than three years accrue interest at seven percent, loans closed in between three and ten years accrue interest at five percent, and loans held longer than ten years accrue interest at three percent. The City has also established a first time homebuyers GAP assistance program to facilitate the purchase of below market rate units from the City's Affordable Housing Program for first time homebuyers. The maximum loan amount under the GAP assistance program is $35,000. The GAP loans are due in 30 years or upon a change in ownership of the property. The interest rate is set at three percent, simple interest. The City is currently owed $350,020, including interest, under the Down Payment Assistance and GAP Loan programs.

NOTE #5 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets, including infrastructure, in the Government-Wide Statement of Net Assets. Capital assets of the primary government as of June 30, 2008 are as follows:

	Balance July 1, 2007 (As Restated)	Increases	Decreases	Transfers	Balance June 30, 2008
Governmental Activities :					
Capital Assets, Not Being Depreciated or Amortized:					
Land	$ 26,858,232	$ -	$ -	$ 4,805,844	$ 31,664,076
Work in Progress - CIP	84,421,674	11,731,259	(2,109,247)	(39,219,612)	54,824,074
Total Capital Assets, Not Being Depreciated or Amortized	111,279,906	11,731,259	(2,109,247)	(34,413,768)	86,488,150
Capital Assets, Being Depreciated and Amortized:					
Land Improvements	1,085,213	-	-	25,108,475	26,193,688
Buildings	12,324,480	-	-	2,810,148	15,134,628
Infrastructure	285,429,215	27,918,744	-	6,495,145	319,843,104
Machinery and Equipment	3,642,188	191,021	(455,983)	-	3,377,226
Vehicles	7,017,722	566,327	(793,172)	-	6,790,877
Intangible Assets	4,245,000	-	-	-	4,245,000
Total Capital Assets Being Depreciated and Amortized	313,743,818	28,676,092	(1,249,155)	34,413,768	375,584,523
Less Accumulated Depreciation and Amortization for:					
Land Improvements	547,629	237,267	-	-	784,896
Buildings	2,505,154	301,847	-	-	2,807,001
Infrastructure	39,546,469	4,164,329	-	-	43,710,798
Machinery and Equipment	1,726,731	351,345	(435,813)	-	1,642,263
Vehicles	3,457,267	812,303	(777,319)	-	3,492,251
Intangible Assets	142,923	65,308	-	-	208,231
Total Accumulated Depreciation and Amortization	47,926,173	5,932,399	(1,213,132)	-	52,645,440
Total Capital Assets, Being Depreciated and Amortized, Net	265,817,645	22,743,693	(36,023)	34,413,768	322,939,083
Governmental Activities Capital Assets, Net	$ 377,097,551	$ 34,474,952	$ (2,145,270)	$ -	$ 409,427,233
Business-Type Activities :					
Capital Assets, Not Being Depreciated or Amortized:					
Land	$ 1,655,954	$ -	$ -	$ 312,244	$ 1,968,198
Work in Progress - CIP	26,653,621	4,215,487	-	(7,310,227)	23,558,881
Total Capital Assets, Not Being Depreciated or Amortized	28,309,575	4,215,487	-	(6,997,983)	25,527,079
Capital Assets, Being Depreciated and Amortized:					
Land Improvements	1,230,303	-	-	-	1,230,303
Buildings	10,256,670	-	-	-	10,256,670
Infrastructure	142,406,099	8,738,311	-	6,997,983	158,142,393
Machinery and Equipment	1,047,548	14,422	(1,965)	-	1,060,005
Vehicles	-	-	-	-	-
Intangible Assets	10,597,532	-	-	-	10,597,532
Total Capital Assets Being Depreciated and Amortized	165,538,152	8,752,733	(1,965)	6,997,983	181,286,903
Less Accumulated Depreciation and Amortization for:					
Land Improvements	681,254	59,576	-	-	740,830
Buildings	2,314,418	204,064	-	-	2,518,482
Infrastructure	14,874,435	2,200,195	-	-	17,074,630
Machinery and Equipment	589,458	74,567	(1,965)	-	662,060
Vehicles	-	-	-	-	-
Intangible Assets	815,113	259,193	-	-	1,074,306
Total Accumulated Depreciation and Amortization	19,274,678	2,797,595	(1,965)	-	22,070,308
Total Capital Assets, Being Depreciated and Amortized, Net	146,263,474	5,955,138	-	6,997,983	159,216,595
Business-Type Activities Capital Assets, Net	$ 174,573,049	$ 10,170,625	$ -	$ -	$ 184,743,674

***NOTE #5 – CAPITAL ASSETS** (Continued)*

For the year ended June 30, 2008, depreciation expense on capital assets was charged to the governmental function as follows:

Governmental Activities:		
General Government	$	560,520
Public Safety		324,818
Community Development		5,232
Public Works		3,088,307
Parks and Recreation		837,032
Internal Service		1,116,490
Total Depreciation and Amortization Expense - Governmental Activities	**$**	**5,932,399**
Business-Type Activities:		
Water	$	1,366,800
Wastewater		1,328,679
Solid Waste		31,331
Housing		70,785
Total Depreciation and Amortization Expense - Business-Type Activities	**$**	**2,797,595**

A. Intangible Assets

i. <u>Water Rights</u>

In an agreement between the City of Brentwood and the Contra Costa Water District (CCWD), dated February 29, 2000, the City is obligated to reimburse CCWD $597,532 as a buy-down cost per acre foot of water. The City capitalized this expenditure as of June 30, 2001 and will amortize the expense over 65 years.

In an amendatory agreement between Brentwood and CCWD, dated September 24, 2003, the City purchased the treatment capacity right of up to 3,200 acre feet per year of water per year, from the Randall-Bold Water Treatment Plant, for $10,000,000. The City capitalized this expenditure as of June 30, 2004 and will amortize the expense over 40 years. The capacity right doesn't confer title or ownership of the facility, but merely reserves capacity in the facility.

NOTE #5 – CAPITAL ASSETS (Continued)

ii. Joint Use Facilities

The governing bodies of the City, Liberty Union High School District (LUHSD) and Brentwood Union School District (BUSD) have recognized the public need for additional facilities. As a result of these cooperative efforts, the City has made contributions to these school districts relating to the joint use of these facilities. The City has capitalized these expenditures and will amortize the expense over 65 years.

- As of June 30, 2002, $1,000,000 for the BUSD Gym allocated at Edna Hill Middle School
- As of June 30, 2003, $650,000 for the LUHSD Gym located at Liberty High School
- As of June 30, 2005, $95,000 for the LUHSD Ball Fields located at Liberty High School
- As of June 30, 2005, $2,500,000 for the LUHSD Community Pool and Gym located at Heritage High School

NOTE # 6 – LONG-TERM OBLIGATIONS

The following summarizes changes in long-term debt obligations during the year:

A. GOVERNMENTAL ACTIVITIES

	Balance June 30, 2007	Additions	Payments Adjustments	Balance June 30, 2008	Amounts Due Within One Year
Bonds					
2002 General Obligation Bonds	$ 6,436,238	$ 202,821 (1)	$ (160,000)	$ 6,479,059	$ 180,000
CIP 2001 Revenue Bonds	29,065,000	-	(695,000)	28,370,000	725,000
Total Bonds	35,501,238	202,821	(855,000)	34,849,059	905,000
Notes Payable					
Village Community Resource Center	372,286	-	(112,369)	259,917	98,379
Heritage High Joint Use Pool	1,366,574	-	-	1,366,574	-
Total Notes Payable	1,738,860	-	(112,369)	1,626,491	98,379
Other					
Accumulated Compensated Absences	1,272,732	1,449,984	(1,487,152)	1,235,564	741,339
Total General Long-Term Debt	$ 38,512,830	$ 1,652,805	$ (2,454,521)	$ 37,711,114	$ 1,744,718

(1) Accreted Interest

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

i. Bonds

- **2002 General Obligation Bonds**

On February 28, 2002, the City issued $5,999,976 in General Obligation Bonds, Series 2002 to finance the construction, acquisition and improvement of a new police station. Total annual debt service payments, including interest at 3.625 percent to 5.68 percent, range from $208,666 to $925,000. The 2002 General Obligation Bond shall increase in value by the accumulation of earned interest from its initial denominational (principal) amount with such interest compounded semiannually on January 1st and July 1st.

Year Ending June 30	Principal	Interest	Total
2009	$ 180,000	$ 135,756	$ 315,756
2010	205,000	126,756	331,756
2011	230,000	119,325	349,325
2012	260,000	107,825	367,825
2013	290,000	94,825	384,825
2014-2018	1,738,907	492,406	2,231,313
2019-2023	990,475	1,854,525	2,845,000
2024-2028	933,382	2,696,618	3,630,000
2029-2031	542,213	2,102,788	2,645,001
Sub-total	5,369,977	$ 7,730,824	$ 13,100,801
Accretion to date	1,109,082		
	$ 6,479,059		

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

- **CIP 2001 Revenue Bonds**

On September 27, 2001, the Brentwood Infrastructure Financing Authority issued $32,080,000 in Brentwood Capital Improvement Revenue Bonds, Series 2001 to: 1) finance the refund of the CIP Bonds under a Facilities Lease, 2) refund a series of tax allocation bonds issued by the Redevelopment Agency of the City of Brentwood and 3) finance Redevelopment projects. Total annual debt service payments, including interest at 3.0 percent to 5.375 percent, range from $1,684,500 to $2,105,294.

The Agency has pledged future tax increment revenues, less amounts required to be set aside in the Low Income Housing Fund, for the repayment of a portion of the Bonds. The pledge of future tax increment revenues ends upon repayment of $32,596,147 remaining debt service on the bonds. The repayment of the debt service is scheduled to occur in 2032. Projected tax increment revenues are expected to provide coverage over debt service of 458% over the life of the bonds. For fiscal year 2008, tax increment revenue amounted to $6,270,270, which represented coverage of 4.58 times $1,369,300 of debt service. The remaining portion of the Bonds is repayable from any source of available funds of the City.

Year Ending June 30	Principal	Interest	Total
2009	$ 725,000	$ 1,361,256	$ 2,086,256
2010	755,000	1,332,563	2,087,563
2011	780,000	1,301,863	2,081,863
2012	815,000	1,269,453	2,084,453
2013	850,000	1,234,581	2,084,581
2014-2018	4,825,000	5,555,831	10,380,831
2019-2023	6,160,000	4,186,666	10,346,666
2024-2028	7,480,000	2,426,750	9,906,750
2029-2032	5,980,000	616,000	6,596,000
Total	$ 28,370,000	$ 19,284,963	$ 47,654,963

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

ii. Notes Payable

- On July 1, 2004, the City entered into an agreement with Village Community Resource Center (VCRC) whereby the City committed to a seven year funding program totaling $801,134, with an interest rate of zero percent per annum, enabling the VCRC to: 1) develop a social center and 2) help the VCRC become a self-sufficient agency. The final payment shall be made on or before June 30, 2011.

Year Ending June 30	Payments
2009	$ 98,379
2010	86,131
2011	75,407
Total	$ 259,917

- **Heritage High Joint Use Pool**

  On October 13, 2005, the City entered into a long-term agreement with Liberty Union High School District for two joint use projects at Heritage High School. The projects consist of a 50-meter pool and a gymnasium with office space. The City will pay $2,500,000 to the school district for these joint facilities, no later than July 31, 2009, using "good year" revenue. Good year revenue is defined as actual Park and Trail development fees received in excess of the projected Park and Trail development fee revenue published in the City's annual Capital Improvement Program. Remaining payments are estimated as follows:

Year Ending June 30	Estimated Principal
2009	$ -
2010	1,366,574
Total	$ 1,366,574

NOTE # 6 – LONG-TERM OBLIGATIONS (Continued)

iii. Accumulated Compensated Absences

- The long-term compensated absences balances at June 30, 2008, are:

Governmental	$ 494,225
Business-Type	$ 119,170

B. BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2007	Additions	Payments Adjustments	Balance June 30, 2008	Amounts Due Within One Year
Notes Payable					
CCWD Water Connection Fee	$ 9,082,956	$ 126,192	$ (767,429)	$ 8,441,719	$ 767,429
State Water Resources Loan (Wastewater)	31,458,362	-	(1,713,439)	29,744,923	1,744,368
Total Notes Payable	40,541,318	126,192	(2,480,868)	38,186,642	2,511,797
Wastewater Revenue Bonds	2,033,752	-	(63,395)	1,970,357	67,485
Water Revenue Bonds	7,911,248	-	(246,605)	7,664,643	262,515
Other					
Accumulated Compensated Absences	249,077	401,410	(352,561)	297,926	178,756
Total All Business-Type Funds	$ 50,735,395	$ 527,602	$ (3,143,429)	$ 48,119,568	$ 3,020,553

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

i. Notes Payable

- **CCWD – Water Connection Fee**

On February 29, 2000, the City entered into an agreement with CCWD to pay all water connection fees for Brentwood's customers residing within CCWD's Los Vaqueros Service Area. Brentwood shall pay annually for its actual and anticipated future connections for a period of 20 years. The minimum amount required per year is 239 connections for a total of 4,780 connections over 20 years. The established rate, at June 30, 2008, was $3,211 per connection, with an interest rate of zero percent per annum.

Year Ending June 30	Principal
2009	$ 767,429
2010	767,429
2011	767,429
2012	767,429
2013	767,429
2014-2018	3,837,145
2019	767,429
Total	$ 8,441,719

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

- **State Water Resources Loan (Wastewater)**

In December 2000, the City entered into a loan contract with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater Treatment Plant 5MGD Expansion project. Under the terms of the contract, the City has agreed to repay the State $45,580,886 in exchange for receiving $37,983,920 in proceeds used to fund the project. The difference between the repayment obligation and proceeds amounted to $7,596,966 upon issue and represents in-substance interest on the outstanding balance. This in-substance interest amount has been recorded as a discount on debt at an imputed yield of 1.81% per year and is being amortized over the remaining life of the contract. As of June 30, 2008, the City's gross repayment obligation totaled $34,219,425 and is being reported in the accompanying financial statement net of the unamortized discount of $4,474,502. During FY 2007/08, the City repaid $1,713,439 on the obligation and amortized $567,856 of the discount which was reported as interest expense.

Year Ending June 30	Principal	Interest	Total
2009	$ 1,744,368	$ 536,927	$ 2,281,295
2010	1,775,856	505,439	2,281,295
2011	1,807,912	473,383	2,281,295
2012	1,840,547	440,748	2,281,295
2013	1,873,771	407,524	2,281,295
2014-2018	9,888,583	1,517,892	11,406,475
2019-2023	10,813,886	592,589	11,406,475
Total	$ 29,744,923	$ 4,474,502	$ 34,219,425

NOTE # 6 – LONG-TERM OBLIGATIONS *(Continued)*

ii. Bonds

- **Water/Wastewater Revenue Bonds**

On December 11, 1996, the City issued $12,195,000 in Water/Wastewater Revenue Bonds, with interest rates ranging from 4.0 to 5.5 percent, due July 1, 2026. The balance at June 30, 2008, is $9,635,000. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2009	$ 330,000	$ 534,096	$ 864,096
2010	345,000	516,936	861,936
2011	365,000	498,651	863,651
2012	385,000	479,306	864,306
2013	405,000	458,516	863,516
2014-2018	2,375,000	1,935,232	4,310,232
2019-2023	3,110,000	1,195,258	4,305,258
2024-2026	2,320,000	265,781	2,585,781
Total	$ 9,635,000	$ 5,883,776	$ 15,518,776
Wastewater Fund Portion	$ 1,970,357	$ 1,203,232	$ 3,173,589
Water Fund Portion	7,664,643	4,680,544	12,345,187
	$ 9,635,000	$ 5,883,776	$ 15,518,776

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, through 2026 to repay the Water/Wastewater Revenue Bonds. The bond covenants require the net water and wastewater revenues to exceed 1.25 times coverage of the annual principal and interest payments on the bonds. The Water Fund's total principal and interest remaining to be paid on the bonds is $12,345,187, and the Wastewater Fund's total principal and interest remaining to be paid on the bonds is $3,173,589. The Water Fund's principal and interest paid for the current year was $684,055, and the total customer net revenues paid for the current year was $15,849,527. The Wastewater Fund's principal and interest paid for the current year was $175,851, and the total customer net revenues paid for the current year was $6,816,737.

NOTE # 7 – SPECIAL ASSESSMENT DISTRICTS (No City Liability)

The following issues of Special Assessment District Bonds, issued pursuant to the Municipal Improvement Act of 1915, are not reported in long-term debt. These are special obligations payable from, and secured by, specific revenue sources described in the bond resolutions and official statements of the respective issues. The City is the collecting and paying agent for the debt issued by these districts, but neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for the payment of these bonds. Debt Service for the special assessment district bonds is reported in the agency funds.

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NOTE # 7 – SPECIAL ASSESSMENT DISTRICTS (Continued)

Special Assessment District Bonds	Assessment District Debt
Brentwood Infrastructure Financing Authority - 1996 Reassessment Bonds, Series A and B • Dated December 20, 1996 • Annual debt service payments, including interest at 4.05 percent to 6.8 percent, range from $707,720 to $763,230 • Final payment due September 2017	$ 10,960,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2002 A & B (Refinancing of CIFP's 98-1 and 99-1) • Dated June 20, 2002 • Annual debt service payments, including interest at 4.75 percent to 6.0 percent, range from $636,000 to $1,332,718 • Final payment due September 2029	16,984,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2004 A & B (Refinancing of CIFP 94-1) • Dated February 12, 2004 • Annual debt service payments, including interest at 2.0 percent to 5.2 percent, range from $826,735 to $2,407,520 • Final payment due September 2029	31,707,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2004 C (Refinancing of CIFP 2000-1) • Dated November 19, 2004 • Annual debt service payments, including interest at 2.0 percent to 4.375 percent, range from $796,706 to $818,338 • Final payment due September 2030	11,350,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2005 A & B (Refinancing of CIFP 2002-1) • Dated June 16, 2005 • Annual debt service payments, including interest at 2.5 percent to 5.0 percent, range from $1,046,784 to $1,057,496 • Final payment due September 2032	15,360,000
Brentwood Infrastructure Financing Authority - CIFP 2005-1 Infrastructure Revenue Bonds, Series 2005 • Dated August 3, 2005 • Annual debt service payments, including interest at 3.0 percent to 4.625 percent, range from $2,616,165 to $2,621,171 • Final payment due September 2035	38,860,000
Brentwood Infrastructure Financing Authority - CIFP 2006-1 Infrastructure Revenue Bonds, Series 2006 • Dated August 16, 2006 • Annual debt service payments, including interest at 3.90 percent to 5.20 percent, range from $1,134,205 to $1,139,455 • Final payment due September 2036	16,960,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2006 A&B (Refinancing of CIFP 2003-1 & 2004-1) • Dated January 11, 2007 • Annual debt service payments, including interest at 3.625 percent to 5.0 percent, range from $825,608 to $1,905.000 • Final payment due September 2034	35,750,000
City of Brentwood - Limited Obligation Improvement Bonds, Randy Way Sewer Line • Dated August 7, 2007 • Annual debt service payments, including interest at 3.95 percent to 5.20 percent, range from $53,123 to $58,060 • Final payment due September 2037	840,000
Total Assessment District Debt	**$ 178,771,000**

NOTE # 8 – CLASSIFICATION OF NET ASSETS

In the Government-Wide Financial Statements, net assets are classified in the following categories:

- Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

- Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed.

- Unrestricted Net Assets – This category represents the net assets of the City, which are not restricted for any project or other purpose.

NOTE # 9 – DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The City of Brentwood's defined benefit pension plans (Miscellaneous and Safety Plans) provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by the State statutes within the Public Employee's Retirement Law. The City of Brentwood selects optional benefit provisions from the benefits menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

B. FUND POLICY

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. Based on CalPERS requirements, active plan members in the Miscellaneous Plan are required to contribute eight percent of their annual covered salary, while active plan members in the Safety plan are required to contribute nine percent of their annual covered salary. An employer is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for fiscal year 2007/08 was 13.975 percent for miscellaneous employees and 28.804 percent for safety employees. The contribution requirements of the plan members are established by State Statute and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2007/08, the City of Brentwood paid both the member contribution amounts and the employer contribution amounts for all full-time, benefited, active plan members.

NOTE # 9 – DEFINED BENEFIT PENSION PLAN (Continued)

C. ANNUAL PENSION COST

For fiscal year 2007/08, the City of Brentwood's annual pension cost was $5,326,721. This amount equals the City's required and actual contributions. The required contribution for fiscal year 2007/08 was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method, with the contributions determined as a percent of pay. The actuarial assumptions included: a) 7.75 percent investment rate of return (net of administrative expenses), b) projected salary increases that vary by duration of service, age and type of employment ranging from 3.25 percent to 14.45 percent for miscellaneous members and c) payroll growth of 3.25%. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial values of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. The Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period ends June 30, 2022, for the Safety Plan and June 30, 2035 for the Miscellaneous Plan.

D. THREE-YEAR TREND INFORMATION FOR THE PLANS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	$ 5,221,470	100%	$ -
6/30/2007	$ 5,572,961	100%	$ -
6/30/2008	$ 5,326,721	100%	$ -

NOTE # 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disaster; errors and omissions; injuries to employees and unemployment claims. The City, along with other Contra Costa County cities, belongs to the Municipal Pooling Authority of Northern California (MPANC). MPANC, also referred to as the "Authority", is a public entity risk pool currently operating as a common risk management and insurance program for the members. The City pays an annual premium to the Authority for the following: Liability ($19 million coverage, $10,000 deductible); Employer's Resource Management Association (ERMA) ($1 million, $50,000 deductible on employment claims); Fire and Property ($1 billion coverage, $5,000 deductible); Flood ($25 million, $100,000 to $250,000 minimum deductible per occurrence); Auto ($250,000 coverage, Police $3,000 deductible, all others $2,000) and Workers Compensation ($250 million coverage, $0 deductible). The Agreement provides that the Authority will be self-sustaining through member premiums and assessments. The Authority purchases commercial insurance in excess of those amounts covered by the Authority's self-insurance pool.

NOTE # 10 – RISK MANAGEMENT (Continued)

The Authority was formed in June of 1977, under a "joint exercise of power agreement", to provide general liability, workers' compensation, property and employee benefits insurance coverage. The Authority is governed by a Board of Directors composed of one appointed official from each City. Members at June 30, 2006, were the cities of Antioch, Brentwood, Clayton, El Cerrito, Hercules, Lafayette, Manteca, Martinez, Oakley, Orinda, Pacifica, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon and Walnut Creek and the towns of Danville and Moraga. Audited financial information can be obtained from the Authority located at 1911 San Miguel Drive, Walnut Creek, CA 94596.

There have been no significant reductions in any of the City's areas of insurance. Settled claims have not exceeded coverage for these risks in any of the last three fiscal years. There were no outstanding claims payable at year end and the Incurred But Not Reported (IBNR) amount was calculated to be immaterial for presentation purposes.

NOTE # 11 – POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note #9, the City provides certain post-retirement health care benefits to employees who retire from the City and who meet the following criteria: 1) they retire on or after reaching age 50 and 2) they have at least five years of cumulative service credits with organizations participating in a CalPERS Defined Benefit Pension Plan. Employees hired after August 1, 2004 are subject to a 20-year vesting schedule and are eligible for benefits after: 1) five years of service with the City and 2) 10 years of cumulative service credits with organizations participating in a CalPERS Defined Benefit Pension Plan.

Coverage is also included for one employee dependent. Currently, 54 retirees are receiving these benefits. The City pays up to $972.24 per month for health insurance for miscellaneous retirees and up to $996.27 per month for safety retirees. Expenditures for post-retirement health care benefits are recognized on a pay as you go method. During fiscal year 2007/08, expenditures of $432,297 were recognized for post-retirement health care.

NOTE # 12 – BRENTWOOD REDEVELOPMENT AGENCY TAX SHARING AGREEMENTS

The Brentwood Redevelopment Agency entered into tax sharing agreements for the North Brentwood Redevelopment Project Area with the following entities: East Diablo Fire District; Brentwood Union School District; Liberty Union High School District; Oakley School District; Knightsen School District; Byron Elementary School District, the Contra Costa Mosquito Abatement District and the Contra Costa County Office of Education. The agreements call for a pass-through of their negotiated share of the tax increment revenue. The pass-through amounts from these agreements are not currently subordinated to other Agency debt. All payments due to date have been paid annually.

The Brentwood Redevelopment Agency entered into tax-sharing agreements for the North Brentwood Redevelopment Project Area with the Contra Costa Community College District, the East Bay Regional Park District and the Byron/Brentwood/Knightsen Union Cemetery District.

NOTE # 12 – BRENTWOOD REDEVELOPMENT AGENCY TAX SHARING AGREEMENTS (Continued)

The agreements call for a pass-through of their negotiated share of the tax increment revenue. The pass-through amounts from these agreements are currently subordinated to other Agency debt. All payments due to date have been paid annually.

The Brentwood Redevelopment Agency entered into tax sharing agreements with Contra Costa County, Contra Costa Library and the Contra Costa Flood Control District for the North Brentwood Redevelopment Project Area. The agreements call for a pass-through of a portion of the general tax levy. Under these agreements, a part of the pass-through amount owed by the Redevelopment Agency to the taxing agencies was deferred for the first twelve years. The accrued deferred amounts, interest and the pass-through of the annual tax increment were paid over a four-year period with the entire deferred portion of the pass-throughs being repaid in full by fiscal year 2006/07. From this point forward, the agreements provide for pass-through of 100% of the tax increment which would have been allocated to these taxing agencies but for the adoption of the North Brentwood Redevelopment Project.

The Brentwood Redevelopment Agency has entered into a tax-sharing agreement with the East Bay Regional Park District for the North Brentwood Redevelopment Project Area. The agreement calls for a pass-through of their negotiated share of tax increment revenue and the voter approved Measure AA tax levy. The Agency accurately and timely passes through both amounts each year based on increment allocation factors and annual Measure AA tax rate as provided by the Contra Costa County Auditor's office.

The Brentwood Redevelopment Agency paid a total of $1,385,939 in negotiated pass-through payments for the 2007/08 fiscal year.

Brentwood Redevelopment Agency Statutory Pass-Through Payments

Assembly Bill 1290 (AB1290), passed in 1994, provided for statutory pass-through payments to taxing agencies when redevelopment agencies amend their plans. In 2000, the Brentwood Redevelopment Agency amended the Brentwood and North Brentwood Redevelopment Plans to financially merge the two project areas. Consequently, the 2000 Merger Amendment triggered statutory pass-through payments to taxing entities from the Brentwood ("Downtown") Project Area in 2002/03. All payments due to date have been paid to the appropriate taxing entities and payments will continue in accordance with the provisions of AB1290.

In 2001, the Brentwood Redevelopment Agency amended The Merged Redevelopment Plan by adding territory in the North Brentwood Redevelopment Area. This amendment triggered statutory pass-through payments to taxing entities from the added territory starting in 2005/06. All payments due to date have been paid to the appropriate taxing entities and payments will continue in accordance with the provisions of AB1290.

The Brentwood Redevelopment Agency paid a total of $274,497 in statutory pass-through payments for the 2007/08 fiscal year.

NOTE # 13 – CONTINGENT LIABILITIES

A. LITIGATION

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no presently filed litigation which is likely to have a material adverse affect on the financial position of the City.

B. FEDERAL GRANTS

The City has received State and Federal Funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

C. DEVELOPER FEE CREDITS

The City entered into several agreements with various developers and merchant builders who are developing residential and commercial projects throughout the City. The City agreed to grant the developer's impact fee credits since the developers constructed certain improvements beyond what was needed to serve their specific projects. The value of credits does not increase for inflation nor do they accrue interest. Any unused credits may be used by the developers on other projects located elsewhere in the City. The value of the credits as of June 30, 2008 was $24,456,616, after a total of $2,141,624 were used as credits through fiscal year 2007/08. The accounting for the amounts due are not recorded as indebtedness since the payments (use of the credits) are contingent upon the collection of development fees from building growth that has not yet occurred.

D. CONSTRUCTION COMMITMENTS

As of June 30, 2008, the City had the following commitments with respect to unfinished capital projects:

Project Name	Outstanding Commitment
Aquatic Complex / Concession	$ 314,278
Brentwood Senior Activity Center	2,384,990
Pavement Management Program	1,077,533
Surface Water Treatment Facility Phases I & II	3,745,515
	$ 7,522,316

NOTE # 14 – SUBSEQUENT EVENT

On November 13, 2008, the Brentwood Infrastructure Financing Authority issued $53,200,000 in Water Revenue Bonds with interest rates ranging from 4.50 to 5.75 percent, due July 1, 2038. The bonds provided the financing for a newly constructed water treatment plant which has the capacity to currently treat 12 to 15 million gallons per day. The plant is expandable to 30 million gallons per day to meet the demands of the City at build-out. Included in this financing was the refinancing of the water portion of the City's 1996 Water/Wastewater Bonds. The Wastewater portion of the 1996 Water/Wastewater Bond debt was retired through early pay off.

NOTE # 15 – FUND BALANCE AND NET ASSETS RESTATEMENTS

The City has determined two capital assets and a deposit for land held for resale were recorded incorrectly in previous years. The capital assets were in the Governmental Funds and had been inappropriately capitalized in a previous year on the Statement of Net Assets. They have therefore been removed from beginning net assets and from the capital asset totals.

A deposit for land held for resale had been recorded as an expense rather than as an asset in the Redevelopment Low Income Housing Fund. Therefore, an adjustment to beginning fund balance was recorded in order to establish the asset.

The effects of the restatements on the beginning balances are as follows: 1) a decrease in Governmental net assets of $2,475,224, and 2) an increase to the Redevelopment Low Income Housing Fund of $128,000.

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Budgetary Comparison Schedule, General Fund

For Year Ended June 30, 2008

	Budget Amounts			
	Original Budget	**Final Budget**	**Actual**	**Variance**
REVENUES				
Taxes	$ 18,911,004	$ 17,139,016	$ 16,511,382	$ (627,634)
Licenses	637,500	502,000	454,678	(47,322)
Permits and Fines	6,199,327	3,223,763	3,311,232	87,469
Uses of Money and Property	1,504,938	1,814,938	2,540,498	725,560
Intergovernmental	4,624,672	4,305,455	4,174,292	(131,163)
Franchises	1,047,672	1,047,672	1,018,540	(29,132)
Charges for Other Services	888,777	688,110	515,471	(172,639)
Charges to Other Funds	5,330,487	5,229,834	5,293,754	63,920
Fees and Other Revenues	1,692,517	1,842,110	1,324,519	(517,591)
Total Revenues	40,836,894	35,792,898	35,144,366	(648,532)
EXPENDITURES				
Current:				
General Government	8,416,017	7,141,527	6,306,881	834,646
Public Safety	15,569,290	14,569,724	14,082,356	487,368
Community Development	4,935,117	4,286,758	4,095,931	190,827
Engineering	3,511,881	2,784,546	2,574,651	209,895
Public Works	3,086,096	2,811,884	2,676,479	135,405
Parks and Recreation	6,642,405	6,313,814	5,909,586	404,228
Community Services	248,216	242,834	225,313	17,521
Capital Outlay	64,014	64,014	64,014	-
Total Expenditures	42,473,036	38,215,101	35,935,211	2,279,890
REVENUES OVER (UNDER) EXPENDITURES	(1,636,142)	(2,422,203)	(790,845)	1,631,358
OTHER FINANCING SOURCES (USES)				
Transfers In	3,226,483	3,621,305	3,339,031	(282,274)
Transfers Out	(1,741,896)	(3,641,576)	(3,936,732)	(295,156)
Total Other Financing Sources (Uses)	1,484,587	(20,271)	(597,701)	(577,430)
NET CHANGE IN FUND BALANCES	$ (151,555)	$ (2,442,474)	(1,388,546)	$ 1,053,928
Fund Balance, Beginning of Year			25,399,565	
Fund Balance, End of Year			$ 24,011,019	

See Accompanying Note to the Required Supplementary Information

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets for governmental funds are prepared in accordance with GAAP for the United States of America. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget, which covers the period from July 1 to June 30, establishes the foundation for effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's budget is prepared and based on three expenditure categories: personnel, supplies and services, and capital outlay. These are considered operational in nature and reflect recurring costs. Capital improvement projects include asset acquisitions, facilities, systems and infrastructure improvements typically over $10,000, and/or those items "outside" of the normal operational budget. These reflect one-time costs.

The City collects and records revenue and expenditures for Governmental Activities and Business-Type Activities. The City's budget reflects an organization whose top priorities continue to be:

- Provide and build public facilities
- Provide and maintain an adequate public infrastructure
- Plan and manage growth to maintain and enhance our small town character
- Enhance and promote Brentwood's economic vitality
- Provide friendly customer service

DEFINED BENEFIT PENSION PLAN

Funded Status of Plans

Miscellaneous:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Acturial Accrued Liability As a % of Payroll
6/30/2004	$ 24,884,866	$ 20,675,251	$ 4,209,615	83.1%	$ 13,533,385	31.1%
6/30/2005	$ 30,745,530	$ 25,232,747	$ 5,512,783	82.1%	$ 14,033,438	39.3%
6/30/2006	$ 37,323,519	$ 29,802,610	$ 7,520,909	79.8%	$ 15,565,585	48.3%

As required by new State law, effective July 1, 2005, the City's Safety Plan was terminated and the employees in the plan were required by CalPERS to join a new State-wide pool. CalPERS' latest available actuarial value (which differs from market value) and funding progress for the State-wide pool is shown below:

Safety:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Overfunded)	Funded Status	Annual Covered Payroll	Unfunded Acturial Accrued Liability As a % of Payroll
6/30/2004	$ 5,383,921,942	$ 4,424,586,846	$ 959,335,096	82.2%	$ 575,296,434	166.8%
6/30/2005	$ 6,367,049,264	$ 5,295,150,375	$ 1,071,898,889	83.2%	$ 664,147,796	161.4%
6/30/2006	$ 7,278,049,834	$ 6,102,615,567	$ 1,175,434,267	83.9%	$ 754,730,438	155.7%

The City's Safety Plan represents approximately 0.63%, 0.60% and 0.63% of the State-wide pool for the years ended June 30, 2006, 2005 and 2004 respectively, based on covered payroll of $4,719,000, $3,974,617 and $3,642,532 for those years.

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Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2008

	Special Revenue Funds								
	Thoroughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
ASSETS									
Current Assets:									
Cash and Investments	$ 4,290,573	$ -	$ 98,421	$ 7,171	$ 675,461	$ 526,738	$ 180,117	$ 12,869	$ 5,361
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	548,704	219,642	35,490	3,926	957	962	39,069	11,174	6
Prepaids	-	-	-	-	701	-	-	-	-
Due from Other Funds	1,227,285	-	-	-	-	-	31,150	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ 6,066,562	$ 219,642	$ 133,911	$ 11,097	$ 677,119	$ 527,700	$ 250,336	$ 24,043	$ 5,367
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 1,902	$ -	$ 16,253	$ -	$ 230,141	$ 91	$ 3,427	$ 11	$ 1
Due to Other Funds	-	-	-	-	-	-	-	-	-
Internal Balances	-	-	-	-	-	-	-	-	-
Unearned Revenue	629,904	-	-	-	-	-	70,046	-	-
Total Liabilities	631,806	-	16,253	-	230,141	91	73,473	11	1
Fund Balances:									
Reserved for:									
Prepaids	-	-	-	-	701	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	-	117,658	11,097	-	-	-	-	-
Unreserved, Reported in:									
Special Revenue	5,434,756	219,642	-	-	446,277	527,609	176,863	24,032	5,366
Capital Projects	-	-	-	-	-	-	-	-	-
Total Fund Balances	5,434,756	219,642	117,658	11,097	446,978	527,609	176,863	24,032	5,366
Total Liabilities and Fund Balances	$ 6,066,562	$ 219,642	$ 133,911	$ 11,097	$ 677,119	$ 527,700	$ 250,336	$ 24,043	$ 5,367

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2008

	Special Revenue Funds *(Continued)*								
	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails	Agriculture Administration
ASSETS									
Current Assets:									
Cash and Investments	$ -	$ 3,380,436	$ 674,834	$ 56,135	$ -	$ -	$ 232,059	$ -	$ 1,088,719
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables	-	2,034,443	250,763	61	-	489,437	10,561	1,381	1,296
Prepaids	-	121	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	4,725	66,496	64,000
Land Held for Resale	-	1,000,627	-	-	-	-	-	-	-
Total Assets	$ -	$ 6,415,627	$ 925,597	$ 56,196	$ -	$ 489,437	$ 247,345	$ 67,877	$ 1,154,015
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ -	$ 4,737	$ 122	$ 10	$ -	$ -	$ 96	$ 521	$ 11,889
Due to Other Funds	-	-	-	-	-	413,086	-	717,130	-
Internal Balances	-	-	-	-	-	-	910,295	-	-
Unearned Revenue	-	2,030,722	250,000	-	-	-	14,932	66,496	-
Total Liabilities	-	2,035,459	250,122	10	-	413,086	925,323	784,147	11,889
Fund Balances:									
Reserved for:									
Prepaids	-	121	-	-	-	-	-	-	-
Land Held for Resale	-	1,000,627	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	3,379,420	675,475	56,186	-	76,351	-	(716,270)	1,142,126
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	(677,978)	-	-
Capital Projects	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	4,380,168	675,475	56,186	-	76,351	(677,978)	(716,270)	1,142,126
Total Liabilities and Fund Balances	$ -	$ 6,415,627	$ 925,597	$ 56,196	$ -	$ 489,437	$ 247,345	$ 67,877	$ 1,154,015

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2008

	Special Revenue Funds *(Continued)*							
	Public Art Administration	Public Art Acquisition	Arts Commission	Agricultural Park and History Center	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts
ASSETS								
Current Assets:								
Cash and Investments	$ 21,599	$ 558,627	$ 93,899	$ -	$ 695,988	$ 8,632,517	$ 24,353	$ 3,620,734
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	24	585	109	-	8,174	9,755	28	12,971
Prepaids	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	$ 21,623	$ 559,212	$ 94,008	$ -	$ 704,162	$ 8,642,272	$ 24,381	$ 3,633,705
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	$ 4	$ 86	$ 232	$ -	$ 118	$ 1,603	$ 5	$ 528,864
Due to Other Funds	-	-	-	-	-	-	-	-
Internal Balances	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	7,393	-	-	-
Total Liabilities	4	86	232	-	7,511	1,603	5	528,864
Fund Balances:								
Reserved for:								
Prepaids	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Specific Projects and Programs	21,619	559,126	93,776	-	696,651	8,640,669	24,376	3,104,841
Unreserved, Reported in:								
Special Revenue	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
Total Fund Balances	21,619	559,126	93,776	-	696,651	8,640,669	24,376	3,104,841
Total Liabilities and Fund Balances	$ 21,623	$ 559,212	$ 94,008	$ -	$ 704,162	$ 8,642,272	$ 24,381	$ 3,633,705

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2008

	Debt Service Funds		Capital Project Funds						
	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Improvement Financing Program 94-1 *(2004 A&B Refi)*	Capital Improvement Financing Program 2000-1 *(2004 C Refi)*	Capital Improvement Financing Program 2002-1 *(2005 A&B Refi)*	Capital Improvement Financing Program 2006-1	2002 Series A & B	2006 Series A & B	Capital Improvement 2001
ASSETS									
Current Assets:									
Cash and Investments	$ 106,564	$ 80,438	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted Cash and Investments	2,109,809	-	-	2,948	1,295	4,358,712	395,338	-	-
Receivables	120	248	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ 2,216,493	$ 80,686	$ -	$ 2,948	$ 1,295	$ 4,358,712	$ 395,338	$ -	$ -
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 21	$ 25	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Internal Balances	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	21	25	-	-	-	-	-	-	-
Fund Balances:									
Reserved for:									
Prepaids	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Debt Service	2,216,472	80,661	-	-	-	-	-	-	-
Specific Projects and Programs	-	-	-	2,948	1,295	4,358,712	395,338	-	-
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-
Total Fund Balances	2,216,472	80,661	-	2,948	1,295	4,358,712	395,338	-	-
Total Liabilities and Fund Balances	$ 2,216,493	$ 80,686	$ -	$ 2,948	$ 1,295	$ 4,358,712	$ 395,338	$ -	$ -

Continued

Combining Balance Sheet

Non-Major Governmental Funds (Continued)

June 30, 2008

	Capital Project Funds *(Continued)*								
	Randy Way District Improvements	City Capital Improvement Financing Program	Capital Project Administration	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	Total Non-Major Governmental Funds
ASSETS									
Current Assets:									
Cash and Investments	$ 4,178	$ 330,477	$ -	$ 1,159,377	$ 762,962	$ 8,637,253	$ 1,771,210	$ 5,190,458	$ 42,919,528
Restricted Cash and Investments	-	-	-	-	-	267	-	1,602,670	8,471,039
Receivables	5	373.00	88	-	-	1,023,208	2,000	17,399	4,722,959
Prepaids	-	-	1,290	-	-	-	-	585	2,697
Due from Other Funds	-	-	-	-	-	-	-	-	1,393,656
Land Held for Resale	-	-	-	-	-	-	-	1,805,041	2,805,668
Total Assets	$ 4,183	$ 330,850	$ 1,378	$ 1,159,377	$ 762,962	$ 9,660,728	$ 1,773,210	$ 8,616,153	$ 60,315,547
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 129	25	$ 59,417	$ 900,008	$ 6	$ 596,892	$ 321	$ 774,002	3,130,959
Due to Other Funds	-	-	-	-	-	-	-	-	1,130,216
Internal Balances	-	-	-	-	-	-	-	-	910,295
Unearned Revenue	-	-	-	-	-	-	-	-	3,069,493
Total Liabilities	129	25	59,417	900,008	6	596,892	321	774,002	8,240,963
Fund Balances:									
Reserved for:									
Prepaids	-	-	1,290	-	-	-	-	585	2,697
Land Held for Resale	-	-	-	-	-	-	-	1,805,041	2,805,668
Debt Service	-	-	-	-	-	-	-	-	2,297,133
Specific Projects and Programs	4,054	330,825	-	259,369	762,956	9,063,836	1,772,889	6,036,525	40,871,848
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	-	6,156,567
Capital Projects	-	-	(59,329)	-	-	-	-	-	(59,329)
Total Fund Balances	4,054	330,825	(58,039)	259,369	762,956	9,063,836	1,772,889	7,842,151	52,074,584
Total Liabilities and Fund Balances	$ 4,183	$ 330,850	$ 1,378	$ 1,159,377	$ 762,962	$ 9,660,728	$ 1,773,210	$ 8,616,153	$ 60,315,547

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For Year Ended June 30, 2008

	Special Revenue Funds								
	Throughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ 1,598,215	$ -	$ -	$ -	$ -
Uses of Money and Property	755,550	-	6,243	308	38,539	33,685	16,470	2,570	323
Intergovernmental	-	884,556	219,636	21,318	-	-	-	-	-
Fees and Other Revenues	4,483,007	-	-	-	38,434	2,354,969	655,600	47,449	-
Total Revenues	5,238,557	884,556	225,879	21,626	1,675,188	2,388,654	672,070	50,019	323
EXPENDITURES									
Current:									
General Government	391,286	-	-	10,529	-	-	18,072	-	-
Public Safety	-	-	260,644	-	-	-	-	676	-
Community Development	-	-	-	-	-	-	-	-	5
Parks and Recreation	-	-	-	-	2,135,493	-	-	-	-
Community Services	-	-	-	-	-	19,520	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	391,286	-	260,644	10,529	2,135,493	19,520	18,072	676	5
REVENUES OVER (UNDER) EXPENDITURES	4,847,271	884,556	(34,765)	11,097	(460,305)	2,369,134	653,998	49,343	318
OTHER FINANCING SOURCES (USES)									
Transfers In	3,562,064	-	-	-	566,165	-	-	-	-
Transfers Out	(1,067,466)	(664,914)	(22,690)	-	(32,201)	(1,900,000)	(415,019)	(120,000)	-
Total Other Financing Sources (Uses)	2,494,598	(664,914)	(22,690)	-	533,964	(1,900,000)	(415,019)	(120,000)	-
Net Change in Fund Balances	7,341,869	219,642	(57,455)	11,097	73,659	469,134	238,979	(70,657)	318
Fund Balance, Beginning of Year, Restated	(1,907,113)	-	175,113	-	373,319	58,475	(62,116)	94,689	5,048
Fund Balance, End of Year	$ 5,434,756	$ 219,642	$ 117,658	$ 11,097	$ 446,978	$ 527,609	$ 176,863	$ 24,032	$ 5,366

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2008

	Special Revenue Funds *(Continued)*								
	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails	Agriculture Administration
REVENUES									
Taxes	$ -	$ 1,567,568	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	5,455	293,380	38,969	3,351	-	-	25,576	130,119	75,876
Intergovernmental	-	-	-	-	-	485,682	-	-	-
Fees and Other Revenues	-	623	200,000	4,184	-	-	220,064	7,904	7,747
Total Revenues	5,455	1,861,571	238,969	7,535	-	485,682	245,640	138,023	83,623
EXPENDITURES									
Current:									
General Government	-	256,789	567	3,219	-	1,732	5,412	-	122,027
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	258,626	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	54,776	-	-
Total Expenditures	-	256,789	567	3,219	-	1,732	60,188	258,626	122,027
REVENUES OVER (UNDER) EXPENDITURES	5,455	1,604,782	238,402	4,316	-	483,950	185,452	(120,603)	(38,404)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(15,116)	-	-	-	-	(630,730)	-	(1,802,608)	-
Total Other Financing Sources (Uses)	(15,116)	-	-	-	-	(630,730)	-	(1,802,608)	-
Net Change in Fund Balances	(9,661)	1,604,782	238,402	4,316	-	(146,780)	185,452	(1,923,211)	(38,404)
Fund Balance, Beginning of Year, Restated	9,661	2,775,386	437,073	51,870	-	223,131	(863,430)	1,206,941	1,180,530
Fund Balance, End of Year	$ -	$ 4,380,168	$ 675,475	$ 56,186	$ -	$ 76,351	$ (677,978)	$ (716,270)	$ 1,142,126

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2008

	Special Revenue Funds *(Continued)*							
	Public Art Administration	Public Art Acquisition	Arts Commission	Agricultural Park and History Center	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	1,333	30,014	5,319	-	40,464	532,083	1,444	202,409
Intergovernmental	-	-	-	-	-	-	-	-
Fees and Other Revenues	25,953	62,921	53,290	-	110,173	30,986	-	4,130,738
Total Revenues	27,286	92,935	58,609	-	150,637	563,069	1,444	4,333,147
EXPENDITURES								
Current:								
General Government	47,460	479	43,313	-	746	697,071	-	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	3,494,783
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	47,460	479	43,313	-	746	697,071	-	3,494,783
REVENUES OVER (UNDER) EXPENDITURES	(20,174)	92,456	15,296	-	149,891	(134,002)	1,444	838,364
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	(52,221)	-	(232,000)	(589,644)	-	-	-
Total Other Financing Sources (Uses)	-	(52,221)	-	(232,000)	(589,644)	-	-	-
Net Change in Fund Balances	(20,174)	40,235	15,296	(232,000)	(439,753)	(134,002)	1,444	838,364
Fund Balance, Beginning of Year, Restated	41,793	518,891	78,480	232,000	1,136,404	8,774,671	22,932	2,266,477
Fund Balance, End of Year	$ 21,619	$ 559,126	$ 93,776	$ -	$ 696,651	$ 8,640,669	$ 24,376	$ 3,104,841

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2008

	Debt Service Funds		Capital Project Funds						
	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Improvement Financing Program 94-1 *(2004 A&B Refi)*	Capital Improvement Financing Program 2000-1 *(2004 C Refi)*	Capital Improvement Financing Program 2002-1 *(2005 A&B Refi)*	Capital Improvement Financing Program 2006-1	2002 Series A & B	2006 Series A & B	Capital Improvement 2001
REVENUES									
Taxes	$ -	$ 271,157	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	45,112	11,645	9,794	17,410	17,762	144,342	12,544	2,809	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	45,112	282,802	9,794	17,410	17,762	144,342	12,544	2,809	-
EXPENDITURES									
Current:									
General Government	-	-	3	574,237	1,095,826	-	-	26,271	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	12,091	4,954	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	260,000	160,000	-	-	-	-	-	-	-
Interest and Fiscal Charges	223,923	141,956	-	-	-	-	-	-	-
Total Expenditures	496,014	306,910	3	574,237	1,095,826	-	-	26,271	-
REVENUES OVER (UNDER) EXPENDITURES	(450,902)	(24,108)	9,791	(556,827)	(1,078,064)	144,342	12,544	(23,462)	-
OTHER FINANCING SOURCES (USES)									
Transfers In	675,204	-	-	-	-	-	-	-	-
Transfers Out	-	-	(1,175,044)	(80,147)	(133,082)	(298,772)	-	(263,799)	(13,698)
Total Other Financing Sources (Uses)	675,204	-	(1,175,044)	(80,147)	(133,082)	(298,772)	-	(263,799)	(13,698)
Net Change in Fund Balances	224,302	(24,108)	(1,165,253)	(636,974)	(1,211,146)	(154,430)	12,544	(287,261)	(13,698)
Fund Balance, Beginning of Year, Restated	1,992,170	104,769	1,165,253	639,922	1,212,441	4,513,142	382,794	287,261	13,698
Fund Balance, End of Year	$ 2,216,472	$ 80,661	$ -	$ 2,948	$ 1,295	$ 4,358,712	$ 395,338	$ -	$ -

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2008

	Capital Project Funds *(Continued)*								
	Randy Way District Improvements	City Capital Improvement Financing Program	Capital Project Administration	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	Total Non-Major Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,436,940
Uses of Money and Property	15,358	11,837	2,024	-	-	-	106,863	144,560	2,781,540
Intergovernmental	-	-	-	-	-	2,286,959	-	-	3,898,151
Fees and Other Revenues	608,543	865,880	112,964	(86,283)	-	729,916	34,935	3,222	14,703,219
Total Revenues	623,901	877,717	114,988	(86,283)	-	3,016,875	141,798	147,782	24,819,850
EXPENDITURES									
Current:									
General Government	682,611	-	1,773,510	-	-	1,015,719	10,809	1,119,288	7,896,976
Public Safety	-	-	-	-	-	-	-	-	261,320
Community Development	-	-	-	-	-	-	-	-	17,050
Parks and Recreation	-	-	-	-	-	-	-	-	2,394,119
Community Services	-	-	-	-	-	-	-	-	3,514,303
Capital Outlay	-	-	-	3,425,233	117,043	4,836,934	-	-	8,379,210
Debt Service:									
Principal	-	-	-	-	-	-	-	-	420,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	420,655
Total Expenditures	682,611	-	1,773,510	3,425,233	117,043	5,852,653	10,809	1,119,288	23,303,633
REVENUES OVER (UNDER) EXPENDITURES	(58,710)	877,717	(1,658,522)	(3,511,516)	(117,043)	(2,835,778)	130,989	(971,506)	1,516,217
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	1,633,451	1,374,999	720,000	1,458,233	-	1,381,677	11,371,793
Transfers Out	-	(2,000,000)	-	-	-	-	-	(2,225,494)	(13,734,645)
Total Other Financing Sources (Uses)	-	(2,000,000)	1,633,451	1,374,999	720,000	1,458,233	-	(843,817)	(2,362,852)
Net Change in Fund Balances	(58,710)	(1,122,283)	(25,071)	(2,136,517)	602,957	(1,377,545)	130,989	(1,815,323)	(846,635)
Fund Balance, Beginning of Year, Restated	62,764	1,453,108	(32,968)	2,395,886	159,999	10,441,381	1,641,900	9,657,474	52,921,219
Fund Balance, End of Year	$ 4,054	$ 330,825	$ (58,039)	$ 259,369	$ 762,956	$ 9,063,836	$ 1,772,889	$ 7,842,151	$ 52,074,584

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Combining Statement of Net Assets

All Internal Service Funds

June 30, 2008

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
ASSETS											
Current Assets:											
Cash and Investments	$ 5,920,253	$ 480,701	$ 7,972,534	$ 334,847	$ 1,201,112	$ 44,323	$ 392,660	$ 344,541	$ 1,702,627	$ 5,347,135	$ 23,740,733
Receivables	-	528	13,826	18,481	74,274	52	489	335	1,966	-	109,951
Prepaids	-	1,601	-	-	-	-	1,085	611	-	-	3,297
Total Current Assets	5,920,253	482,830	7,986,360	353,328	1,275,386	44,375	394,234	345,487	1,704,593	5,347,135	23,853,981
Non-Current Assets:											
Capital Assets:											
Machinery and Equipment	-	-	2,328,633	227,818	-	-	-	-	-	-	2,556,451
Vehicles	-	-	6,790,877	-	-	-	-	-	-	-	6,790,877
Less Accumulated Depreciation	-	-	(4,529,608)	(174,525)	-	-	-	-	-	-	(4,704,133)
Total Capital Assets, Net of Accumulated Depreciation	-	-	4,589,902	53,293	-	-	-	-	-	-	4,643,195
Total Non-Current Assets	-	-	4,589,902	53,293	-	-	-	-	-	-	4,643,195
Total Assets	5,920,253	482,830	12,576,262	406,621	1,275,386	44,375	394,234	345,487	1,704,593	5,347,135	28,497,176
LIABILITIES AND NET ASSETS											
Current Liabilities:											
Accounts Payable and Accrued Liabilities	195	79,937	9,193	81,774	182	135	27,081	46,584	7,393	8,222	260,696
Compensated Absences Payable	-	27,340	-	-	-	-	15,130	7,656	-	-	50,126
Total Current Liabilities	195	107,277	9,193	81,774	182	135	42,211	54,240	7,393	8,222	310,822
Non-Current Liabilities Due in More Than One Year:											
Compensated Absences Payable	-	18,227	-	-	-	-	10,086	5,103	-	-	33,416
Total Non-Current Liabilities	-	18,227	-	-	-	-	10,086	5,103	-	-	33,416
Total Liabilities	195	125,504	9,193	81,774	182	135	52,297	59,343	7,393	8,222	344,238
Net Assets:											
Invested in Capital Assets, Net of Related Debt	-	-	4,589,902	53,293	-	-	-	-	-	-	4,643,195
Unrestricted	5,920,058	357,326	7,977,167	271,554	1,275,204	44,240	341,937	286,144	1,697,200	5,338,913	23,509,743
Total Net Assets	$ 5,920,058	$ 357,326	$ 12,567,069	$ 324,847	$ 1,275,204	$ 44,240	$ 341,937	$ 286,144	$ 1,697,200	$ 5,338,913	$ 28,152,938

Combining Statement of Activities and Changes in Net Assets

All Internal Service Funds

For Year Ended June 30, 2008

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
Operating Revenues:											
Charges for Services	$ 100,550	$ 1,798,824	$ 1,800,335	$ 596,846	$ 439,725	$ 10,263	$ 944,047	$ 984,581	$ 448,985	$ 127,511	$ 7,251,667
Other Income	-	7,827	128,585	45	31,496	-	4,025	2,894	-	-	174,872
Total Operating Revenues	100,550	1,806,651	1,928,920	596,891	471,221	10,263	948,072	987,475	448,985	127,511	7,426,539
Operating Expenses:											
Personnel Services	-	1,011,812	-	-	-	-	541,070	364,127	-	-	1,917,009
Repairs and Maintenance	-	1,278	-	-	3,215	-	13,632	367,441	24,305	-	409,871
Materials, Supplies and Services	31,813	555,845	24,184	262,924	971	22,206	431,402	86,916	1,485	543,271	1,961,017
Depreciation and Amortization	-	-	1,070,926	45,564	-	-	-	-	-	-	1,116,490
Total Operating Expenses	31,813	1,568,935	1,095,110	308,488	4,186	22,206	986,104	818,484	25,790	543,271	5,404,387
Operating Income (Loss)	68,737	237,716	833,810	288,403	467,035	(11,943)	(38,032)	168,991	423,195	(415,760)	2,022,152
Non-Operating Revenue (Expenses):											
Interest Income	-	23,581	443,592	11,667	59,509	3,085	26,688	17,877	98,573	-	684,572
Loss on Disposal of Capital Assets	-	-	(21,487)	-	-	-	-	-	-	-	(21,487)
Total Non-Operating Revenues (Expenses)	-	23,581	422,105	11,667	59,509	3,085	26,688	17,877	98,573	-	663,085
Income (Loss) before Contributions and Transfers	68,737	261,297	1,255,915	300,070	526,544	(8,858)	(11,344)	186,868	521,768	(415,760)	2,685,237
Transfers In	-	-	304,066	-	-	-	-	-	-	-	304,066
Transfers Out	-	(100,000)	(99,475)	(160,000)	(249,872)	-	-	-	(210,000)	-	(819,347)
Change in Net Assets	68,737	161,297	1,460,506	140,070	276,672	(8,858)	(11,344)	186,868	311,768	(415,760)	2,169,956
Net Assets, Beginning of Year	5,851,321	196,029	11,106,563	184,777	998,532	53,098	353,281	99,276	1,385,432	5,754,673	25,982,982
Net Assets, End of Year	$ 5,920,058	$ 357,326	$ 12,567,069	$ 324,847	$ 1,275,204	$ 44,240	$ 341,937	$ 286,144	$ 1,697,200	$ 5,338,913	$ 28,152,938

Combining Statement of Cash Flows

All Internal Service Funds

For Year Ended June 30, 2008

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
Cash Flows from Operating Activities											
Cash Received from Customers/Other Funds	$ 303	$ 7,962	$ 146,012	$ 8,051	$ 13,199	$ 44	$ 17,567	$ 2,803	$ -	$ -	$ 195,941
Cash Received from Interfund Services	110,550	1,798,824	1,800,335	596,846	439,725	10,263	935,287	984,583	449,616	134,383	7,260,412
Cash Payments to Suppliers of Goods and Services	(31,696)	(276,413)	(209,583)	(229,601)	(4,079)	(22,071)	(403,667)	(384,979)	(18,101)	(535,861)	(2,116,051)
Cash Payments to Employees for Services	-	(1,011,812)	-	-	-	-	(541,070)	(364,127)	-	-	(1,917,009)
Cash Payments for Interfund Services	-	(236,329)	-	-	-	-	(53,785)	(67,866)	-	-	(357,980)
Net Cash Provided By (Used for) Operating Activities	79,157	282,232	1,736,764	375,296	448,845	(11,764)	(45,668)	170,414	431,515	(401,478)	3,065,313
Cash Flows from Non-Capital Financing Activities											
Transfers Received	-	-	304,066	-	-	-	-	-	-	-	304,066
Transfers Paid	-	(100,000)	(99,475)	(160,000)	(249,872)	-	-	-	(210,000)	-	(819,347)
Net Cash Provided By (Used for) Non-Capital Financing Activities	-	(100,000)	204,591	(160,000)	(249,872)	-	-	-	(210,000)	-	(515,281)
Cash Flows from Capital and Related Financing Activities											
Acquisition and Construction of Assets	-	-	(693,333)	-	-	-	-	-	-	-	(693,333)
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	(693,333)	-	-	-	-	-	-	-	(693,333)
Cash Flows from Investing Activities											
Interest on Investments	-	23,581	443,592	11,667	59,509	3,085	26,688	17,877	98,573	-	684,572
Net Cash Provided By Investing Activities	-	23,581	443,592	11,667	59,509	3,085	26,688	17,877	98,573	-	684,572
Net Increase (Decrease) in Cash and Cash Equivalents	79,157	205,813	1,691,614	226,963	258,482	(8,679)	(18,980)	188,291	320,088	(401,478)	2,541,271
Cash and Cash Equivalents - Beginning of Year	5,841,096	274,888	6,280,920	107,884	942,630	53,002	411,640	156,250	1,382,539	5,748,613	21,199,462
Cash and Cash Equivalents - End of Year	$ 5,920,253	$ 480,701	$ 7,972,534	$ 334,847	$ 1,201,112	$ 44,323	$ 392,660	$ 344,541	$ 1,702,627	$ 5,347,135	$ 23,740,733
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:											
Operating Income (Loss)	$ 68,737	$ 237,716	$ 833,810	$ 288,403	$ 467,035	$ (11,943)	$ (38,032)	$ 168,991	$ 423,195	$ (415,760)	$ 2,022,152
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities:											
Depreciation	-	-	1,070,926	45,564	-	-	-	-	-	-	1,116,490
Change in Assets and Liabilities:											
Receivables, Net	10,303	135	17,427	8,006	(18,297)	43	4,782	(89)	632	6,872	29,814
Accounts Payable and Other Payables	117	44,381	(185,399)	33,323	107	136	(12,418)	1,512	7,688	7,410	(103,143)
Net Cash Provided By (Used for) Operating Activities	$ 79,157	$ 282,232	$ 1,736,764	$ 375,296	$ 448,845	$ (11,764)	$ (45,668)	$ 170,414	$ 431,515	$ (401,478)	$ 3,065,313

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Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2008

	Assessments	Pass-Through Funds	Asset Seizure	Total
ASSETS				
Cash and Investments	$ 10,381,290	$ 591,887	$ 31,651	$ 11,004,828
Restricted Cash and Investments	6,841,369	-	-	6,841,369
Interest Receivable	31,772	825	36	32,633
Total Assets	$ 17,254,431	$ 592,712	$ 31,687	$ 17,878,830
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 33,197	$ 557,358	$ -	$ 590,555
Due to Others	-	35,354	31,687	67,041
Due to Bondholders	17,221,234	-	-	17,221,234
Total Liabilities	$ 17,254,431	$ 592,712	$ 31,687	$ 17,878,830

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assessments				
ASSETS				
Cash and Investments	$ 9,029,637	$ 19,717,009	$ 18,365,356	$ 10,381,290
Restricted Cash and Investments	7,294,921	1,666,196	2,119,748	6,841,369
Interest Receivable	35,673	79,544	83,445	31,772
Total Assets	$ 16,360,231	$ 21,462,749	$ 20,568,549	$ 17,254,431
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 11,749	$ 15,364,094	$ 15,342,646	$ 33,197
Due to Bondholders	16,348,482	18,506,598	17,633,846	17,221,234
Total Liabilities	$ 16,360,231	$ 33,870,692	$ 32,976,492	$ 17,254,431
Pass-Through Funds				
ASSETS				
Cash and Investments	$ 1,769,250	$ 2,507,449	$ 3,684,812	$ 591,887
Interest Receivable	3,193	825	3,193	825
Total Assets	$ 1,772,443	$ 2,508,274	$ 3,688,005	$ 592,712
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,737,089	$ 5,442,327	$ 6,622,058	$ 557,358
Due to Others	35,354	-	-	35,354
Total Liabilities	$ 1,772,443	$ 5,442,327	$ 6,622,058	$ 592,712
Asset Seizure				
ASSETS				
Cash and Investments	$ 29,727	$ 1,924	$ -	$ 31,651
Interest Receivable	52	36	52	36
Total Assets	$ 29,779	$ 1,960	$ 52	$ 31,687
LIABILITIES				
Due to Others	$ 29,779	$ 1,908	$ -	$ 31,687
Due to Bondholders	-	-	-	-
Total Liabilities	$ 29,779	$ 1,908	$ -	$ 31,687
Total - All Agency Funds				
ASSETS				
Cash and Investments	$ 10,828,614	$ 22,226,382	$ 22,050,168	$ 11,004,828
Restricted Cash and Investments	7,294,921	1,666,196	2,119,748	6,841,369
Interest Receivable	38,918	80,405	86,690	32,633
Total Assets	$ 18,162,453	$ 23,972,983	$ 24,256,606	$ 17,878,830
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,748,838	20,806,421	$ 21,964,704	$ 590,555
Due to Others	65,133	1,908	-	67,041
Due to Bondholders	16,348,482	18,506,598	17,633,846	17,221,234
Total Liabilities	$ 18,162,453	$ 39,314,927	$ 39,598,550	$ 17,878,830

Balance Sheet

General Fund

June 30, 2008

		General Fund
ASSETS		
Current Assets:		
Cash and Investments	$	29,600,497
Receivables		930,215
Prepaids		69,008
Total Assets	$	30,599,720
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$	1,228,168
Unearned Revenue		214,424
Deposits Held		5,146,109
Total Liabilities		6,588,701
Fund Balances:		
Reserved for:		
Prepaids		69,008
Unreserved, Reported in:		
General Fund		23,942,011
Total Fund Balances		24,011,019
Total Liabilities and Fund Balances	$	30,599,720

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For Year Ended June 30, 2008

	Budget	Actual	Variance
REVENUES			
Taxes	$ 17,139,016	$ 16,511,382	$ (627,634)
Licenses	502,000	454,678	(47,322)
Permits and Fines	3,223,763	3,311,232	87,469
Uses of Money and Property	1,814,938	2,540,498	725,560
Intergovernmental	4,305,455	4,174,292	(131,163)
Franchises	1,047,672	1,018,540	(29,132)
Charges for Other Services	688,110	515,471	(172,639)
Charges to Other Funds	5,229,834	5,293,754	63,920
Fees and Other Revenues	1,842,110	1,324,519	(517,591)
Total Revenues	35,792,898	35,144,366	(648,532)
EXPENDITURES			
Current:			
General Government	7,141,527	6,306,881	834,646
Public Safety	14,569,724	14,082,356	487,368
Community Development	4,286,758	4,095,931	190,827
Engineering	2,784,546	2,574,651	209,895
Public Works	2,811,884	2,676,479	135,405
Parks	6,201,445	5,797,217	404,228
Community Services	242,834	225,313	17,521
Capital Outlay	64,014	64,014	-
Debt Service:			
Principal	112,369	112,369	-
Total Expenditures	38,215,101	35,935,211	2,279,890
REVENUES OVER (UNDER) EXPENDITURES	(2,422,203)	(790,845)	1,631,358
OTHER FINANCING SOURCES (USES)			
Transfers In	3,621,305	3,339,031	(282,274)
Transfers Out	(3,641,576)	(3,936,732)	(295,156)
Total Other Financing Sources (Uses)	(20,271)	(597,701)	(577,430)
NET CHANGE IN FUND BALANCES	$ (2,442,474)	(1,388,546)	$ 1,053,928
Fund Balance, Beginning of Year		25,399,565	
Fund Balance, End of Year		$ 24,011,019	

Combining Balance Sheet
All Special Revenue Funds
June 30, 2008

	Thoroughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
ASSETS									
Current Assets:									
Cash and Investments	$ 4,290,573	$ -	$ 98,421	$ 7,171	$ 675,461	$ 526,738	$ 180,117	$ 12,869	$ 5,361
Receivables	548,704	219,642	35,490	3,926	957	962	39,069	11,174	6
Prepaids	-	-	-	-	701	-	-	-	-
Due from Other Funds	1,227,285	-	-	-	-	-	31,150	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ 6,066,562	$ 219,642	$ 133,911	$ 11,097	$ 677,119	$ 527,700	$ 250,336	$ 24,043	$ 5,367
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 1,902	$ -	$ 16,253	$ -	$ 230,141	$ 91	$ 3,427	$ 11	$ 1
Due to Other Funds	-	-	-	-	-	-	-	-	-
Internal Balances	-	-	-	-	-	-	-	-	-
Unearned Revenue	629,904	-	-	-	-	-	70,046	-	-
Total Liabilities	631,806	-	16,253	-	230,141	91	73,473	11	1
Fund Balances:									
Reserved for:									
Prepaids	-	-	-	-	701	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	-	117,658	11,097	-	-	-	-	-
Unreserved, Reported in:									
Special Revenue	5,434,756	219,642	-	-	446,277	527,609	176,863	24,032	5,366
Total Fund Balances	5,434,756	219,642	117,658	11,097	446,978	527,609	176,863	24,032	5,366
Total Liabilities and Fund Balances	$ 6,066,562	$ 219,642	$ 133,911	$ 11,097	$ 677,119	$ 527,700	$ 250,336	$ 24,043	$ 5,367

Continued

Combining Balance Sheet

All Special Revenue Funds (Continued)

June 30, 2008

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails	Agriculture Administration
ASSETS									
Current Assets:									
Cash and Investments	$ -	$ 3,380,436	$ 674,834	$ 56,135	$ -	$ -	$ 232,059	$ -	$ 1,088,719
Receivables	-	2,034,443	250,763	61	-	489,437	10,561	1,381	1,296
Prepaids	-	121	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	4,725	66,496	64,000
Land Held for Resale	-	1,000,627	-	-	-	-	-	-	-
Total Assets	$ -	$ 6,415,627	$ 925,597	$ 56,196	$ -	$ 489,437	$ 247,345	$ 67,877	$ 1,154,015
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ -	$ 4,737	$ 122	$ 10	$ -	$ -	$ 96	$ 521	$ 11,889
Due to Other Funds	-	-	-	-	-	413,086	-	717,130	-
Internal Balances	-	-	-	-	-	-	910,295	-	-
Unearned Revenue	-	2,030,722	250,000	-	-	-	14,932	66,496	-
Total Liabilities	-	2,035,459	250,122	10	-	413,086	925,323	784,147	11,889
Fund Balances:									
Reserved for:									
Prepaids	-	121	-	-	-	-	-	-	-
Land Held for Resale	-	1,000,627	-	-	-	-	-	-	-
Specific Projects and Programs	-	3,379,420	675,475	56,186	-	76,351	-	(716,270)	1,142,126
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	(677,978)	-	-
Total Fund Balances	-	4,380,168	675,475	56,186	-	76,351	(677,978)	(716,270)	1,142,126
Total Liabilities and Fund Balances	$ -	$ 6,415,627	$ 925,597	$ 56,196	$ -	$ 489,437	$ 247,345	$ 67,877	$ 1,154,015

Continued

Combining Balance Sheet

All Special Revenue Funds (Continued)

June 30, 2008

	Public Art Administration	Public Art Acquisition	Arts Commission	Agricultural Park and History Center	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts	Totals
ASSETS									
Current Assets:									
Cash and Investments	$ 21,599	$ 558,627	$ 93,899	$ -	$ 695,988	$ 8,632,517	$ 24,353	$ 3,620,734	$ 24,876,611
Receivables	24	585	109	-	8,174	9,755	28	12,971	3,679,518
Prepaids	-	-	-	-	-	-	-	-	822
Due from Other Funds	-	-	-	-	-	-	-	-	1,393,656
Land Held for Resale	-	-	-	-	-	-	-	-	1,000,627
Total Assets	$ 21,623	$ 559,212	$ 94,008	$ -	$ 704,162	$ 8,642,272	$ 24,381	$ 3,633,705	$ 30,951,234
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 4	$ 86	$ 232	$ -	$ 118	$ 1,603	$ 5	$ 528,864	$ 800,113
Due to Other Funds	-	-	-	-	-	-	-	-	1,130,216
Internal Balances	-	-	-	-	-	-	-	-	910,295
Unearned Revenue	-	-	-	-	7,393	-	-	-	3,069,493
Total Liabilities	4	86	232	-	7,511	1,603	5	528,864	5,910,117
Fund Balances:									
Reserved for:									
Prepaids	-	-	-	-	-	-	-	-	822
Land Held for Resale	-	-	-	-	-	-	-	-	1,000,627
Specific Projects and Programs	21,619	559,126	93,776	-	696,651	8,640,669	24,376	3,104,841	17,883,101
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	-	6,156,567
Total Fund Balances	21,619	559,126	93,776	-	696,651	8,640,669	24,376	3,104,841	25,041,117
Total Liabilities and Fund Balances	$ 21,623	$ 559,212	$ 94,008	$ -	$ 704,162	$ 8,642,272	$ 24,381	$ 3,633,705	$ 30,951,234

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds

For Year Ended June 30, 2008

	Thoroughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ 1,598,215	$ -	$ -	$ -	$ -
Uses of Money and Property	755,550	-	6,243	308	38,539	33,685	16,470	2,570	323
Intergovernmental	-	884,556	219,636	21,318	-	-	-	-	-
Fees and Other Revenues	4,483,007	-	-	-	38,434	2,354,969	655,600	47,449	-
Total Revenues	5,238,557	884,556	225,879	21,626	1,675,188	2,388,654	672,070	50,019	323
EXPENDITURES									
Current:									
General Government	391,286	-	-	10,529	-	-	18,072	-	-
Public Safety	-	-	260,644	-	-	-	-	676	-
Community Development	-	-	-	-	-	-	-	-	5
Parks and Recreation	-	-	-	-	2,135,493	-	-	-	-
Community Services	-	-	-	-	-	19,520	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	391,286	-	260,644	10,529	2,135,493	19,520	18,072	676	5
REVENUES OVER (UNDER) EXPENDITURES	4,847,271	884,556	(34,765)	11,097	(460,305)	2,369,134	653,998	49,343	318
OTHER FINANCING SOURCES (USES)									
Transfers In	3,562,064	-	-	-	566,165	-	-	-	-
Transfers Out	(1,067,466)	(664,914)	(22,690)	-	(32,201)	(1,900,000)	(415,019)	(120,000)	-
Total Other Financing Sources (Uses)	2,494,598	(664,914)	(22,690)	-	533,964	(1,900,000)	(415,019)	(120,000)	-
Net Change in Fund Balances	7,341,869	219,642	(57,455)	11,097	73,659	469,134	238,979	(70,657)	318
Fund Balance, Beginning of Year, Restated	(1,907,113)	-	175,113	-	373,319	58,475	(62,116)	94,689	5,048
Fund Balance, End of Year	$ 5,434,756	$ 219,642	$ 117,658	$ 11,097	$ 446,978	$ 527,609	$ 176,863	$ 24,032	$ 5,366

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds (Continued)

For Year Ended June 30, 2008

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails	Agriculture Administration
REVENUES									
Taxes	$ -	$ 1,567,568	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	5,455	293,380	38,969	3,351	-	-	25,576	130,119	75,876
Intergovernmental	-	-	-	-	-	485,682	-	-	-
Fees and Other Revenues	-	623	200,000	4,184	-	-	220,064	7,904	7,747
Total Revenues	5,455	1,861,571	238,969	7,535	-	485,682	245,640	138,023	83,623
EXPENDITURES									
Current:									
General Government	-	256,789	567	3,219	-	1,732	5,412	-	122,027
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	258,626	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	-	-	54,776	-	-
Total Expenditures	-	256,789	567	3,219	-	1,732	60,188	258,626	122,027
REVENUES OVER (UNDER) EXPENDITURES	5,455	1,604,782	238,402	4,316	-	483,950	185,452	(120,603)	(38,404)
OTHER FINANCING SOURCES (USES)									
Transfers Out	(15,116)	-	-	-	-	(630,730)	-	(1,802,608)	-
Total Other Financing Sources (Uses)	(15,116)	-	-	-	-	(630,730)	-	(1,802,608)	-
Net Change in Fund Balances	(9,661)	1,604,782	238,402	4,316	-	(146,780)	185,452	(1,923,211)	(38,404)
Fund Balance, Beginning of Year, Restated	9,661	2,775,386	437,073	51,870	-	223,131	(863,430)	1,206,941	1,180,530
Fund Balance, End of Year	$ -	$ 4,380,168	$ 675,475	$ 56,186	$ -	$ 76,351	$ (677,978)	$ (716,270)	$ 1,142,126

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds (Continued)

For Year Ended June 30, 2008

	Public Art Administration	Public Art Acquisition	Arts Commission	Agricultural Park and History Center	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts	Totals
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,165,783
Uses of Money and Property	1,333	30,014	5,319	-	40,464	532,083	1,444	202,409	2,239,480
Intergovernmental	-	-	-	-	-	-	-	-	1,611,192
Fees and Other Revenues	25,953	62,921	53,290	-	110,173	30,986	-	4,130,738	12,434,042
Total Revenues	27,286	92,935	58,609	-	150,637	563,069	1,444	4,333,147	19,450,497
EXPENDITURES									
Current:									
General Government	47,460	479	43,313	-	746	697,071	-	-	1,598,702
Public Safety	-	-	-	-	-	-	-	-	261,320
Community Development	-	-	-	-	-	-	-	-	5
Parks and Recreation	-	-	-	-	-	-	-	-	2,394,119
Community Services	-	-	-	-	-	-	-	3,494,783	3,514,303
Debt Service:									
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	54,776
Total Expenditures	47,460	479	43,313	-	746	697,071	-	3,494,783	7,823,225
REVENUES OVER (UNDER) EXPENDITURES	(20,174)	92,456	15,296	-	149,891	(134,002)	1,444	838,364	11,627,272
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	4,128,229
Transfers Out	-	(52,221)	-	(232,000)	(589,644)	-	-	-	(7,544,609)
Total Other Financing Sources (Uses)	-	(52,221)	-	(232,000)	(589,644)	-	-	-	(3,416,380)
Net Change in Fund Balances	(20,174)	40,235	15,296	(232,000)	(439,753)	(134,002)	1,444	838,364	8,210,892
Fund Balance, Beginning of Year, Restated	41,793	518,891	78,480	232,000	1,136,404	8,774,671	22,932	2,266,477	16,830,225
Fund Balance, End of Year	$ 21,619	$ 559,126	$ 93,776	$ -	$ 696,651	$ 8,640,669	$ 24,376	$ 3,104,841	$ 25,041,117

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Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds
For Year Ended June 30, 2008

	Thoroughfares			Gas Tax			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	124,485	755,550	631,065	-	-	-	5,100	6,243	1,143
Intergovernmental	-	-	-	929,584	884,556	(45,028)	336,366	219,636	(116,730)
Fees and Other Revenues	2,662,535	4,483,007	1,820,472	-	-	-	-	-	-
Total Revenues	2,787,020	5,238,557	2,451,537	929,584	884,556	(45,028)	341,466	225,879	(115,587)
EXPENDITURES									
Current:									
General Government	390,707	391,286	(579)	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	341,466	260,644	80,822
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	390,707	391,286	(579)	-	-	-	341,466	260,644	80,822
REVENUES OVER (UNDER) EXPENDITURES	2,396,313	4,847,271	2,450,958	929,584	884,556	(45,028)	-	(34,765)	(34,765)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	3,562,064	3,562,064	-	-	-	-	-	-
Transfers Out	(6,793,382)	(1,067,466)	5,725,916	(929,584)	(664,914)	264,670	(22,690)	(22,690)	-
Total Other Financing Sources (Uses)	(6,793,382)	2,494,598	9,287,980	(929,584)	(664,914)	264,670	(22,690)	(22,690)	-
Net Change in Fund Balances	$ (4,397,069)	7,341,869	$ 11,738,938	$ -	219,642	$ 219,642	$ (22,690)	(57,455)	$ (34,765)
Fund Balance, Beginning of Year, Restated		(1,907,113)			-			175,113	
Fund Balance, End of Year		$ 5,434,756			$ 219,642			$ 117,658	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Other Grants			Citywide Parks Districts			Community Facilities Districts		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ 1,698,901	$ 1,598,215	$ (100,686)	$ -	$ -	$ -
Uses of Money and Property	-	308	308	2,848	38,539	35,691	27,000	33,685	6,685
Intergovernmental	123,113	21,318	(101,795)	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	38,434	38,434	2,320,612	2,354,969	34,357
Total Revenues	123,113	21,626	(101,487)	1,701,749	1,675,188	(26,561)	2,347,612	2,388,654	41,042
EXPENDITURES									
Current:									
General Government	103,933	10,529	93,404	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	2,243,618	2,135,493	108,125	-	-	-
Community Services	-	-	-	-	-	-	20,700	19,520	1,180
Capital Outlay	-	-	-	26,963	-	26,963	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	103,933	10,529	93,404	2,270,581	2,135,493	135,088	20,700	19,520	1,180
REVENUES OVER (UNDER) EXPENDITURES	19,180	11,097	(8,083)	(568,832)	(460,305)	108,527	2,326,912	2,369,134	42,222
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	566,165	566,165	-	-	-	-
Transfers Out	(19,180)	-	19,180	-	(32,201)	(32,201)	(1,900,000)	(1,900,000)	-
Total Other Financing Sources (Uses)	(19,180)	-	19,180	566,165	533,964	(32,201)	(1,900,000)	(1,900,000)	-
Net Change in Fund Balances	$ -	11,097	$ 11,097	$ (2,667)	73,659	$ 76,326	$ 426,912	469,134	$ 42,222
Fund Balance, Beginning of Year, Restated		-			373,319			58,475	
Fund Balance, End of Year		$ 11,097			$ 446,978			$ 527,609	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Community Facilities			Vehicle Abatement			Economic Development		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	373,655	16,470	(357,185)	1,800	2,570	770	-	323	323
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	1,957,085	655,600	(1,301,485)	60,000	47,449	(12,551)	-	-	-
Total Revenues	2,330,740	672,070	(1,658,670)	61,800	50,019	(11,781)	-	323	323
EXPENDITURES									
Current:									
General Government	15,000	18,072	(3,072)	-	-	-	-	-	-
Public Safety	-	-	-	1,000	676	324	-	-	-
Community Development	-	-	-	-	-	-	4,996	5	4,991
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	15,000	18,072	(3,072)	1,000	676	324	4,996	5	4,991
REVENUES OVER (UNDER) EXPENDITURES	2,315,740	653,998	(1,661,742)	60,800	49,343	(11,457)	(4,996)	318	5,314
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(4,742,100)	(415,019)	4,327,081	(120,000)	(120,000)	-	-	-	-
Total Other Financing Sources (Uses)	(4,742,100)	(415,019)	4,327,081	(120,000)	(120,000)	-	-	-	-
Net Change in Fund Balances	$ (2,426,360)	238,979	$ 2,665,339	$ (59,200)	(70,657)	$ (11,457)	$ (4,996)	318	$ 5,314
Fund Balance, Beginning of Year, Restated		(62,116)			94,689			5,048	
Fund Balance, End of Year		$ 176,863			$ 24,032			$ 5,366	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Storm Drainage			RDA Low Income Housing			PEG Media		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ 1,377,789	$ 1,567,568	$ 189,779	$ -	$ -	$ -
Uses of Money and Property	-	5,455	5,455	263,931	293,380	29,449	25,000	38,969	13,969
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	623	623	-	-	200,000	200,000
Total Revenues	-	5,455	5,455	1,642,343	1,861,571	219,228	25,000	238,969	213,969
EXPENDITURES									
Current:									
General Government	-	-	-	780,516	256,789	523,727	500	567	(67)
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	941,094	-	941,094	99,500	-	99,500
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	1,721,610	256,789	1,464,821	100,000	567	99,433
REVENUES OVER (UNDER) EXPENDITURES	-	5,455	5,455	(79,267)	1,604,782	1,684,049	(75,000)	238,402	313,402
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	(15,116)	(15,116)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(15,116)	(15,116)	-	-	-	-	-	-
Net Change in Fund Balances	$ -	(9,661)	$ (9,661)	$ (79,267)	1,604,782	$ 1,684,049	$ (75,000)	238,402	$ 313,402
Fund Balance, Beginning of Year, Restated		9,661			2,775,386			437,073	
Fund Balance, End of Year		$ -			$ 4,380,168			$ 675,475	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Asset Forfeiture			Open Space			Measure C		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	-	3,351	3,351	2,061	-	(2,061)	-	-	-
Intergovernmental	-	-	-	-	-	-	461,249	485,682	24,433
Fees and Other Revenues	15,000	4,184	(10,816)	-	-	-	-	-	-
Total Revenues	15,000	7,535	(7,465)	2,061	-	(2,061)	461,249	485,682	24,433
EXPENDITURES									
Current:									
General Government	28,000	3,219	24,781	2,500	-	2,500	5,400	1,732	3,668
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	28,000	3,219	24,781	2,500	-	2,500	5,400	1,732	3,668
REVENUES OVER (UNDER) EXPENDITURES	(13,000)	4,316	17,316	(439)	-	439	455,849	483,950	28,101
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(630,730)	(630,730)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(630,730)	(630,730)	-
Net Change in Fund Balances	$ (13,000)	4,316	$ 17,316	$ (439)	-	$ 439	$ (174,881)	(146,780)	$ 28,101
Fund Balance, Beginning of Year, Restated		51,870			-			223,131	
Fund Balance, End of Year		$ 56,186			$ -			$ 76,351	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Facility Fee Administration			Parks and Tails			Agriculture Administration		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	13,047	25,576	12,529	54,277	130,119	75,842	40,000	75,876	35,876
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	449,633	220,064	(229,569)	617,836	7,904	(609,932)	21,000	7,747	(13,253)
Total Revenues	462,680	245,640	(217,040)	672,113	138,023	(534,090)	61,000	83,623	22,623
EXPENDITURES									
Current:									
General Government	189,249	5,412	183,837	-	-	-	310,750	122,027	188,723
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	720,559	258,626	461,933	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	500,000	-	500,000	-	-	-	-	-	-
Interest and Fiscal Charges	63,398	54,776	8,622	-	-	-	-	-	-
Total Expenditures	752,647	60,188	692,459	720,559	258,626	461,933	310,750	122,027	188,723
REVENUES OVER (UNDER) EXPENDITURES	(289,967)	185,452	475,419	(48,446)	(120,603)	(72,157)	(249,750)	(38,404)	211,346
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(2,625,176)	(1,802,608)	822,568	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(2,625,176)	(1,802,608)	822,568	-	-	-
Net Change in Fund Balances	$ (289,967)	185,452	$ 475,419	$ (2,673,622)	(1,923,211)	$ 750,411	$ (249,750)	(38,404)	$ 211,346
Fund Balance, Beginning of Year, Restated		(863,430)			1,206,941			1,180,530	
Fund Balance, End of Year		$ (677,978)			$ (716,270)			$ 1,142,126	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Public Art Administration			Public Art Acquisition			Arts Commission		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	145	1,333	1,188	10,995	30,014	19,019	2,500	5,319	2,819
Intergovernmental	-	-	-	-	-	-	5,000	-	(5,000)
Fees and Other Revenues	110,032	25,953	(84,079)	440,000	62,921	(377,079)	31,700	53,290	21,590
Total Revenues	110,177	27,286	(82,891)	450,995	92,935	(358,060)	39,200	58,609	19,409
EXPENDITURES									
Current:									
General Government	100,915	47,460	53,455	500	479	21	65,740	43,313	22,427
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	100,915	47,460	53,455	500	479	21	65,740	43,313	22,427
REVENUES OVER (UNDER) EXPENDITURES	9,262	(20,174)	(29,436)	450,495	92,456	(358,039)	(26,540)	15,296	41,836
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(108,081)	(52,221)	55,860	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(108,081)	(52,221)	55,860	-	-	-
Net Change in Fund Balances	$ 9,262	(20,174)	$ (29,436)	$ 342,414	40,235	$ (302,179)	$ (26,540)	15,296	$ 41,836
Fund Balance, Beginning of Year, Restated		41,793			518,891			78,480	
Fund Balance, End of Year		$ 21,619			$ 559,126			$ 93,776	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Agricultural Park and History Center			Fire Fees			Agriculture Land		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uses of Money and Property	-	-	-	11,092	40,464	29,372	300,000	532,083	232,083
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	382,000	-	(382,000)	439,649	110,173	(329,476)	85,000	30,986	(54,014)
Total Revenues	382,000	-	(382,000)	450,741	150,637	(300,104)	385,000	563,069	178,069
EXPENDITURES									
Current:									
General Government	-	-	-	800	746	54	1,609,000	697,071	911,929
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	800	746	54	1,609,000	697,071	911,929
REVENUES OVER (UNDER) EXPENDITURES	382,000	-	(382,000)	449,941	149,891	(300,158)	(1,224,000)	(134,002)	1,089,998
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(232,000)	(232,000)	-	(934,200)	(589,644)	344,556	(6,500)	-	6,500
Total Other Financing Sources (Uses)	(232,000)	(232,000)	-	(934,200)	(589,644)	344,556	(6,500)	-	6,500
Net Change in Fund Balances	$ 150,000	(232,000)	$ (382,000)	$ (484,259)	(439,753)	$ 44,398	$ (1,230,500)	(134,002)	$ 1,096,498
Fund Balance, Beginning of Year, Restated		232,000			1,136,404			8,774,671	
Fund Balance, End of Year		$ -			$ 696,651			$ 8,640,669	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2008

	Parking In Lieu			Lighting and Landscape Districts			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,076,690	$ 3,165,783	$ 89,093
Uses of Money and Property	271	1,444	1,173	-	202,409	202,409	1,258,207	2,239,480	981,273
Intergovernmental	-	-	-	-	-	-	1,855,312	1,611,192	(244,120)
Fees and Other Revenues	-	-	-	4,155,602	4,130,738	(24,864)	13,748,307	12,434,042	(1,314,265)
Total Revenues	271	1,444	1,173	4,155,602	4,333,147	177,545	19,938,516	19,450,497	(488,019)
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	3,603,510	1,598,702	2,004,808
Public Safety	-	-	-	-	-	-	342,466	261,320	81,146
Community Development	-	-	-	-	-	-	4,996	5	4,991
Parks and Recreation	-	-	-	-	-	-	2,964,177	2,394,119	570,058
Community Services	-	-	-	4,009,365	3,494,783	514,582	4,030,065	3,514,303	515,762
Capital Outlay	-	-	-	-	-	-	1,067,557	-	1,067,557
Debt Service:									
Principal	-	-	-	-	-	-	500,000	-	500,000
Interest and Fiscal Charges	-	-	-	-	-	-	63,398	54,776	8,622
Total Expenditures	-	-	-	4,009,365	3,494,783	514,582	12,576,169	7,823,225	4,752,944
REVENUES OVER (UNDER) EXPENDITURES	271	1,444	1,173	146,237	838,364	692,127	7,362,347	11,627,272	4,264,925
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	566,165	4,128,229	3,562,064
Transfers Out	-	-	-	(250,920)	-	250,920	(19,314,543)	(7,544,609)	11,769,934
Total Other Financing Sources (Uses)	-	-	-	(250,920)	-	250,920	(18,748,378)	(3,416,380)	15,331,998
Net Change in Fund Balances	$ 271	1,444	$ 1,173	$ (104,683)	838,364	$ 943,047	$ (11,386,031)	8,210,892	$ 19,596,923
Fund Balance, Beginning of Year, Restated		22,932			2,266,477			16,830,225	
Fund Balance, End of Year		$ 24,376			$ 3,104,841			$ 25,041,117	

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Combining Balance Sheet

All Debt Service Funds

June 30, 2008

	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	TOTALS
ASSETS				
Current Assets:				
Cash and Investments	$ 9,669,560	$ 106,564	$ 80,438	$ 9,856,562
Restricted Cash and Investments	-	2,109,809	-	2,109,809
Receivables	16,291	120	248	16,659
Total Assets	$ 9,685,851	$ 2,216,493	$ 80,686	$ 11,983,030
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 1,385,939	$ 21	$ 25	$ 1,385,985
Total Liabilities	1,385,939	21	25	1,385,985
Fund Balances:				
Reserved for:				
Debt Service	8,299,912	2,216,472	80,661	10,597,045
Total Fund Balances	8,299,912	2,216,472	80,661	10,597,045
Total Liabilities and Fund Balances	$ 9,685,851	$ 2,216,493	$ 80,686	$ 11,983,030

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Debt Service Funds

For Year Ended June 30, 2008

	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	TOTALS
REVENUES				
Taxes	$ 6,270,270	$ -	$ 271,157	$ 6,541,427
Uses of Money and Property	856,411	45,112	11,645	913,168
Total Revenues	7,126,681	45,112	282,802	7,454,595
EXPENDITURES				
Current:				
Community Development	1,643,431	12,091	4,954	1,660,476
Debt Service:				
Principal	435,000	260,000	160,000	855,000
Interest and Fiscal Charges	934,300	223,923	141,956	1,300,179
Total Expenditures	3,012,731	496,014	306,910	3,815,655
REVENUES OVER (UNDER) EXPENDITURES	4,113,950	(450,902)	(24,108)	3,638,940
OTHER FINANCING SOURCES (USES)				
Transfers In	-	675,204	-	675,204
Transfers Out	(1,381,677)	-	-	(1,381,677)
Total Other Financing Sources (Uses)	(1,381,677)	675,204	-	(706,473)
Net Change in Fund Balances	2,732,273	224,302	(24,108)	2,932,467
Fund Balance, Beginning of Year	5,567,639	1,992,170	104,769	7,664,578
Fund Balance, End of Year	$ 8,299,912	$ 2,216,472	$ 80,661	$ 10,597,045

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Debt Service Funds
For Year Ended June 30, 2008

	Redevelopment Debt			Capital Improvement Program 2001			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	$ 5,511,162	$ 6,270,270	$ 759,108	$ -	$ -	$ -	$ 5,511,162	$ 6,270,270	$ 759,108
Uses of Money and Property	420,000	856,411	436,411	40,000	45,112	5,112	460,000	901,523	441,523
Total Revenues	5,931,162	7,126,681	1,195,519	40,000	45,112	5,112	5,971,162	7,171,793	1,200,631
EXPENDITURES									
Current:									
Community Development	1,800,000	1,643,431	156,569	13,000	12,091	909	1,813,000	1,655,522	157,478
Debt Service:									
Principal	435,000	435,000	-	260,000	260,000	-	695,000	695,000	-
Interest and Fiscal Charges	934,300	934,300	-	453,582	223,923	229,659	1,387,882	1,158,223	229,659
Total Expenditures	3,169,300	3,012,731	156,569	726,582	496,014	230,568	3,895,882	3,508,745	387,137
REVENUES OVER (UNDER) EXPENDITURES	2,761,862	4,113,950	1,352,088	(686,582)	(450,902)	235,680	2,075,280	3,663,048	1,587,768
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	713,582	675,204	(38,378)	713,582	675,204	(38,378)
Transfers Out	(1,505,895)	(1,381,677)	124,218	-	-	-	(1,505,895)	(1,381,677)	124,218
Total Other Financing Sources (Uses)	(1,505,895)	(1,381,677)	124,218	713,582	675,204	(38,378)	(792,313)	(706,473)	85,840
Net Change in Fund Balances	$ 1,255,967	2,732,273	$ 1,476,306	$ 27,000	224,302	$ 197,302	$ 1,282,967	2,956,575	$ 1,673,608
Fund Balance, Beginning of Year		5,567,639			1,992,170			7,559,809	
Fund Balance, End of Year		$ 8,299,912			$ 2,216,472			$ 10,516,384	

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Combining Balance Sheet
All Capital Project Funds
June 30, 2008

	Capital Improvement Financing Program 94-1 *(2004 A&B Refi)*	Capital Improvement Financing Program 2000-1 *(2004 C Refi)*	Capital Improvement Financing Program 2002-1 *(2005 A&B Refi)*	Capital Improvement Financing Program 2005-1	Capital Improvement Financing Program 2006-1	2002 Series A & B	2006 Series A & B	Capital Improvement 2001	Randy Way District Improvements
ASSETS									
Current Assets:									
Cash and Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,178
Restricted Cash and Investments	-	2,948	1,295	9,767,609	4,358,712	395,338	-	-	-
Receivables	-	-	-	-	-	-	-	-	5
Prepaids	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	$ -	$ 2,948	$ 1,295	$ 9,767,609	$ 4,358,712	$ 395,338	$ -	$ -	$ 4,183
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 129
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	129
Fund Balances:									
Reserved for:									
Prepaids	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	2,948	1,295	9,767,609	4,358,712	395,338	-	-	4,054
Unreserved, Reported in:									
Capital Projects	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	2,948	1,295	9,767,609	4,358,712	395,338	-	-	4,054
Total Liabilities and Fund Balances	$ -	$ 2,948	$ 1,295	$ 9,767,609	$ 4,358,712	$ 395,338	$ -	$ -	$ 4,183

Continued

Combining Balance Sheet

All Capital Project Funds (Continued)

June 30, 2008

	City Capital Improvement Financing Program	Capital Project Administration	Community Facilities Improvement Projects	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	TOTALS
ASSETS									
Current Assets:									
Cash and Investments	$ 330,477	$ -	$ 17,947,078	$ 1,159,377	$ 762,962	$ 8,637,253	$ 1,771,210	$ 5,190,458	$ 35,802,993
Restricted Cash and Investments	-	-	-	-	-	267	-	1,602,670	16,128,839
Receivables	373	88	84,576	-	-	1,023,208	2,000	17,399	1,127,649
Prepaids	-	1,290	-	-	-	-	-	585	1,875
Land Held for Resale	-	-	-	-	-	-	-	1,805,041	1,805,041
Total Assets	$ 330,850	$ 1,378	$ 18,031,654	$ 1,159,377	$ 762,962	$ 9,660,728	$ 1,773,210	$ 8,616,153	$ 54,866,397
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	$ 25	$ 59,417	$ 556,459	$ 900,008	$ 6	$ 596,892	$ 321	$ 774,002	$ 2,887,259
Due to Other Funds	-	-	64,000	-	-	-	-	-	64,000
Total Liabilities	25	59,417	620,459	900,008	6	596,892	321	774,002	2,951,259
Fund Balances:									
Reserved for:									
Prepaids	-	1,290	-	-	-	-	-	585	1,875
Land Held for Resale	-	-	-	-	-	-	-	1,805,041	1,805,041
Specific Projects and Programs	330,825	-	17,411,195	259,369	762,956	9,063,836	1,772,889	6,036,525	50,167,551
Unreserved, Reported in:									
Capital Projects	-	(59,329)	-	-	-	-	-	-	(59,329)
Total Fund Balances	330,825	(58,039)	17,411,195	259,369	762,956	9,063,836	1,772,889	7,842,151	51,915,138
Total Liabilities and Fund Balances	$ 330,850	$ 1,378	$ 18,031,654	$ 1,159,377	$ 762,962	$ 9,660,728	$ 1,773,210	$ 8,616,153	$ 54,866,397

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Capital Project Funds

For Year Ended June 30, 2008

	Capital Improvement Financing Program 94-1 *(2004 A&B Refi)*	Capital Improvement Financing Program 2000-1 *(2004 C Refi)*	Capital Improvement Financing Program 2002-1 *(2005 A&B Refi)*	Capital Improvement Financing Program 2005-1	Capital Improvement Financing Program 2006-1	2002 Series A & B	2006 Series A & B	Capital Improvement 2001	Randy Way District Improvements
REVENUES									
Uses of Money and Property	$ 9,794	$ 17,410	$ 17,762	$ 525,055	$ 144,342	$ 12,544	$ 2,809	$ -	$ 15,358
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	-	-	-	608,543
Total Revenues	9,794	17,410	17,762	525,055	144,342	12,544	2,809	-	623,901
EXPENDITURES									
Current:									
General Government	3	574,237	1,095,826	10,267,480	-	-	26,271	-	682,611
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	3	574,237	1,095,826	10,267,480	-	-	26,271	-	682,611
REVENUES OVER (UNDER) EXPENDITURES	9,791	(556,827)	(1,078,064)	(9,742,425)	144,342	12,544	(23,462)	-	(58,710)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(1,175,044)	(80,147)	(133,082)	-	(298,772)	-	(263,799)	(13,698)	-
Total Other Financing Sources (Uses)	(1,175,044)	(80,147)	(133,082)	-	(298,772)	-	(263,799)	(13,698)	-
Net Change in Fund Balances	(1,165,253)	(636,974)	(1,211,146)	(9,742,425)	(154,430)	12,544	(287,261)	(13,698)	(58,710)
Fund Balance, Beginning of Year	1,165,253	639,922	1,212,441	19,510,034	4,513,142	382,794	287,261	13,698	62,764
Fund Balance, End of Year	$ -	$ 2,948	$ 1,295	$ 9,767,609	$ 4,358,712	$ 395,338	$ -	$ -	$ 4,054

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Capital Project Funds (Continued)

For Year Ended June 30, 2008

	City Capital Improvement Financing Program	Capital Project Administration	Community Facilities Improvement Projects	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	TOTALS
REVENUES									
Uses of Money and Property	$ 11,837	$ 2,024	$ 1,117,311	$ -	$ -	$ -	$ 106,863	$ 144,560	$ 2,127,669
Intergovernmental	-	-	-	-	-	2,286,959	-	-	2,286,959
Fees and Other Revenues	865,880	112,964	273,717	(86,283)	-	729,916	34,935	3,222	2,542,894
Total Revenues	877,717	114,988	1,391,028	(86,283)	-	3,016,875	141,798	147,782	6,957,522
EXPENDITURES									
Current:									
General Government	-	1,773,510	-	-	-	1,015,719	10,809	1,119,288	16,565,754
Capital Outlay	-	-	3,352,049	3,425,233	117,043	4,836,934	-	-	11,731,259
Total Expenditures	-	1,773,510	3,352,049	3,425,233	117,043	5,852,653	10,809	1,119,288	28,297,013
REVENUES OVER (UNDER) EXPENDITURES	877,717	(1,658,522)	(1,961,021)	(3,511,516)	(117,043)	(2,835,778)	130,989	(971,506)	(21,339,491)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	1,633,451	5,001,993	1,374,999	720,000	1,458,233	-	1,381,677	11,570,353
Transfers Out	(2,000,000)	-	-	-	-	-	-	(2,225,494)	(6,190,036)
Total Other Financing Sources (Uses)	(2,000,000)	1,633,451	5,001,993	1,374,999	720,000	1,458,233	-	(843,817)	5,380,317
Net Change in Fund Balances	(1,122,283)	(25,071)	3,040,972	(2,136,517)	602,957	(1,377,545)	130,989	(1,815,323)	(15,959,174)
Fund Balance, Beginning of Year	1,453,108	(32,968)	14,370,223	2,395,886	159,999	10,441,381	1,641,900	9,657,474	67,874,312
Fund Balance, End of Year	$ 330,825	$ (58,039)	$ 17,411,195	$ 259,369	$ 762,956	$ 9,063,836	$ 1,772,889	$ 7,842,151	$ 51,915,138

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Certain Capital Project Funds

For Year Ended June 30, 2008

	City Capital Improvement Financing Program			Capital Project Administration		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Uses of Money and Property	$ 116,300	$ 11,837	$ (104,463)	$ 12,051	$ 2,024	$ (10,027)
Fees and Other Revenues	935,485	865,880	(69,605)	8,472	112,964	104,492
Total Revenues	1,051,785	877,717	(174,068)	20,523	114,988	94,465
EXPENDITURES						
Current:						
General Government	-	-	-	2,174,862	1,773,510	401,352
Total Expenditures	-	-	-	2,174,862	1,773,510	401,352
REVENUES OVER (UNDER) EXPENDITURES	1,051,785	877,717	(174,068)	(2,154,339)	(1,658,522)	495,817
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	2,344,948	1,633,451	(711,497)
Transfers Out	(2,000,000)	(2,000,000)	-	-	-	-
Total Other Financing Sources (Uses)	(2,000,000)	(2,000,000)	-	2,344,948	1,633,451	(711,497)
Net Change in Fund Balances	$ (948,215)	(1,122,283)	$ (174,068)	$ 190,609	(25,071)	$ (215,680)
Fund Balance, Beginning of Year		1,453,108			(32,968)	
Fund Balance, End of Year		$ 330,825			$ (58,039)	

Continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Certain Capital Projects Fund (Continued)

For Year Ended June 30, 2008

	Vineyards Projects			Redevelopment Projects			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Uses of Money and Property	$ 20,164	$ 106,863	$ 86,699	$ 312,410	$ 144,560	$ (167,850)	$ 460,925	$ 265,284	$ (195,641)
Fees and Other Revenues	117,500	34,935	(82,565)	586,238	3,222	(583,016)	1,647,695	1,017,001	(630,694)
Total Revenues	137,664	141,798	4,134	898,648	147,782	(750,866)	2,108,620	1,282,285	(826,335)
EXPENDITURES									
Current:									
General Government	100,000	10,809	89,191	3,567,687	1,119,288	2,448,399	5,842,549	2,903,607	2,938,942
Total Expenditures	100,000	10,809	89,191	3,567,687	1,119,288	2,448,399	5,842,549	2,903,607	2,938,942
REVENUES OVER (UNDER) EXPENDITURES	37,664	130,989	93,325	(2,669,039)	(971,506)	1,697,533	(3,733,929)	(1,621,322)	(3,765,277)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	1,505,895	1,381,677	(124,218)	3,850,843	3,015,128	(835,715)
Transfers Out	-	-	-	(2,676,210)	(2,225,494)	450,716	(4,676,210)	(4,225,494)	450,716
Total Other Financing Sources (Uses)	-	-	-	(1,170,315)	(843,817)	326,498	(825,367)	(1,210,366)	(384,999)
Net Change in Fund Balances	$ 37,664	130,989	$ 93,325	$ (3,839,354)	(1,815,323)	$ 2,024,031	$ (4,559,296)	$ (2,831,688)	$ (4,150,276)
Fund Balance, Beginning of Year		1,641,900			9,657,474			12,719,514	
Fund Balance, End of Year		$ 1,772,889			$ 7,842,151			$ 9,887,826	

Statistical Section Contents

Financial Trends — ***Pages***

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. — S-1 to S-4

Revenue Capacity — ***Pages***

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. — S-5 to S-11

Debt Capacity — ***Pages***

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. — S-12 to S-16

Demographic and Economic Information — ***Pages***

These schedules contain demographic and economic information to help the reader understand the environment within which the City's financial activities take place. — S-17 to S-18

Operating Information — ***Pages***

These schedules contain operational and resource information to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. — S-19 to S-22

Sources: *Unless otherwise noted, the information in these schedules is derived from the City's relevant Comprehensive Annual Financial Reports. Schedules containing government-wide information report data beginning in FY 2001/02, the year the City implemented GASB Statement No. 34.*

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City of Brentwood

NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	$ 107,356,555	$ 144,428,668	$ 197,015,674	$ 215,720,615	$ 294,803,288	$ 339,857,455	$ 372,951,683
Restricted	47,295,121	43,163,510	48,177,025	34,678,623	81,395,898	79,233,723	80,452,738
Unrestricted	28,983,536	37,800,917	27,120,013	53,776,481	53,977,292	59,130,425	54,508,073
Total Governmental Activities Net Assets	$ 183,635,212	$ 225,393,095	$ 272,312,712	$ 304,175,719	$ 430,176,478	$ 478,221,603	$ 507,912,494
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt	$ 68,499,556	$ 98,061,398	$ 134,896,047	$ 144,514,270	$ 104,790,118	$ 124,783,446	$ 137,697,679
Restricted	27,949,628	34,664,252	12,359,754	27,021,249	30,182,173	31,204,635	28,721,075
Unrestricted	512,510	5,787,062	(5,426,178)	14,373,836	14,140,500	22,052,908	33,177,282
Total Business-Type Activities Net Assets	$ 96,961,694	$ 138,512,712	$ 141,829,623	$ 185,909,355	$ 149,112,791	$ 178,040,989	$ 199,596,036
Primary Government							
Invested in Capital Assets, Net of Related Debt	$ 185,070,098	$ 242,490,066	$ 331,911,721	$ 360,234,885	$ 399,593,406	$ 464,640,901	$ 510,649,362
Restricted	75,244,749	77,827,762	60,536,779	61,699,872	111,578,071	110,438,358	109,173,813
Unrestricted	29,496,046	43,587,979	21,693,835	68,150,317	68,117,792	81,183,333	87,685,355
Total Primary Government Net Assets	$ 289,810,893	$ 363,905,807	$ 414,142,335	$ 490,085,074	$ 579,289,269	$ 656,262,592	$ 707,508,530

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES

LAST SEVEN FISCAL YEARS

(Accural Basis of Accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
Expenses							
General Government	$ 5,331,756	$ 18,329,899	$ 19,799,793	$ 22,019,514	$ 17,927,800	$ 26,103,080	$ 26,566,890
Public Safety	5,681,464	6,750,947	9,970,436	9,563,065	10,952,967	12,768,274	13,770,801
Community Development	2,944,722	2,886,102	4,804,009	5,103,462	3,960,793	5,704,796	5,581,469
Engineering	1,577,558	1,618,876	2,469,775	3,821,479	4,063,792	2,332,730	2,420,953
Public Works	2,783,123	2,942,088	3,491,159	1,796,006	1,815,288	4,967,567	5,441,455
Parks and Recreation	744,725	806,336	1,613,411	2,442,686	6,965,572	8,129,353	9,312,868
Community Services	581,152	314,293	226,732	237,458	2,059,834	3,402,377	3,728,537
Other	2,805,061	1,158,986	512,952	1,008,158	2,918,908	-	-
Interest on Long-Term Debt	2,789,903	2,018,870	1,883,951	1,949,670	1,766,038	1,839,058	1,557,776
Total Expenses	25,239,464	36,826,397	44,772,218	47,941,498	52,430,992	65,247,235	68,380,749
Program Revenues							
Charges for Services	12,131,112	13,862,506	16,218,168	17,530,001	16,189,709	14,225,400	10,899,250
Operating Grants and Contributions	698,207	226,570	165,107	114,791	200,915	6,443,633	9,868,672
Capital Grants and Contributions	163,450	132,575	128,384	166,951	212,611	50,529,249	35,633,756
Total Program Revenues	12,992,769	14,221,651	16,511,659	17,811,743	16,603,235	71,198,282	56,401,678
Total Governmental Activities Net Expense	(12,246,695)	(22,604,746)	(28,260,559)	(30,129,755)	(35,827,757)	5,951,047	(11,979,071)
General Revenues and Other Changes in Net Assets							
Taxes:							
Property Taxes	5,423,132	6,933,900	7,990,595	9,932,342	14,887,469	19,676,078	20,802,069
Sales Tax	2,661,107	2,998,922	3,644,368	4,442,764	5,411,724	4,661,529	4,827,706
Franchise Fees	498,202	668,657	738,525	851,237	1,021,258	1,230,265	1,362,484
Public Service Taxes	391,088	589,266	743,890	914,426	1,000,573	527,766	342,627
Measure C, TOT	449,654	448,498	457,883	480,838	532,035	598,358	635,411
Motor Vehicle Taxes	1,423,128	1,702,280	1,508,664	2,198,750	3,502,237	3,597,495	3,942,089
Other Taxes	-	-	-	-	188,636	260,577	-
Investment Earnings	3,122,319	2,777,909	3,312,556	3,185,671	3,639,789	8,960,696	8,191,379
Contributions - Impact Fees and Credits	10,729,361	21,965,625	28,218,482	29,584,350	31,600,393	-	-
Capital Contributions	20,450,758	9,572,626	(931,403)	3,592,176	33,424,231	-	-
Capital Assets Contributed to/from Other Funds	1,971,847	2,885,000	12,868,344	126,356	-	-	-
Intergovernmental	-	-	-	862,624	1,151,837	42,737	-
Interfund Services	-	-	-	3,570,121	4,627,478	48,484	-
Miscellaneous	-	6,470,739	12,817,467	4,098,758	3,328,605	2,726,006	1,421,715
Transfers	(870,776)	7,349,207	3,810,805	(1,847,651)	57,512,251	2,111,311	144,482
Total General Revenues and Other Changes in Net Assets	46,249,820	64,362,629	75,180,176	61,992,762	161,828,516	44,441,302	41,669,962
Total Governmental Activities Change in Net Assets	$ 34,003,125	$ 41,757,883	$ 46,919,617	$ 31,863,007	$ 126,000,759	$ 50,392,349	$ 29,690,891

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES

LAST SEVEN FISCAL YEARS

(Accural Basis of Accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
Business-Type Activities:							
Expenses							
Wastewater	$ 2,813,091	$ 3,405,073	$ 8,461,336	$ 5,713,763	$ 5,995,237	$ 6,264,947	$ 6,734,960
Solid Waste	2,703,827	3,060,101	3,833,171	4,266,665	6,018,649	6,259,740	6,620,638
Water	6,394,410	6,779,073	7,395,878	8,594,319	12,073,423	11,181,295	12,304,859
Parks and Recreation	2,749,011	2,891,809	3,647,580	3,854,606	-	-	-
City Rentals	396,025	429,833	436,287	434,243	728,604	729,754	654,428
Housing	-	-	7,504	1,022,306	1,215,548	1,481,274	792,055
Total Expenses	15,056,364	16,565,889	23,781,756	23,885,902	26,031,461	25,917,010	27,106,940
Program Revenues							
Charges for Services:							
Wastewater	2,764,158	3,618,959	4,214,471	4,549,961	5,979,653	6,441,711	6,966,204
Solid Waste	3,725,346	4,243,126	5,102,561	6,236,643	8,025,919	8,826,499	9,284,062
Water	5,414,427	6,528,611	9,406,429	10,231,960	12,264,649	15,348,469	16,279,479
Parks and Recreation	626,179	668,503	776,465	1,443,029	-	-	-
City Rentals	216,841	660,367	740,110	778,437	767,270	717,539	467,271
Housing	-	-	-	1,000	30,290	117,601	174,368
Capital Grants and Contributions	-	-	-	-	6,287,482	22,969,310	11,971,155
Total Program Revenues	12,746,951	15,719,566	20,240,036	23,241,030	33,355,263	54,421,129	45,142,539
Total Business-Type Activities Net Expense	(2,309,413)	(846,323)	(3,541,720)	(644,872)	7,323,802	28,504,119	18,035,599
General Revenues and Other Changes in Net Assets							
Taxes:							
Property Taxes	532,571	680,375	868,369	1,073,421	-	-	-
Connection Fees Paid	-	-	(11,305,768)	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	177,600	-	-	-
Investment Earnings	1,247,935	1,710,954	1,284,161	534,586	1,199,763	2,535,390	3,663,930
Contributions - Impact Fees and Credits	11,453,897	20,286,877	20,104,810	17,844,231	11,381,912	-	-
Capital Contributions	8,876,407	17,848,980	(432,136)	21,325,932	-	-	-
Capital Assets Contributed to/from Other Funds	-	-	-	(126,356)	-	-	-
Miscellaneous	3,788	5,375	150,000	-	-	-	-
Transfers	870,776	(7,349,207)	(3,810,805)	1,847,651	(57,512,251)	(2,111,311)	(144,482)
Total General Revenues and Other Changes in Net Assets	22,985,374	33,183,354	6,858,631	42,677,065	(44,930,576)	424,079	3,519,448
Total Business-Type Activities Change in Net Assets	20,675,961	32,337,031	3,316,911	42,032,193	(37,606,774)	28,928,198	21,555,047
Total Primary Government Change in Net Assets	$ 54,679,086	$ 74,094,914	$ 50,236,528	$ 73,895,200	$ 88,393,985	$ 79,320,547	$ 51,245,938

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

FUND BALANCES - GOVERNMENTAL FUNDS

LAST SEVEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	$ 4,343,805	$ 454,599	$ 728,885	$ 122,935	$ 204,076	$ 124,588	$ 69,008
Unreserved	4,616,741	18,847,893	22,101,506	19,377,628	22,310,261	25,274,977	23,942,011
Total General Fund	$ 8,960,546	$ 19,302,492	$ 22,830,391	$ 19,500,563	$ 22,514,337	$ 25,399,565	$ 24,011,019
All Other Governmental Funds							
Reserved	$ 42,951,316	$ 42,708,911	$ 47,445,393	$ 46,924,689	$ 93,318,376	$ 94,569,236	$ 81,456,062
Unreserved, Reported In:							
Special Revenue Funds	19,920,393	8,429,955	(1,872,055)	5,640,986	3,657,471	(2,292,254)	6,156,567
Capital Project Funds	-	-	-	-	-	(35,867)	(59,329)
Total All Other Governmental Funds	$ 62,871,709	$ 51,138,866	$ 45,573,338	$ 52,565,675	$ 96,975,847	$ 92,241,115	$ 87,553,300

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST SEVEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
REVENUES							
Taxes	$ 8,587,358	$ 10,640,420	$ 12,489,155	$ 15,405,971	$ 21,606,946	$ 25,842,811	$ 26,218,592
Licenses	66,810	124,823	325,143	405,246	471,668	509,618	454,678
Permits and Fines	7,041,625	9,354,198	10,184,552	11,361,424	9,647,761	6,130,221	3,311,232
Uses of Money and Property	3,091,109	2,561,745	3,022,093	4,156,725	3,381,068	8,263,044	7,820,815
Intergovernmental	2,629,058	2,396,451	4,339,487	3,727,774	5,537,709	5,022,850	8,072,443
Franchises	338,692	428,731	584,868	672,172	808,389	965,066	1,018,540
Charges for Other Services	825,618	531,791	570,455	546,251	1,580,198	776,584	515,471
Charges to Other Funds	4,203,653	3,922,881	5,073,565	5,161,708	5,506,136	5,590,646	5,293,754
Fees and Other Revenues	11,542,069	26,343,210	26,807,306	27,280,529	52,281,640	21,786,740	16,301,455
Total Revenues	38,325,992	56,304,250	63,396,624	68,717,800	100,821,515	74,887,580	69,006,980
EXPENDITURES							
Current:							
General Government	4,083,505	14,826,709	16,407,013	18,411,773	12,505,987	26,029,125	24,471,337
Public Safety	6,110,676	7,536,431	10,781,506	10,697,057	12,774,097	14,129,475	14,343,676
Community Development	3,131,617	3,644,373	5,074,939	5,418,378	4,415,273	6,092,241	5,756,412
Engineering	1,687,754	1,767,688	2,656,493	2,166,280	2,476,437	2,532,147	2,574,651
Public Works	1,398,012	1,305,993	1,821,818	2,208,201	2,292,826	2,486,963	2,676,479
Parks and Recreation	773,284	839,368	1,658,400	1,838,817	7,634,708	7,924,624	8,191,336
Community Services	581,152	314,293	226,732	237,458	2,073,780	3,414,448	3,739,616
Other	2,916,275	1,158,986	512,952	1,008,158	2,918,908	-	-
Capital Outlay	25,341,961	31,860,143	29,822,905	17,688,834	9,166,838	11,367,755	11,795,273
Debt Service:							
Principal	294,847	808,325	1,933,865	1,655,889	1,817,780	832,754	967,369
Interest and Fiscal Charges	2,776,146	1,810,808	1,715,358	1,684,978	1,671,308	1,647,122	1,354,955
Total Expenditures	49,095,229	65,873,117	72,611,981	63,015,823	59,747,942	76,456,654	75,871,104
REVENUES OVER (UNDER) EXPENDITURES	(10,769,237)	(9,568,867)	(9,215,357)	5,701,977	41,073,573	(1,569,074)	(6,864,124)
OTHER FINANCING SOURCES (USES)							
Loan and Bond Proceeds	38,079,976	-	4,245,101	-	-	-	-
Refunding Bonds Issued	(8,560,000)	-	-	-	-	-	-
Capital Contributions	2,856,369	4,657,010	-	-	-	-	-
Transfers In	54,392,877	56,598,410	31,537,600	22,122,072	30,346,807	27,208,242	19,712,817
Transfers Out	(57,213,652)	(53,077,450)	(28,604,973)	(24,161,540)	(23,996,434)	(25,128,377)	(19,053,054)
Total Other Financing Sources (Uses)	29,555,570	8,177,970	7,177,728	(2,039,468)	6,350,373	2,079,865	659,763
Net Change in Fund Balances	$ 18,786,333	$ (1,390,897)	$ (2,037,629)	$ 3,662,509	$ 47,423,946	$ 510,791	$ (6,204,361)
Debt Service as a Percentage of Noncapital Expenditures	12.93%	7.70%	8.53%	7.37%	6.90%	3.81%	3.62%

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	$ 6,846,457,166	$ 523,981,184	$ 72,172,090	$ 783,572,929	$ 107,975,826	$ 8,118,207,543	1.0032%
2007	6,113,626,591	470,049,609	59,128,465	626,092,781	96,882,748	7,172,014,698	1.0038%
2006	4,154,730,562	349,720,006	36,479,015	1,151,608,684	93,209,265	5,599,329,002	1.0040%
2005	3,515,069,389	287,458,470	40,651,651	736,390,251	82,710,234	4,496,859,527	1.0051%
2004	3,042,749,265	186,451,612	36,523,807	386,365,328	80,350,496	3,571,739,516	1.0063%
2003	2,287,079,944	165,902,523	44,072,038	412,113,848	62,211,396	2,846,956,957	1.0095%
2002	1,721,900,377	132,608,274	41,585,860	349,876,930	51,909,880	2,194,061,561	1.0000%
2001	1,361,028,726	117,609,349	35,002,177	226,329,345	46,002,573	1,693,967,024	1.0000%
2000	1,072,608,391	113,576,481	31,239,976	191,936,390	41,315,799	1,368,045,439	1.0000%
1999	868,717,126	85,488,688	27,426,398	141,915,028	38,914,584	1,084,632,656	1.0000%

Source: Contra Costa County Auditor / Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

City of Brentwood

DIRECT AND OVERLAPPING PROPERTY TAXES

LAST TEN TAX YEARS

(Rate Per $1,000 of Assessed Value)

(Unaudited)

	City Direct Rates			Overlapping Rates [1]		
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Liberty Union High School District	Brentwood Union School District	Other Districts
2008	1.00%	0.0032%	1.0032%	0.0276%	0.0470%	0.0264%
2007	1.00%	0.0038%	1.0038%	0.0331%	0.0444%	0.0178%
2006	1.00%	0.0040%	1.0040%	0.0379%	0.0519%	0.0202%
2005	1.00%	0.0051%	1.0051%	0.0489%	0.0517%	0.0156%
2004	1.00%	0.0063%	1.0063%	0.0405%	0.0405%	0.0563%
2003	1.00%	0.0095%	1.0095%	0.0510%	0.0465%	0.0642%
2002	1.00%	0.0000%	1.0000%	0.0478%	0.0577%	0.0150%
2001	1.00%	0.0000%	1.0000%	0.0575%	0.0522%	0.0151%
2000	1.00%	0.0000%	1.0000%	0.0621%	0.0415%	0.0180%
1999	1.00%	0.0000%	1.0000%	0.0656%	0.0478%	0.0358%

Source: Contra Costa County Auditor / Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Brentwood.
Not all overlapping rates apply to all Brentwood property owners.

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

	Fiscal Year 2008			Fiscal Year 1998		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percent of City's Total Taxable Value(1)**	**Taxable Assessed Value**	**Rank**	**Percent of City's Total Taxable Value (1)**
Barrington Estates LLC	$ 104,081,434	1	1.28%	$ -		0.00%
Trilogy Vineyards LLC	85,952,958	2	1.06%	-		0.00%
Sand Creek Crossing LLC	57,841,763	3	0.71%	-		0.00%
DS Lone Tree Plaza LLC	42,872,415	4	0.53%	-		0.00%
John Muir/Mt. Diablo Health	40,584,970	5	0.50%	-		0.00%
HPH Properties	39,304,620	6	0.48%	13,866,420	2	1.28%
Richmond American Home of California	32,052,615	7	0.39%	-		0.00%
Prestige Homes Limited Partnership	28,450,854	8	0.35%	-		0.00%
Brighton Station Investment Properties LLC	27,476,092	9	0.34%	-		0.00%
Washington Mutual Bank	21,528,415	10	0.27%	-		0.00%
Blackhawk Nunn Active Adult	-		0.00%	38,545,363	1	3.55%
US Print Corporation	-		0.00%	13,297,113	3	1.23%
Signature Properties	-		0.00%	10,277,829	4	0.95%
Safeway Stores Inc.	-		0.00%	7,272,023	5	0.67%
WEC 97 34 Investment Trust	-		0.00%	4,885,324	6	0.45%
Frank A. & Patti Maggiore	-		0.00%	3,708,108	7	0.34%
Harvest Park Bowling Center	-		0.00%	3,593,839	8	0.33%
Brentwood Towncentre Partners	-		0.00%	3,179,810	9	0.29%
Rogelstad Thorpe LLC	-			2,918,459	10	0.27%
Total	$ 480,146,136		5.91%	$ 101,544,288		9.36%

Source: HdL Coren & Cone, Contra Costa County Assessor

City of Brentwood

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN TAX YEARS

(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied For The Fiscal Year [1]	Collected Within the Fiscal Year of the Levy [2]	
		Amount	Percentage of Levy
2008	$ 20,802,069	$ 20,802,069	100.00%
2007	19,676,078	19,676,078	100.00%
2006	14,887,469	14,887,469	100.00%
2005	9,932,342	9,932,342	100.00%
2004	7,990,595	7,990,595	100.00%
2003	6,933,900	6,933,900	100.00%
2002	5,423,132	5,423,132	100.00%
2001	4,576,990	4,576,990	100.00%
2000	3,687,940	3,687,940	100.00%
1999	3,174,930	3,174,930	100.00%

Source: Contra Costa County Auditor / Controller

(1) General property taxes are calculated at 1% of total assessed value less local exemptions. The City's portion is determined by the individual tax rate areas in the City.

(2) Tax assessments collected are the same as the amount levied, because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to agencies regardless of whether they are collected in the current year or not. A tax loss reserve fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

City of Brentwood

TAXABLE SALES BY CATEGORY

LAST TEN CALENDAR YEARS

(In Thousands of Dollars)

(Unaudited)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	
Apparel Stores	$ 555	$ 898	$ 1,015	$ 948	$ 4,230	$ 13,172	$ 21,115	$ 30,140	$ 32,314	$ 32,811
General Merchandise	93	112	87	107	113	136	246	295	813	2,157
Food Stores	9,753	15,111	18,640	21,742	23,799	27,556	33,424	36,433	39,462	40,428
Eating & Drinking Establishments	10,514	16,175	18,300	20,509	22,476	25,885	28,886	38,910	43,824	48,881
Building Materials	8,999	15,579	18,331	21,534	19,074	19,551	57,860	72,917	64,756	58,514
Auto Dealers and Supplies	35,020	49,063	56,419	55,192	51,653	47,542	48,372	57,165	62,096	56,936
Service Stations	14,149	25,496	28,653	31,014	33,403	40,419	51,259	62,580	73,919	84,455
Other Retail Stores	10,278	13,847	18,460	20,150	24,860	33,388	41,000	56,858	59,269	75,316
All Other Outlets	31,241	36,104	43,848	52,971	57,504	59,426	90,216	94,754	95,759	93,521
Total	$ 120,602	$ 172,385	$ 203,753	$ 224,167	$ 237,112	$ 267,075	$ 372,378	$ 450,052	$ 472,212	$ 493,019
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Brentwood

DIRECT AND OVERLAPPING SALES TAX RATES

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	City Direct Rate	Contra Costa County	State	Total
2008	1.00%	1.25%	6.00%	8.25%
2007	1.00%	1.25%	6.00%	8.25%
2006	1.00%	1.25%	6.00%	8.25%
2005	1.00%	1.25%	6.00%	8.25%
2004	1.00%	1.25%	6.00%	8.25%
2003	1.00%	1.25%	6.00%	8.25%
2002	1.00%	1.25%	6.00%	8.25%
2001	1.00%	1.25%	5.75%	8.00%
2000	1.00%	1.25%	5.75%	8.00%
1999	1.00%	1.25%	5.75%	8.00%

Source: State Board of Equalization

Note: The City's sales tax rate may be changed only with approval of the State Legislature.

TOP 25 SALES TAX PRODUCERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

2008		1999	
Tax Remitter [1]	**Business Category**	**Tax Remitter** [1]	**Business Category**
Ace Hardware	Hardware Stores	1st Stop Automart	Service Stations
Arco AM PM Mini Mart	Service Stations	Ace Hardware	Hardware Stores
Babies R Us	Specialty Store	Albertsons	Grocery Stores - Liquor
Best Buy	Electronics/Appliance Store	Auto Brokers Unlimited	Used Automotive Dealers
Big B Lumber	Lumber/Building Materials	Big B Lumber	Lumber/Building Materials
Bill Brandt Ford	New Motor Vehicle Dealers	Big O Tires	Automotive Supply Stores
Brentwood Dodge Chrysler Jeep	New Motor Vehicle Dealers	Bill Brandt Ford	New Motor Vehicle Dealers
Brentwood Service Station	Service Stations	Brentwood Auto Center	Used Automotive Dealers
Chevron	Service Stations	Brentwood Auto Parts	Automotive Supply Stores
Dallas Shanks Services	Service Stations	Brentwood Dodge Chrysler Plymouth	New Motor Vehicle Dealers
Devi Oil	Service Stations	Burger King	Restaurants - No Alcohol
Home Depot	Lumber/Building Materials	Centro Mart	Grocery Stores - Liquor
Home Goods	Home Furnishings	Dallas Shanks Services	Service Stations
Hurtados Auto Sales	Used Automotive Dealers	Gas & Liquor Is Cheaper	Service Stations
Kohls	Family Apparel	Golden Gate Petroleum	Petroleum Prod/Equipment
Longs	Drug Stores	KFC	Restaurants - No Alcohol
Michaels	Florist Shops	McDonalds	Restaurants - No Alcohol
Quik Stop Markets	Service Stations	Quick Stop Markets	Service Stations
Raleys	Grocery Stores - Liquor	Rite Aid	Drug Stores
Ross	Family Apparel	Safeway	Grocery Stores - Liquor
Safeway	Grocery Stores - Liquor	Savers Fuel Mart	Service Stations
TJ Maxx	Family Apparel	T & C Roofing	Contractors
Tower Mart	Service Stations	Taco Bell	Restaurants - No Alcohol
Walgreens	Drug Stores	Toyota Motor Credit Corporation	Auto Lease
Winco Foods	Grocery Stores - Liquor	Ultramart	Service Stations
Percent of Fiscal Year Total Paid by Top 25 Accounts = 59.70%		**Percent of Fiscal Year Total Paid by Top 25 Accounts = 73.61%**	

Source: HdL Coren & Cone

(1) Firms listed alphabetically because taxable sales figures for individual businesses are confidential and cannot legally be disclosed.

City of Brentwood

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

	Governmental Activities							
Fiscal Year	General Obligation Bonds [1]	2001 CIP Revenue Bonds	Roadway Bonds	COP Bonds	TAB Bonds	Notes Payable	Capital Leases (Internal Service)	Capital Leases (Governmental)
2008	$ 6,479,059	$ 28,370,000	$ -	$ -	$ -	$ 1,626,491	$ -	$ -
2007	6,436,238	29,065,000	-	-	-	1,738,860	-	-
2006	6,384,302	29,740,000	-	-	-	1,867,208	-	17,754
2005	6,411,571	30,390,000	-	-	-	2,355,868	35,500	140,061
2004	6,255,771	31,025,000	-	-	-	-	69,108	206,930
2003	6,198,082	31,635,000	-	305,000	-	-	100,703	271,775
2002	5,999,976	32,080,000	-	595,000	-	-	178,104	-
2001	-	-	5,320,000	865,000	3,240,000	-	251,447	-
2000	-	-	5,420,000	1,120,000	3,525,000	-	186,757	-
1999	-	-	5,515,000	1,360,000	3,790,000	-	224,166	-

	Business-Type Activities								
Fiscal Year	Water Revenue Bonds	1994 Water Revenue Bonds	Wastewater Revenue Bonds	Capital Leases	State Water Resources Loan (Wastewater)	Notes Payable	Total Primary Government	Percentage of Personal Income [2]	Per Capita [2]
2008	$ 7,664,643	$ -	$ 1,970,357	$ -	$ 29,744,923	$ 8,441,719	$ 84,297,192	5.23%	$ 1,665
2007	7,911,248	-	2,033,752	-	31,458,362	9,082,956	87,726,416	5.83%	1,794
2006	8,145,920	-	2,094,080	190,955	32,931,790	9,799,478	91,171,487	6.43%	1,983
2005	8,372,637	-	2,152,363	423,675	34,574,866	10,711,564	95,568,105	7.28%	2,273
2004	8,587,423	-	2,207,578	642,764	36,188,841	16,611,959	101,795,374	5.58%	2,733
2003	8,794,253	965,000	2,260,748	848,688	37,713,566	12,506,962	101,599,777	6.78%	3,077
2002	8,989,150	1,030,000	2,310,850	1,042,984	33,439,743	13,337,845	99,003,652	7.98%	3,344
2001	9,176,093	1,090,000	2,358,908	1,280,543	12,428,954	14,163,928	50,174,873	4.73%	1,981
2000	9,359,058	1,150,000	2,405,943	1,554,735	-	14,985,484	39,706,977	4.31%	1,720
1999	9,534,068	1,205,000	2,450,933	1,899,780	-	369,555	26,348,502	3.43%	1,302

Note: Details regarding the City's outstanding debt can be found in Note #6, found on pages 56 - 63 of this report.

(1) The City issued $6 million of debt for the Police Station project on February 22, 2002.

(2) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Brentwood

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2008	$ 6,479,059	$ 6,479,059	0.08%	$ 128
2007	6,436,238	6,436,238	0.09%	132
2006	6,384,302	6,384,302	0.11%	139
2005	6,411,571	6,411,571	0.14%	152
2004	6,255,771	6,255,771	0.18%	168
2003	6,198,082	6,198,082	0.22%	188
2002	5,999,976	5,999,976	0.27%	203
2001	-	-	0.00%	-
2000	-	-	0.00%	-
1999	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in Note #6, found on pages 56 - 63 of this report.

Source: City of Brentwood Finance Department

City of Brentwood

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2008

(Unaudited)

	Total Debt 6/30/08		Percentage Applicable	City's Share of Debt 6/30/08
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:				
Bay Area Rapid Transit	$ 467,320,000		1.744%	$ 8,150,061
Contra Costa Community College District	184,890,000		5.369%	9,926,744
Liberty Union High School District	60,512,658		50.680%	30,667,815
Brentwood Union School District	60,488,682		92.586%	56,004,051
Oakley Union School District	24,840,000		0.002%	497
City of Brentwood	6,479,059	(1)	100.000%	6,479,059
City of Brentwood 1915 Act Bonds	178,406,216		100.000%	178,406,216
California Statewide Communities Development Authority Assessment District No. 04-1& 05-1	2,375,659		100.000%	2,375,659
East Bay Regional Park District	149,445,000		2.534%	3,786,936
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$ 1,134,757,274			$ 295,797,038
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:				
Contra Costa County General Fund Obligations	$ 361,925,000		5.352%	$ 19,370,226
Contra Costa County Pension Obligations	492,985,000		5.352%	26,384,557
Contra Costa County Board of Education Certificates of Participation	470,000		5.352%	25,154
Contra Costa Community College District Certificates of Participation	1,110,000		5.369%	59,596
Liberty Union High School District Certificates of Participation	2,120,000		50.680%	1,074,416
Brentwood Union School District Certificates of Participation	3,820,000		92.586%	3,536,785
City of Brentwood General Fund Obligations	9,305,000		100.000%	9,305,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	871,735,000			59,755,735
COMBINED TOTAL DEBT	$ 2,006,492,274	(2)		$ 355,552,773

Source: California Municipal Statistics, Inc.

(1) Includes $1,109,082 accreted value.

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

City of Brentwood

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	$ 40,673,725	$ 51,301,704	$ 63,523,763	$ 82,277,309	$ 106,760,886	$ 133,940,232	$ 168,632,232	$ 209,974,838	$ 268,950,551	$ 304,432,783
Total Net Debt Applicable to Limit	-	-	-	5,999,976	6,198,082	6,255,771	6,411,571	6,384,302	6,436,238	6,479,059
Legal Debt Margin	$ 40,673,725	$ 51,301,704	$ 63,523,763	$ 76,277,333	$ 100,562,804	$ 127,684,461	$ 162,220,661	$ 203,590,536	$ 262,514,313	$ 297,953,724
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	7.29%	5.81%	4.67%	3.80%	3.04%	2.39%	2.13%

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed Value[1]	$ 8,118,207,543
Debt Limit (3.75% of Assessed Value)[2]	304,432,783
Debt Applicable to Limit:	
General Obligation Bonds	6,479,059
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable to Limit	6,479,059
Legal Debt Margin	$ 297,953,724

Source: Contra Costa County Assessor

(1) Contra Costa County Auditor / Controller

(2) State of California Government Code 25 and 43605

City of Brentwood

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

	Water & Wastewater Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Revenue	Operating Expenses	Available Revenue	Principal	Interest	Coverage
2008	$ 27,821,387	$ 14,188,676	$ 13,632,711	$ 310,000	$ 549,906	13.38%
2007	30,190,839	13,574,249	16,616,590	295,000	564,656	19.33%
2006	28,309,406	13,059,845	15,249,561	285,000	578,621	17.66%
2005	23,995,940	11,126,313	12,869,627	270,000	591,446	14.94%
2004	25,463,724	9,563,623	15,900,101	1,225,000	643,808	8.51%
2003	26,729,502	8,601,235	18,128,267	310,000	687,981	18.16%
2002	18,055,924	8,059,593	9,996,331	295,000	703,786	10.01%
2001	16,481,774	7,928,562	8,553,212	290,000	715,306	8.51%
2000	11,359,259	5,775,804	5,583,455	275,000	727,681	5.57%
1999	8,024,591	3,449,889	4,574,702	260,000	738,236	4.58%

Source: City of Brentwood Finance Department

Note: Details regarding the City's outstanding debt can be found in Note #6, found on pages 56 - 63 of this report. Operating expenses do not include interest, depreciation or amortization expenses.

City of Brentwood

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

(Unaudited)

Calendar Year	Population (1)	Personal Income (In Thousands)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2008	50,614	$ 1,612,005	$ 31,849	33.0	15,196	5.9%
2007	48,907	1,503,988	30,752	32.8	14,982	4.0%
2006	45,974	1,418,574	30,856	32.7	14,003	3.8%
2005*	42,050	1,312,801	31,220	31.1	11,949	4.3%
2004	37,246	1,825,166	49,003	37.4	10,645	4.8%
2003	33,021	1,498,262	45,373	37.0	10,510	5.6%
2002	29,608	1,240,250	41,889	36.8	8,984	5.0%
2001	25,325	1,060,839	41,889	36.4	4,390	3.4%
2000	23,090	921,152	39,894	36.8	3,886	3.2%
1999	20,235	768,809	37,994	36.4	3,549	3.0%

* Prior to 2005, County figures were used for the Per Capita Income and Median Age catgories. Beginning with 2005, the figures reflect City of Brentwood data.

Sources:
(1) California Department of Finance, data is as of January 1 of each year
(2) Department of Finance Economic Research Unit; 2005 - Claritas, Inc.
(3) US Census Bureau; 2005 - Claritas, Inc.
(4) Brentwood Union School District (1994 - 2001); Liberty Union High School and Brentwood Union School Districts (2002) to present
(5) Employment Development Department

City of Brentwood

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

	2008			1999		
Employer	**Employees**	**Rank**	**Percent of Total City Employment**	**Employees**	**Rank**	**Percent of Total City Employment**
Brentwood Union School District	500-600	1	8.76%	300-400	1	7.06%
Liberty Union High School District	400-500	2	7.30%	300-400	2	7.06%
City of Brentwood	200-300	3	4.38%	200-300	3	5.29%
Precision Cabinets	200-300	4	4.38%	50-100	8	1.76%
Safeway Stores, Inc.	100-200	5	2.92%	100-200	5	3.53%
Winco Foods, Inc.	100-200	6	2.92%	-		
The Home Depot	100-200	7	2.92%	-		
Kohls	100-200	8	2.92%	-		
Raleys Super Markets	100-200	9	2.92%	-		
Best Buy	50-100	10	1.46%	-		
Unicopy	-			100-200	4	3.53%
Town & Country Roofing	-			50-100	6	1.76%
Lucky Stores, Inc.	-			50-100	7	1.76%
Brentwood Dodge Chrysler Plymouth	-			25-50	9	0.88%
Longs Drugs Stores	-			25-50	10	0.88%
Total	1,850-2,800		40.88%	1,200-1,900		33.51%

Source: City of Brentwood Economic Development Division

City of Brentwood

AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	18	21	22	23	27	29	33	35	39	40
Public Safety	41	39	47	48	66	71	78	77	77	78
Community Development	18	18	24	25	30	34	37	38	39	29
Engineering	21	25	30	33	34	37	35	32	30	20
Public Works	7	7	10	12	14	15	19	19	19	20
Parks and Recreation	3	13	20	24	26	26	32	32	33	29
Wastewater	7	8	9	10	14	14	15	16	16	16
Solid Waste	9	12	13	12	14	18	20	20	22	23
Water	11	13	14	15	17	17	21	21	22	23
City Rentals	-	-	-	1	2	2	2	2	2	2
Housing	-	-	-	-	-	-	3	3	3	2
	135	156	189	203	244	263	295	295	302	282

Source: City of Brentwood Finance Department

City of Brentwood

OPERATING INDICATORS BY FUNCTION / PROGRAM

LAST SEVEN FISCAL YEARS

(Unaudited)

Function / Program	2002	2003	2004	2005	2006	2007	2008
General Government							
Building Permits Issued	1,157	1,400	1,421	1,452	978	404	129
Accounts Payable Invoices Processed	14,872	15,224	15,855	15,357	15,686	15,255	15,093
Purchase Orders Issued	476	413	487	581	526	509	1,232
Public Works							
Street Miles Swept	N/A	6,313	18,481	22,488	21,715	20,869	20,308
Debris Collected (tons)	N/A	608	1,987	2,265	2,215	2,215	2,017
Streetlights Maintenance Requests	N/A	235	656	576	438	570	834
Police							
Physical Arrests (est.)	1,100	1,086	1,202	1,339	1,314	1,500	1,852
Calls for Service (est.)	16,386	19,197	21,190	22,491	23,553	26,000	27,953
Case Files Taken (est.)	4,480	5,032	5,367	5,449	5,571	6,000	6,162
Parks and Recreation							
Total Programs Offered (est.)	699	972	1,214	1,464	1,975	2,123	2,231
Total Participants and Spectators at Events	N/A	334,177	539,276	640,137	980,300	1,071,658	937,187
Refuse Collection							
Refuse Collected (tons per day)	40	45	52	64	71	82	99
Yard Waste (tons per day)	10	12	14	17	18	23	29
Recyclables Collected (tons per day)	11	13	15	18	19	21	25
Residential Services	9,310	10,807	12,303	13,540	14,489	15,183	14,893
Commercial Services	425	525	624	541	546	475	463
Water							
New Connections	1,421	1,531	1,800	961	900	536	225
Average Daily Consumption (millions of gallons)	5	5	5	8	9	11	11
Peak Daily Consumption (millions of gallons)	10	10	14	15	15	17	17
Wastewater							
New Connections	1,400	1,500	1,916	886	830	1,049	225
Average Daily Sewage Treatment (millions of gallons)	2	3	3	3	3	4	4

Source: Various City Departments

Note: The City began tracking these operating indicators in 2002.

City of Brentwood

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

LAST SEVEN FISCAL YEARS

(Unaudited)

Function / Program	2002	2003	2004	2005	2006	2007	2008
Police							
Stations	1	1	1	1	1	1	1
Patrol Vehicles	27	29	33	36	40	52	52
Parks and Recreation							
Neighborhood Park Acreage	76	95	148	171	194	228	256
Play Areas	20	22	25	32	40	40	43
Multi-Use Trails (miles)	N/A	N/A	13	15	15	15	16
Multi-Use Ball and Soccer Fields	14	14	17	20	23	23	23
Picnic Areas/Tables (1)	23	23	23	25	214	253	276
Refuse Collection							
Collection Trucks	8	9	12	12	13	14	14
Water							
Water Mains (miles)	100	120	149	164	173	173	173
Fire Hydrants	1,323	1,323	1,397	1,521	1,628	1,628	1,869
Number of Wells	7	8	8	9	10	10	9
Number of Reservoirs	4	4	4	5	5	6	6
Storage Capacity (millions of gallons)	11	11	11	15	15	19	19
Wastewater							
Sanitary Sewers (miles)	67	67	92	101	138	150	150
Lift Stations	4	4	3	3	3	2	3
Other Public Works							
Streets (miles)	119	119	145	161	168	168	168
Street Lights	2,858	2,858	3,614	3,873	3,882	4,255	5,299

Source: Various City Departments

(1) Beginning with FY 2006, the number shown is for picnic tables, not picnic areas.

Note: The City began tracking these operating indicators in 2002.

City of Brentwood

General Information
(Unaudited)

Date of Incorporation:	January 19, 1948
Forms of Government:	General Law Council-Manager
Fiscal Year Begins:	July 1
Area of City:	14.83 Sq Miles
Population as of January 2008:	50,614

Number of Full-time Equivalent Positions	Year End
282.00	2008
302.00	2007
294.75	2006
294.75	2005
263.45	2004
244.14	2003
202.80	2002
189.45	2001
155.50	2000
134.50	1999

Public Schools	
Elementary	7
Intermediate	3
High School	2
Alternative High Schools	2

Miles of Streets	
Miles of Streets	168.00
Miles of Sanitary Sewers	150.00
Miles of Water Mains	173.00
Number of Street Lights	5,299

Municipal Wastewater System	
Number of lift stations	3
Sanitary	3
Storm	1
Number of connections	15,104
Average daily flow	3.6 MGD

Municipal Water System	
Number of wells	9
Number of reservoirs	6
Storage capacity (gallons)	18.8 MG
Average daily consumption	11 MGD
Peak daily consumption	17 MGD
Number of fire hydrants	1,869
Number of connections	16,592

Municipal Solid Waste	
Number of Residential Services	14,893
Number of Commercial Services	463

Parks and Recreation	
Neighborhood Parks	228 acres
Aquatic Complex	7.5 Acres
Skate Park	.50 acres
Play Areas	43
Sunset Park Athletic Complex	38 acres

Parks Facilities	
Multi-Use Trails	16 miles
Multi-Use Ball and Soccer Fields	23
Tennis Courts	2
Basketball Courts	12
Bocce ball Courts	2
Volleyball Courts	3
Horseshoe Courts	2
Gazebos	3
Picnic Areas/Tables	253
BBQ Areas	17
Restrooms (Permanent)	7

Police Protection	
Sworn Officers	62
Non-Sworn	16
Reserves	0
Vehicles	51
Motorcycles	6

East Contra Costa Fire Protection District	
Stations located in Brentwood	2
Firefighters in Brentwood	12

Source: Various City Departments

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APPENDIX C

AGENCY AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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Brentwood Redevelopment Agency
Financial Statement
A Component Unit of the City of Brentwood

THE CITY OF BRENTWOOD

HERITAGE ▪ VISION ▪ OPPORTUNITY

708 Third Street
Brentwood, CA 94513

With Report of Certified Accountants

Fiscal Year Ended June 30, 2008

THE CITY OF
BRENTWOOD
HERITAGE ▪ VISION ▪ OPPORTUNITY

Every year the City selects a theme for the covers of its major financial documents - the Capital Improvement Program Budget (CIP), the Operating Budget, the Cost Allocation Plan, the Fiscal Model and the Comprehensive Annual Financial Report (CAFR). This year each of the covers will portray an aspect of the new Civic Center, which is currently in the planning stages.

COVER: This year's CAFR cover shows a 3-D rendering of the proposed Civic Center Plaza. Surrounding the plaza will be the Council Chambers and City Hall. In the background is the proposed Community Center. All of these buildings surround City Park which is scheduled to be redesigned as part of the Civic Center project. The entire Civic Center complex is scheduled for completion in 2011.

BRENTWOOD REDEVELOPMENT AGENCY
FINANCIAL STATEMENT

A COMPONENT UNIT OF THE
CITY OF BRENTWOOD

WITH
REPORT OF CERTIFIED
PUBLIC ACCOUNTANTS

FISCAL YEAR ENDED
JUNE 30, 2008

PREPARED BY:
FINANCE DEPARTMENT
CITY OF BRENTWOOD
708 THIRD STREET
BRENTWOOD, CALIFORNIA 94513

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For Fiscal Year Ended June 30, 2008

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* **31**

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MAZE & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board
Brentwood Redevelopment Agency
Brentwood, California

We have audited the accompanying component unit financial statements of the governmental activities and each major fund of the Brentwood Redevelopment Agency, a component unit of the City of Brentwood, California, for the year ended June 30, 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

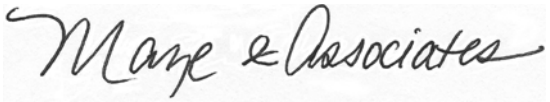
As discussed in Note 1, the component unit financial statements referred to above present only the Agency and are not intended to present the financial position of the City of Brentwood and the results of its operations in conformity with generally accepted accounting principles of the United States of America.

In our opinion, the component unit financial statements referred to above present fairly in all material respects the financial position of the governmental activities, each major fund of the Brentwood Redevelopment Agency as of June 30, 2008 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2008 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Brentwood Redevelopment Agency. Such information has been subjected to the auditing procedures applied in our audit of the component unit financial statements, and in our opinion is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.



A Professional Corporation

November 19, 2008

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This discussion and analysis of the City of Brentwood Redevelopment Agency's, herein referred to as "Agency," financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by $1,431,922.

.

- The Agency's total net assets increased by $2,955,378. This increase is attributable to the delay of a bond issuance which would have increased debt service expenses.

- The total revenues from all sources were $10,517,711 as compared to the total cost for all Agency programs of $7,995,979 including transfers in and transfers out.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The **Government-Wide Financial Statements** present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting.

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the Agency as a whole. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the Agency's net assets and changes in them. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. The Government-Wide Financial Statements, which include only the Agency itself, can be found on pages 11 - 12 of this report.

The **Fund Financial Statements** provide detailed information about the most significant funds, not the Agency as a whole. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund Financial Statements are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. The Agency uses only Governmental Funds which are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Governmental Funds – All of the Agency's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the Agency's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The differences of results in the Governmental Fund Financial Statements to those in the Government-Wide Financial Statements are explained in a reconciliation following each Governmental Fund Financial Statement. The Governmental Fund Financial Statements can be found on pages 13 – 16 of this report.

Notes to the Basic Financial Statements
The Notes to the Basic Financial Statements provide additional information that is essential to obtain a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found beginning on page 17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency's total net assets for fiscal year ended June 30, 2008 increased $2,955,378 compared to the prior year. The increase in net assets is attributable to several budgeted items which were delayed in FY 2007/08. These items include professional services not rendered and the acquisition of property. The Agency's total net assets are $1,431,922 due primarily to an increase in Land Held for Resale and a significant decrease in Low Income Housing Fund expenditures as compared to FY 2006/07.

	Governmental Activities	
	2008	**2007**
Current and Other Assets	$ 19,881,241	$ 18,261,341
Assets Held for Resale	2,805,668	1,216,957
Total Assets	22,686,909	19,478,298
Current Liabilities	2,629,863	1,927,172
Long-Term Liabilities Outstanding	18,625,124	19,074,582
Total Liabilities	21,254,987	21,001,754
Net Assets:		
Invested in Capital Assets, Net of Related Debt	(19,065,000)	(19,500,000)
Restricted	20,496,922	17,976,544
Total Net Assets, Restated	$ 1,431,922	$ (1,523,456)

During the current fiscal year, the Agency's total revenue decreased by 4.62% compared to the prior year. The decrease was primarily due to a decrease of $899,711 in investment earnings. In FY 2006/07, the investment earnings where higher due to a one time transaction associated with the sale of property.

	Governmental Activities	
	2008	**2007**
Revenues:		
General Revenues:		
Taxes:		
Property Taxes	$ 7,837,838	$ 7,386,474
Investment Earnings	1,294,351	2,192,062
Fees and Other Revenues	3,845	-
Total Revenues	9,136,034	9,578,536
Expenses:		
General Government	1,377,431	2,250,972
Pass Through to County and Other Agencies	1,643,431	1,627,183
Interest on Long-Term Debt	934,300	949,807
Total Expenses	3,955,162	4,827,962
Increase in Net Assets Before Transfers	5,180,872	4,750,574
Transfers	(2,225,494)	(2,522,621)
Increase (decrease) in Net Assets	2,955,378	2,227,953
Net Assets 7/1	(1,523,456)	(3,751,409)
Net Assets 6/30, Restated	$ 1,431,922	$ (1,523,456)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds reported combined ending fund balances of $20,522,231 as of June 30, 2008. This is an increase of $2,521,732 for the fiscal year. All of the fund balances are considered reserved fund balances. The balance in the RDA Low Income Housing Fund is legally reserved for low and moderate income housing purposes.

The Agency has three major funds: 1) RDA Low Income Housing, 2) Redevelopment Debt and 3) Redevelopment Projects. Refer to Note #1C, found on pages 17 – 18, for specific descriptions of the funds. At the end of the current fiscal year, the reserved fund balance of the Redevelopment Projects fund was $7,842,151. During the current fiscal year, the fund balance of the Redevelopment Projects fund decreased by $1,815,323. The key factors contributing to this decrease were: 1) the Harvest Park Basin project and 2) the Civic Center project. Total revenues decreased by 90.5%, while total cost of all programs and services increased by 52.26%. Fund balance represents 701% of the total Redevelopment Projects fund operating expenditures.

BUDGETARY HIGHLIGHTS

Comparing the FY 2007/08 original budget (or adopted) expenditures and transfers out in the amount of $10,759,892, to the final budget amount of $12,640,702, shows a net increase of $1,880,720.

Beginning Balance	+	Supplemental Changes	=	Final Budget
$10,759,892		$1,880,810		$12,640,702

Supplemental budget changes include the following:

- $1,880,810 for the purchase of property at 7030 Brentwood Boulevard

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Agency has no capital assets.

Debt Administration - The Brentwood Redevelopment Agency's Debt, considered a liability of governmental activities, decreased in FY 2007/08 by $435,000. Detailed information regarding long-term debt activity can be found in Note #4 on pages 23 – 24 in this report.

Governmental Activities	Balance June 30, 2007	Incurred or Issued	Satisfied or Matured	Balance June 30, 2008
CIP 2001 Revenue Bonds	$ 19,500,000	$ -	$ (435,000)	$ 19,065,000
Total Governmental Activities	$ 19,500,000	$ -	$ (435,000)	$ 19,065,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the forecast for fiscal year 2008/09 were:

- Secured property tax increment revenue was forecasted to grow by 3.5%, but supplemental property tax revenue will remain unchanged or slightly decrease, for a combined increase in actual tax increment of 2.68% as compared to FY 2007/08.
- Inflationary trends are reflective of the cautious nature of the housing market.
- Land sale proceeds are expected from two remaining parcels at Sunset Industrial Complex.
- Rental income from Precision Cabinets was eliminated due to the early termination of the lease.
- Salary and benefit costs increased to reflect more staff time related to managing increased infill and redevelopment projects and programs.

Items specifically addressed in the 2008/09 budget were:

- Debt service on 2001 Series Tax Allocation Bonds.
- Adopt and implement the Brentwood Boulevard Corridor Specific Plans, including the preparation of the environmental studies.
- Acquire Davis Camp parcels to eliminate a serious declining condition, relocate tenants and demolish buildings.
- Prepare mandated mid-term review of Implementation Plan.
- Prepare, adopt and begin construction drawings of a streetscape plan for the revitalization of the Downtown.
- Participate in the creation, preservation and improvement of housing opportunities within the Redevelopment Project Area.
- Continue the Downtown Façade Improvement Program.
- Continue the Health & Safety Grant Improvement Program.
- Implement the Brentwood Boulevard Façade Improvement Program once the Brentwood Boulevard Corridor Specific Plan is adopted.
- Implement the new Downtown Business Incentive Program.
- Fund various capital improvement projects such as: the Civic Center Parking Facility; New Community Center; Downtown Infrastructure; and planning and design phase for Downtown Parking Solutions.
- Investigate bond issuance to fund infrastructure and community facilities to support Downtown and Brentwood Boulevard redevelopment.

As part of the State's strategies to balance their budget for fiscal year 2009, all redevelopment agencies in the State are required to contribute to the Education Augmentation Revenue Fund. The Agency's share of the contribution is approximately $540,397.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Finance Department, located at 708 Third Street, Brentwood, California 94513, either by phone (925) 516-5460 or e-mail dept-finance@ci.brentwood.ca.us.

Statement of Net Assets

June 30, 2008

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	$ 18,240,454
Restricted Cash and Investments	1,602,670
Receivables	37,411
Prepaids	706
Land Held for Resale	2,805,668
Total Assets	22,686,909
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	2,164,678
Long-Term Liabilities Due Within One Year	465,185
Total Current Liabilities	2,629,863
Non-Current Liabilities Due in More Than One Year:	
Bonds Payable	18,615,000
Compensated Absences Payable	10,124
Total Non-Current Liabilities	18,625,124
Total Liabilities	21,254,987
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	(19,065,000)
Restricted for:	
Debt Service	8,299,912
Specific Projects and Programs	12,197,010
Total Net Assets	$ 1,431,922

See Accompanying Notes to the Basic Financial Statements

Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total	Net (Expenses) Revenues and Changes in Net Assets
Primary Government:						
Government Activities						
General Government	$ 1,377,431	$ -	$ -	$ -	$ -	$ (1,377,431)
Pass Through to County and Other Agencies	1,643,431	-	-	-	-	(1,643,431)
Interest on Long-Term Debt	934,300	-	-	-	-	(934,300)
Total Governmental Activities	$ 3,955,162	$ -	$ -	$ -	$ -	$ (3,955,162)

General Revenues:	
Taxes:	
Property Taxes	7,837,838
Investment Earnings	1,294,351
Fees and Other Revenues	3,845
Transfers to the City	(2,225,494)
Total General Revenues and Transfers	6,910,540
Change in Net Assets	2,955,378
Net Assets - Beginning of Year, Restated	(1,523,456)
Net Assets - End of Year	$ 1,431,922

Balance Sheet

Governmental Funds

June 30, 2008

	RDA Low Income Housing	Redevelopment Debt	Redevelopment Projects	Totals
ASSETS				
Current Assets:				
Cash and Investments	$ 3,380,436	$ 9,669,560	$ 5,190,458	$ 18,240,454
Restricted Cash and Investments	-	-	1,602,670	1,602,670
Receivables	2,034,443	16,291	17,399	2,068,133
Prepaids	121	-	585	706
Land Held for Resale	1,000,627	-	1,805,041	2,805,668
Total Assets	$ 6,415,627	$ 9,685,851	$ 8,616,153	$ 24,717,631
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 4,737	$ 1,385,939	$ 774,002	$ 2,164,678
Unearned Revenue	2,030,722	-	-	2,030,722
Total Liabilities	2,035,459	1,385,939	774,002	4,195,400
Fund Balances:				
Reserved for:				
Prepaids	121	-	585	706
Land Held for Resale	1,000,627	-	1,805,041	2,805,668
Debt Service	-	8,299,912	-	8,299,912
Specific Projects and Programs	3,379,420	-	6,036,525	9,415,945
Total Fund Balances	4,380,168	8,299,912	7,842,151	20,522,231
Total Liabilities and Fund Balances	$ 6,415,627	$ 9,685,851	$ 8,616,153	$ 24,717,631

See Accompanying Notes to the Basic Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2008

Fund Balances of Governmental Funds	$	20,522,231
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(19,090,309)
Net Assets of Governmental Activities	$	1,431,922

See Accompanying Notes to the Basic Financial Statements

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2008

	RDA Low Income Housing	Redevelopment Debt	Redevelopment Projects	Totals
REVENUES				
Taxes	$ 1,567,568	$ 6,270,270	$ -	$ 7,837,838
Uses of Money and Property	293,380	856,411	144,560	1,294,351
Fees and Other Revenues	623	-	3,222	3,845
Total Revenues	1,861,571	7,126,681	147,782	9,136,034
EXPENDITURES				
Current:				
General Government	256,789	-	1,119,288	1,376,077
Pass Through to County and Other Agencies	-	1,643,431	-	1,643,431
Debt Service:				
Principal	-	435,000	-	435,000
Interest and Fiscal Charges	-	934,300	-	934,300
Total Expenditures	256,789	3,012,731	1,119,288	4,388,808
REVENUES OVER (UNDER) EXPENDITURES	1,604,782	4,113,950	(971,506)	4,747,226
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,381,677	1,381,677
Transfers Out	-	(1,381,677)	(2,225,494)	(3,607,171)
Total Other Financing Sources (Uses)	-	(1,381,677)	(843,817)	(2,225,494)
NET CHANGE IN FUND BALANCES	1,604,782	2,732,273	(1,815,323)	2,521,732
Fund Balance, Beginning of Year, Restated	2,775,386	5,567,639	9,657,474	18,000,499
Fund Balance, End of Year	$ 4,380,168	$ 8,299,912	$ 7,842,151	$ 20,522,231

See Accompanying Notes to the Basic Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2008

Net Changes in Fund Balances - Total Governmental Funds	$	2,521,732
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of bond principal is an expenditure in Governemntal funds, but the repayment reduced long-term liabilities in the Statement of Net Assets.		435,000
To record the net change in compensated absences in the Statement of Activities		(1,354)
Changes in Net Assets of Governmental Activities	$	2,955,378

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY

The Brentwood Redevelopment Agency (the "Agency") was established pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". On August 20, 1981 the City Council became the governing board of the Brentwood Redevelopment Agency. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Brentwood. The Agency is a component unit of the City of Brentwood, the primary government, and the funds of the Agency have been included in the governmental activities in the City's financial statements.

Prior to July 1, 2000, the Agency consisted of two project areas known as the Brentwood Downtown Project and the North Brentwood Project. The Brentwood Downtown Project plan was adopted July 13, 1982 and amended November 29, 1983. The North Brentwood Project plan was adopted June 25, 1991. These plans are designed to alleviate existing conditions within the designated project areas in accordance with Redevelopment law.

As of July 1, 2000, the Agency has amended the Redevelopment Plans for the Brentwood and North Brentwood Redevelopment Projects to merge the two project areas and provide authority to construct additional public facilities within the merged project area. Merging the two project areas per the amendments allows the Agency to establish a single unified tax increment limit applicable to both project areas, which will give the Agency greater flexibility for future financing.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. The Statement of Activities and Changes in Net Assets demonstrates the degree to which direct and indirect expenses, for a given function or segment, are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Indirect expenses are expenses which are allocated based on the City's annual Cost Allocation Plan and Schedule of City Fees. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) operating grants and contributions, including special assessments and 3) capital grants and contributions. Taxes and other items not properly included among program revenue are reported as general revenues. The Agency currently has no program revenues.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

The Government-Wide Financial Statements are reported using an economic resources focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Governmental Fund Financial Statements are reported using a current financial resources measurement focus called the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, including property and sales taxes, and inter-governmental revenue associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Fund Types

The Agency reports the following major Governmental Funds: Special Revenue Funds, Debt Service Funds and Capital Project Funds. Descriptions of the Agency's funds are presented below.

Special Revenue Funds account for specific revenues that are legally restricted to expenditures for particular purposes. Below are specific descriptions of the Special Revenue Funds:

- *RDA Low Income Housing* – This fund accounts for the RDA's 20% tax increment set-aside. The monies are to be used to increase and improve the community's supply of low and moderate income housing in the redevelopment project area.

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Specific descriptions of these funds are as follows:

- *Redevelopment Debt* – This fund accounts for transactions related to proceeds from tax allocation bonds.

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure. Below are specific descriptions of the Capital Project Funds:

- *Redevelopment Projects* – This fund accounts for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within the redevelopment project area.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

i. Use of Restricted / Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

ii. Cash and Investments

The Agency pools all of its cash and investments with the City of Brentwood. The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with GASB Statement No. 40, the City's investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the reported value of securities in the investment pool does not reflect realized gains or losses but rather the fair value of those investments as of June 30, 2008. Interest income earned on pooled cash and investments is allocated to the Agency based on month-end cash balances.

iii. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

iv. Tax Increment Revenues

The Agency's primary source of revenue is incremental property taxes. Property taxes allocated to the Agency are computed in the following manner:

a. The assessed valuation of all property within the Project Areas was frozen on the date of adoption of the Redevelopment Plan.
b. Property taxes related to any incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency. All taxes on the "frozen" assessed valuation of the property are allocated to the City and other taxing authorities receiving taxes from the Project Areas.

The Agency has no power to levy and collect taxes and any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds or loans from the City. Conversely, any increase in the tax rate or assessed valuation, or any elimination of present exemptions, would increase the amount of tax revenues that would be

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

available to pay principal and interest on bonds or loans from the City. The Agency is also authorized to finance the Redevelopment Plan from other sources including: assistance from the City, the State and Federal governments, interest income or the issuance of Agency debt.

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

- General Budget Policies

  Prior to July 1, the budget is legally enacted through passage of a resolution. The Agency Board periodically reviews the budgets and adopts supplemental appropriations (amendments) at the fund level when required. The level of budgetary control is established at the fund level and expenditures may not exceed budgeted appropriations at the fund level without Agency Board approval. In the financial statements, the final budget amounts include amendments to the original budget. Individual amendments were not material in relation to original appropriations.

- Budget Basis of Accounting

  Budgetary comparisons are presented for the Special Revenue, Debt Service and Capital Project funds.

NOTE # 3 – CASH AND INVESTMENTS

A. CASH AND DEPOSITS

The City of Brentwood maintains a cash investment pool that is available for all funds, including the funds of the Agency. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents, under the provisions of bond indentures. Each fund type balance in the pool is reflected on the combined balance sheet as Cash and Investments.

Cash and investments appear on the balance sheet as follows:

Cash and Investments	$ 18,240,454
Restricted Cash and Investments	1,602,670
Total Cash and Investments	$ 19,843,124

***NOTE # 3 – CASH AND INVESTMENTS** (Continued)*

B. INVESTMENTS

The Agency's funds are invested as a component of pooled cash in accordance with the City's investment policy. The Agency apportions interest earnings to all funds based on their monthly cash balance in accordance with California Government Code Section 53635. The table below identifies the investment types authorized for the Agency by the City's investment policy, which is more restrictive than California Government Code 53635. The table also identifies certain provisions of the City's investment policy which address interest rate risk, credit risk and concentration of risk. This table does not address investments of debt proceeds, held by bond trustee, which are governed by the provisions of debt agreements of the City rather than the general provisions of the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	$40 Million **	$40 Million **
Time Deposits	5 years	25%	None

* Excluding amounts held by bond trustee not subject to California Government code restrictions.
** LAIF has a $40 Million Maximum Investment Threshold

Credit Risk – The Agency's portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, over 84% of the portfolio consists of investments with Standard and Poor's highest ratings. This percentage does not include U.S. Treasury Bonds / Notes, LAIF, Money Market Mutual Funds (MMMF) or Guaranteed Investment Contracts (GICs) which are all unrated. Investments at June 30, 2008, held on behalf of the Brentwood Redevelopment Agency are presented below, categorized separately to give an indication of the level of risk associated with each investment.

NOTE # 3 – CASH AND INVESTMENTS *(Continued)*

Investments are reported at fair value and were available upon demand at June 30, 2008.

	Fair Value	Credit Rating
Local Agency Investment Funds	$ 1,602,670	Unrated
City of Brentwood's Pooled Investments	18,240,454	Unrated
	$ 19,843,124	

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities which are in possession of another party. The California Government Code does not contain legal or policy requirements limiting the exposure to custodial credit risk. The City's investment policy requires the assets of the Agency be secured through the third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

C. INVESTMENT IN STATE TREASURER'S POOL

LAIF is an external investment pool sponsored by the State of California authorized under Section 16429.1,2,3 of the California Government code. The fund is a voluntary program, created by statute, as an investment alternative for California local governments and special districts. The fund is administered by the California State Treasurer. The Agency is a voluntary participant in the investment pool. The management of LAIF has indicated to the Agency that as of June 30, 2008, the amortized cost of the pool was $70,027,950,242. The fair value was $70,024,464,181. The Agency deposits excess cash in LAIF, which is not required to be categorized. The fair value for these deposits was provided by the pool sponsor.

D. CASH AND INVESTMENTS WITH FISCAL AGENT

The Agency has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds and lease obligations. These monies appear on the financial statements as Restricted Cash and Investments. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested by trustees or fiscal agents in accordance with the ordinances, resolutions or indentures specifying the types of investments allowed.

NOTE # 3 – CASH AND INVESTMENTS (Continued)

E. FAIR VALUE OF INVESTMENTS

Methods and assumptions used to estimate fair value:

- The Agency maintains investment accounting records on a cost basis and adjusts those records to "fair value" on an annual basis.
- The Fund investment custodians provide fair values on each investment instrument on a monthly basis.
- The investments held by the Fund are widely traded in the financial markets and trading values are readily available from numerous published sources.
- The Fund has elected to report its money market investments (those investments with maturities of less than one year) at amortized cost adjusted to market value on a yearly basis.

The Agency holds an investment in LAIF that is subject to being adjusted to "fair value". The Agency is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The Agency relied upon information provided by the State Treasurer in estimating the Agency's fair value position of its holding in LAIF. The Agency had a contractual withdrawal value of $1,602,670 whose pro-rata share of fair value was estimated by the State Treasurer to be $1,602,590. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

NOTE # 4 – LONG-TERM OBLIGATIONS

The following summarizes changes in long-term debt obligations during the year:

	Balance June 30, 2007	Additions	Payments Adjustments	Balance June 30, 2008	Amounts Due Within One Year
Bonds Payable	$ 19,500,000	$ -	$ (435,000)	$ 19,065,000	$ 450,000
Accumulated Compensated Absences	23,955	30,426	(29,072)	25,309	15,185
	$ 19,523,955	$ 30,426	$ (464,072)	$ 19,090,309	$ 465,185

NOTE # 4 – LONG-TERM OBLIGATIONS (Continued)

A. BONDS

The Agency issued Tax Allocation Bonds, dated October 1, 2001, to finance Redevelopment projects. Interest is payable semi-annually on May 1 and November 1. Interest rates range from 3.0 percent to 5.375 percent annually. As of June 30, 2008, the outstanding principal balance of bonds is $19,065,000. The Agency has pledged future tax increment revenues, less amounts required to be set aside in the Low Income Housing Fund, for the repayment of the Tax Allocation Bonds. The pledge of future tax increment revenues ends upon repayment of $32,596,147 remaining debt service on the bonds. The repayment of the debt service is scheduled to occur in 2032. Projected tax increment revenues are expected to provide coverage over debt service of 458% over the life of the bonds. For fiscal year 2008, tax increment revenue amounted to $6,270,270, which represented coverage of 4.58 times $1,369,300 of debt service. The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30, 2008:

Year Ending June 30	Principal	Interest	Total
2009	$ 450,000	$ 917,706	$ 1,367,706
2010	470,000	899,869	1,369,869
2011	485,000	880,769	1,365,769
2012	505,000	860,653	1,365,653
2013	525,000	839,081	1,364,081
2014-2018	3,005,000	3,811,400	6,816,400
2019-2023	3,830,000	2,959,544	6,789,544
2024-2028	4,910,000	1,859,000	6,769,000
2029-2032	4,885,000	503,125	5,388,125
	$ 19,065,000	$ 13,531,147	$ 32,596,147

B. ACCUMULATED COMPENSATED ABSENCES

The long-term compensated absences balance at June 30, 2008, is:

Governmental $10,124

NOTE #5 – BRENTWOOD REDEVELOPMENT AGENCY TAX SHARING AGREEMENTS

The Brentwood Redevelopment Agency entered into tax sharing agreements with the East Diablo Fire District, the Brentwood Union School District, the Liberty Union High School District, the Oakley School District, the Knightsen School District, the Byron Elementary School District, the Contra Costa Mosquito Abatement District and the Contra Costa County Office of Education. The agreements call for a pass-through of their proportionate share of the tax increment revenue. The pass-through amounts from these agreements are not currently subordinated to other Agency debt. All payments due to date have been paid annually.

The Brentwood Redevelopment Agency entered into tax-sharing agreements with the Contra Costa Community College District, the East Bay Regional Park District and the Byron/Brentwood/Knightsen Union Cemetery District. The agreements call for a pass-through of their share of the tax increment revenue. The pass-through amounts from these agreements are currently subordinated to other Agency debt. All payments due to date have been paid annually.

The Brentwood Redevelopment Agency entered into tax sharing agreements with Contra Costa County, Contra Costa Library and the Contra Costa Flood Control District. The agreements call for a pass-through of a portion of the general tax levy. Under these agreements, a part of the pass-through amount owed by the Redevelopment Agency was deferred. The deferred amount accrues simple interest at the average annual rate for the State of California Local Agency Investment Fund (LAIF). For the fiscal year ended June 30, 2008, that rate is 4.38%. Both the non-deferred share of the pass-through, plus a portion of the deferred share, are paid annually. The entire deferred portion of the pass-throughs were repaid by fiscal year 2007/08.

The Brentwood Redevelopment Agency has entered into a tax-sharing agreement with the East Bay Regional Park District. The agreement calls for a pass through of the Park District's proportionate share of tax increment revenue, and the voter approved Measure AA tax levy. The Agency accurately and timely passes through both amounts each year based on increment allocation factors and annual Measure AA tax rate as provided by the Contra Costa County Auditor's office.

The Brentwood Redevelopment Agency paid a total of $1,385,939 in negotiated pass-through payments for the 2007/08 fiscal year.

Brentwood Redevelopment Agency Statutory Pass-Through Payments

Assembly Bill 1290 (AB1290), passed in 1994, provided for statutory pass-through payments to taxing agencies when redevelopment agencies amend their plans. In 2000, the Brentwood Redevelopment Agency amended the Brentwood and North Brentwood Redevelopment Plans to financially merge the two project areas. Consequently, the 2000 Merger Amendment triggered statutory pass-through payments to taxing entities from the Brentwood ("Downtown") Project Area in 2002/03. All payments due to date have been paid to the appropriate taxing entities and payments will continue in accordance with the provisions of AB1290.

In 2001, the Brentwood Redevelopment Agency amended The Merged Redevelopment Plan by adding territory in the North Brentwood Redevelopment Area. This amendment triggered statutory pass-through payments to taxing entities from the added territory starting in 2005/06,

the first year tax increment was generated from the added area. All payments due to date have been paid to the appropriate taxing entities and payments will continue in accordance with the provisions of AB1290.

The Brentwood Redevelopment Agency paid a total of $257,492 in statutory pass-through payments for the 2007/08 fiscal year.

NOTE # 6 – CONTINGENCIES

A. LITIGATION

Commitments and contingencies, undeterminable in amount, include normal recurring pending claims and litigation. In the opinion of management there is no pending litigation which is likely to have a material adverse affect on the financial position of the Agency.

NOTE # 7 – FUND BALANCE RESTATEMENT

The City has determined a deposit for land held for resale was recorded incorrectly in the previous year. The deposit for land held for resale had been recorded as an expense rather than as an asset in the Redevelopment Low Income Housing Fund. Therefore, an adjustment increasing beginning fund balance, in the amount of $128,000, was recorded in order to establish the asset.

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Fund

For Year Ended June 30, 2008

	RDA Low Income Housing			
	Original Budget	**Final Budget**	**Actual**	**Variance**
REVENUES				
Taxes	$ 1,377,789	$ 1,377,789	$ 1,567,568	$ 189,779
Uses of Money and Property	263,287	263,931	293,380	29,449
Fees and Other revenues	-	623	623	-
Total Revenues	1,641,076	1,642,343	1,861,571	219,228
EXPENDITURES				
Current:				
General Government	1,723,713	1,721,610	256,789	1,464,821
Total Expenditures	1,723,713	1,721,610	256,789	1,464,821
REVENUES OVER (UNDER) EXPENDITURES	(82,637)	(79,267)	1,604,782	1,684,049
Net Change in Fund Balances	$ (82,637)	$ (79,267)	1,604,782	$ 1,684,049
Fund Balance, Beginning of Year, Restated			2,775,386	
Fund Balance, End of Year			$ 4,380,168	

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Debt Service Fund

For Year Ended June 30, 2008

	Redevelopment Debt			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes	$ 5,511,162	$ 5,511,162	$ 6,270,270	$ 759,108
Uses of Money and Property	420,000	420,000	856,411	436,411
Total Revenues	5,931,162	5,931,162	7,126,681	1,195,519
EXPENDITURES				
Current:				
Pass Through to County and Other Agencies	1,800,000	1,800,000	1,643,431	156,569
Debt Service:				
Principal	435,000	435,000	435,000	-
Interest and Fiscal Charges	934,300	934,300	934,300	-
Total Expenditures	3,169,300	3,169,300	3,012,731	156,569
REVENUES OVER (UNDER) EXPENDITURES	2,761,862	2,761,862	4,113,950	1,352,088
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,505,895)	(1,505,895)	(1,381,677)	124,218
Total other Financing Sources (Uses)	(1,505,895)	(1,505,895)	(1,381,677)	124,218
Net Change in Fund Balances	$ 1,255,967	$ 1,255,967	2,732,273	$ 1,476,306
Fund Balance, Beginning of Year			5,567,639	
Fund Balance, End of Year			$ 8,299,912	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Projects Fund

For Year Ended June 30, 2008

	Redevelopment Projects			
	Original Budget	**Final Budget**	**Actual**	**Variance**
REVENUES				
Uses of Money and Property	$ 311,430	$ 312,410	$ 144,560	$ (167,850)
Fees and Other Revenues	123,016	126,238	3,222	(123,016)
Total Revenues	434,446	438,648	147,782	(290,866)
EXPENDITURES				
Current:				
General Government	1,747,824	3,567,687	1,119,288	2,448,399
Total Expenditures	1,747,824	3,567,687	1,119,288	2,448,399
REVENUES OVER (UNDER) EXPENDITURES	(1,313,378)	(3,129,039)	(971,506)	2,157,533
OTHER FINANCING SOURCES (USES)				
Loan and Bond Proceeds	460,000	460,000	-	(460,000)
Transfers In	1,505,895	1,505,895	1,381,677	(124,218)
Transfers Out	(2,626,210)	(2,676,210)	(2,225,494)	450,716
Total other Financing Sources (Uses)	(660,315)	(710,315)	(843,817)	(133,502)
Net Change in Fund Balances	$ (1,973,693)	$ (3,839,354)	(1,815,323)	$ 2,024,031
Fund Balance, Beginning of Year			9,657,474	
Fund Balance, End of Year			$ 7,842,151	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Governing Board
Brentwood Redevelopment Agency
Brentwood, California

We have audited the financial statements of the Brentwood Redevelopment Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated November 19, 2008. We have conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

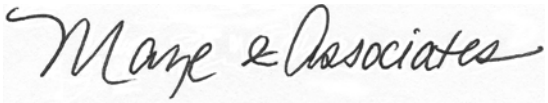
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As part of our audits, we prepared and issued our separate Memorandum on Internal Control dated November 19, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with provisions of the *Guidelines for Compliance Audits of California Redevelopment Agencies*. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.



November 19, 2008

APPENDIX D

THE REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD

As described in this Official Statement, the Authority has pledged payments received pursuant to the Reimbursement Agreement to the payment of debt service on the Bonds and such payments, to the extent received by the Trustee, constitute Creditable Revenues which reduce the City's obligation to make Base Rental Payments under the Facilities Lease. This Appendix describes the Redevelopment Agency of the City of Brentwood (the "Agency") which represents the source of the payments received pursuant to the Reimbursement Agreement.

Establishment of Agency

The Agency was established by the City Council of the City (the "City Council") pursuant to the Community Redevelopment Law of the State of California (the "Redevelopment Law") and is charged with the authority and responsibility of redeveloping and improving blighted areas of the City. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition.

Agency Powers and Duties

All powers of the Agency are vested in five members who are also members of the City Council. The Agency exercises all the governmental functions as authorized under the Law and has among other powers the authority to acquire, administer, develop, lease or sell property, including the right of eminent domain and the right to issue bonds and expend the proceeds thereof. The Agency can clear buildings and other improvements and can develop as a building site any real property owned or acquired and in connection with such development, cause streets, highways, and sidewalks to be constructed or reconstructed and public utilities to be installed.

The Agency may, out of funds available for such purposes, pay for all or part of the value of land and the cost of building facilities, structures or other improvements to be publicly owned and operated to the extent that such improvements are of benefit to a project area and no other reasonable means of financing are available.

Organization

The City Council serves as the Board of Directors of the Agency. The City of Brentwood was incorporated as a general law city in 1948. The City operates under a council-manager form of government. The five Council Members are elected at large for staggered four-year terms.

Members of the Board, and their term of office are shown below:

Member	Position	Term Expires (November)
Robert Taylor	Chairman	2012
Erick Stonebarger	Vice Chairman	2012
Chris Becnel	Board Member	2010
Robert A. Brockman	Board Member	2012
Brandon Richey	Board Member	2010

Financial Information

Included in this Official Statement as Appendix C are the audited financial statements of the Agency for the Fiscal Year ended June 30, 2008.

Tax Allocation Financing

The Redevelopment Law and the California Constitution provide a method for financing and refinancing redevelopment projects based upon an allocation of taxes collected within a project area. First, the assessed valuation of the taxable property in a project area last equalized prior to adoption of the redevelopment plan is established and becomes the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies on behalf of which taxes are levied on property within the project area will receive the taxes produced by the levy of the then current tax rate upon the base roll. Except as discussed in the following paragraph, taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves have no authority to levy taxes on property and must look specifically to the allocation of taxes produced as above indicated.

Allocation of Taxes

Under provisions of the California Constitution and the Redevelopment Law, the Agency has no power to levy taxes; however taxes levied upon taxable property in the Merged Project Area (as defined herein) each year by or for the benefit of the State of California, any city, county, city and county or other public corporation ("taxing agencies") for each fiscal year beginning after the effective date of the ordinance approving the redevelopment plan for the respective former project area (see 'THE MERGED PROJECT AREA" herein for a description of the former project areas) are divided as follows:

1. The portion equal to the amount of those taxes which would have been produced by the current tax rate, applied to the assessed value of the taxable property in the Merged Project Area as last equalized prior to the respective effect dates is paid (when collected) into the funds of those respective taxing agencies as taxes by or for such taxing agencies;

2. Except as provided in subparagraph (3) below, that portion of such levied taxes each year in excess of such amount is allocated to and when collected paid into a special fund of the Agency, to the extent required to pay the principal of and interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed or otherwise) incurred by the Agency to finance or refinance, in whole or in part, (i) the Agency's redevelopment projects within the Merged Project Area, and (ii) under certain circumstances, facilities and improvements outside the Merged Project Area; and

3. That portion of the taxes identified in subparagraph (2) above that are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of principal of, and interest on, any bonded indebtedness for the acquisition or improvement of real property approved by the voters of the taxing agency on or after January 1, 1989, shall be allocated to, and when collected shall be paid into, the fund of such taxing agency.

Tax Increment Revenues

Under the Reimbursement Agreement, subject to the payment of principal and interest on senior bonded indebtedness of the Agency outstanding on the delivery date of the Bonds and future senior bonded indebtedness issued on a parity therewith, the Agency and the City agree that Tax Increment Revenues from the Merged Project Area may be used and applied to reimburse the City for a proportionate share of all Base Rental Payments made by the City to the Authority under the Facilities Lease related to expenditures on certain portions of the 2009 Project to the extent that the City Council and the Agency make the appropriate findings of benefit required by Sections 33451(a)(1) and 33679 of the Redevelopment Law as such provisions are applicable to such portions of the 2009 Project.. The City Council and the Agency have made such findings with respect to certain portions of the 2009 Project and thus the Agency is obligated to pay pursuant to the Reimbursement Agreement an amount which represents approximately 23% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

"Tax Increment Revenues" is defined under the Reimbursement Agreement to mean all taxes allocated to, and paid into a special fund of the Agency for the Merged Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Merged Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Increment Revenues that would otherwise be available to reimburse the City and, thus, pay the principal of, and interest on, the Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "RISK FACTORS" herein.

Housing Set-Aside

Under the provisions of the Redevelopment Law a redevelopment agency is generally required, subject to certain exceptions, to set-aside into a low and moderate income housing fund not less than 20% of its allocated tax revenues from a project. The moneys set aside are to be used for the purpose of increasing and improving the community's supply of low and moderate income housing. Allocated tax revenues required to be so set aside are not included within Tax Increment Revenues pledged to the reimbursement to the City and, thus, repayment of the Bonds. See "RISK FACTORS" herein.

Taxing Agencies Sharing Arrangements

Statutory Pass-Throughs, Brentwood Project Area and North Brentwood Project Amendment Area. Pursuant to 1994 legislation, AB 1290, the Agency is required, as to the Brentwood Project Area and North Brentwood Project Amendment Area (each as defined herein), to make payments to taxing entities affected by the redevelopment plan for such project area since no negotiated tax sharing agreements exist for the project area. These payments are required because the cumulative tax increment limitation for the Brentwood Project Area was combined with the tax increment limit for the North Brentwood Project Area (as defined herein). Payments of the pass through payments are only due on increases in tax increment revenues above levels received in the year in which the old tax increment limit would have been reached for the Brentwood Project Area and North Brentwood Project Amendment Area (referred to as the "AB 1290 AV Base Year"). Increases in tax increment above the amount received in 2001-02 are subject to pass through payments, based on the following formula:

(1) Payments to the affected taxing entities in an amount equal to 25 percent of the gross tax increment attributable to increases above the AB 1290 AV Base Year. The tax sharing payment is calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. The net tax sharing payment is therefore equal to 20 percent.

(2) In addition to the amounts paid pursuant to item (1) above and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the Agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds a second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the Project Area in the 10th fiscal year in which the Agency received tax increment attributable to the first adjusted base year value.

Non-Subordinated Tax Sharing Agreements. The Agency and the County of Contra Costa (including the Contra Costa County Library District), the Contra Costa County Flood Control and Water Conservation District and the East Diablo Fire District previously entered into a Fiscal Agreement, dated July 29, 1991 providing for the pass-through of tax increment pursuant to California Health & Safety Code Section 33401 relative to the North Brentwood Project Area. The Agency also has entered into agreements with the Contra Costa County Office of Education, the Contra Costa County Mosquito Abatement District, Byron-Brentwood-

Knightsen Union Cemetery District, East Bay Regional Part District, Contra Costa Community College District and the Brentwood Union School District, Liberty Union High School District, Oakley School District, Byron School District and Knightsen School District as to the North Brentwood Project Area pursuant to former Section 33401 of the Health and Safety Code. Under the agreements, the Agency has agreed to pass through a portion of the tax increment revenues to the taxing entities based on each taxing entities share of tax increment. Each tax entity's share of tax increment is generally defined under the agreements as the amount the tax entity would have received had their been no provision for tax increment financing in the North Brentwood Project Area Redevelopment Plan. The payments due under these agreements are not subordinate to the pledge of tax increment for payment pursuant to the Reimbursement Agreement. These agreements provide for future year increases in the amount to be allocated to the taxing agencies.

THE MERGED PROJECT AREA

Merger of Former Project Areas

The Merged Project Area consists of approximately 1,319 acres comprising two formerly "independent" redevelopment project areas that were merged together for financing purposes on May 9, 2000 by City Council Ordinance No. 632. The two project areas that were merged together are the Brentwood Redevelopment Project (the "Brentwood Project Area") and the North Brentwood Redevelopment Project (the "North Brentwood Project Area," and collectively referred to as the "Constituent Project Areas").

The Redevelopment Plan for the Brentwood Project Area was originally adopted on July 13, 1982 by City Council Ordinance No. 333. It has been amended four times. The first amendment added territory (the "Brentwood Project Amendment Area"). The second and third amendments changed the financial time limits for the Brentwood Project Area. The merger amendment was the fourth amendment to the Brentwood Project Area.

The Redevelopment Plan for the North Brentwood Project Area was originally adopted on July 9, 1991 by City Council Ordinance No. 496. It has been amended three times. The first amendment changed the financial time limits of the North Brentwood Project Area. The merger amendment was the second amendment and the third amendment added territory (the "North Brentwood Project Amendment Area"). The current time limits for the Constituent Project Areas are as shown below:

Limit	Brentwood Project Original Area	Brentwood Project Amendment Area	North Brentwood Project Original Area	North Brentwood Project Amendment Area
Debt Establishment[1]	N/A	N/A	N/A	07/09/22
Plan Effectiveness	07/13/2025	11/29/2026	07/09/2032	07/09/2032
Debt Repayment	07/13/2035	11/29/2036	07/09/2042	07/09/2047

(1) In March 2002, the City repealed the deadline for incurring debt in the Brentwood Project Original Area, Brentwood Project Amendment Area and North Brentwood Project Original Area, as authorized by SB 211.

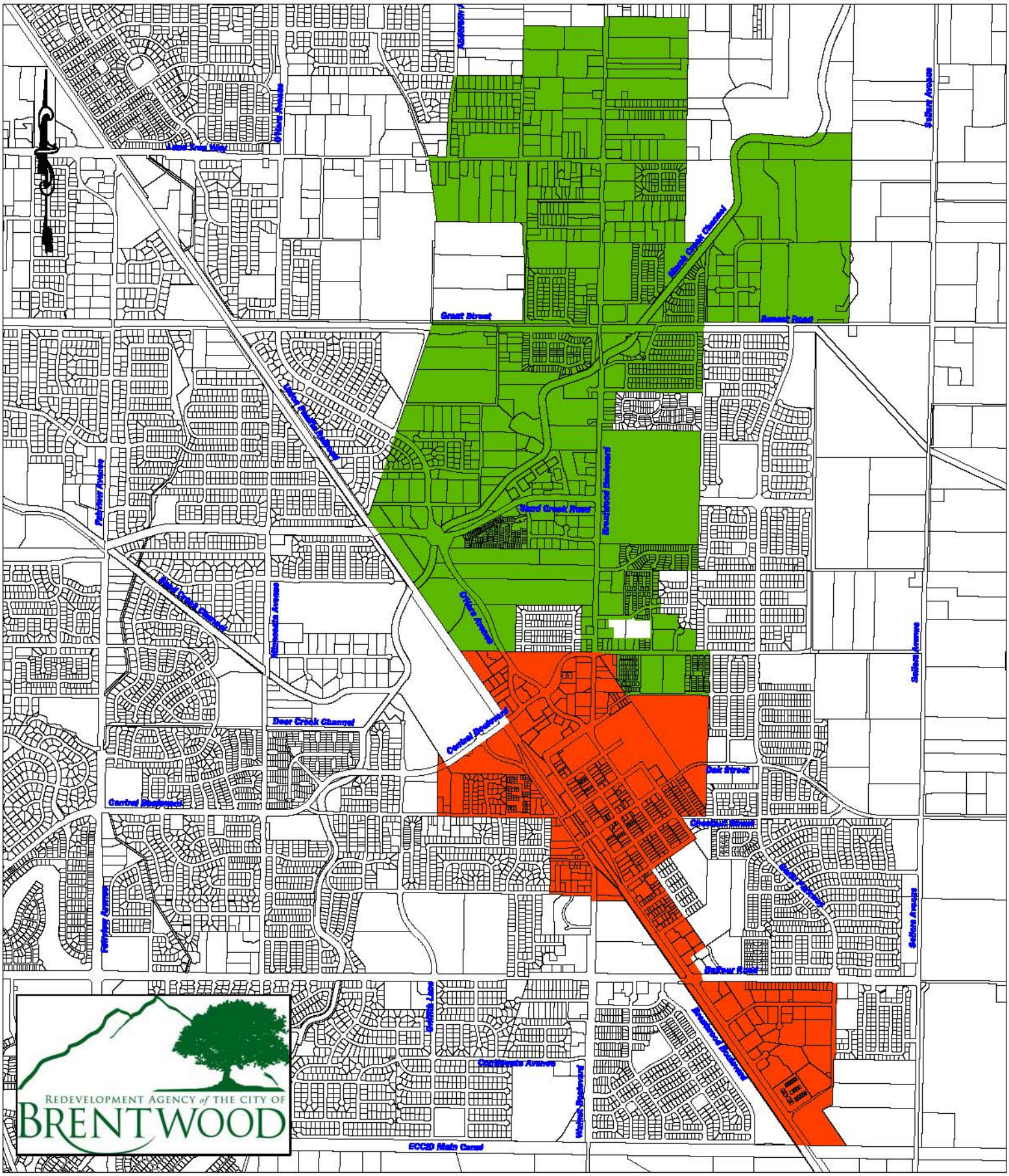
Prior to the amendment and merger, the Brentwood Project Area had a cumulative tax increment limit of $16 million and the North Brentwood Project Area had a cumulative tax increment limit of $1.5 billion. The merger combined the tax increment limits of the two Constituent Project Areas for a total limit of $1.516 billion for the Merged Project Area. The Agency has received approximately $59 million in tax increment under the cumulative tax increment limit through 2008-09. The Agency also established a combined limit on the principal amount of bonded indebtedness that can be outstanding at any one time. That limit is $266 million for the Merged Project Area.

While the Agency is not currently contemplating enacting changes in the Redevelopment Plan for the Merged Project Area, no assurances can be given that changes to the Redevelopment Plan will not occur.

Present Condition

The approximate 1,319-acre Merged Project Area includes approximately 948 acres within the North Brentwood Project Area and approximately 371 acres within the Brentwood Project Area. The Merged Project Area contains the City's historic downtown area (part of the Brentwood Project Area) and includes a mix of commercial, residential and industrial uses.

Brentwood Redevelopment Project Areas



Brentwood Project Area (371 AC)

North Brentwood Project Area (948 AC)

Scale: 1 inch = 2,000 feet
Prepared April 23, 2007

The following table shows the assessed value by land use of property within the Merged Project Area for the fiscal year ending June 30, 2010.

REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD
MERGED PROJECT AREA
Assessed Value by Land Use
For Fiscal Year 2009-10

Land Use	Assessed Value[1]	Percent of Total
Residential	$283,823,435	41.5%
Commercial	195,355,192	28.5
Industrial	79,673,245	11.6
Agricultural	3,964,739	0.6
Miscellaneous[2]	119,036,078	17.4
Institutional	2,552,328	0.4
Total	$684,405,017	100.0%

(1) Includes secured, unsecured and state board rolls. Includes assessed value of aircraft sited in the Merged Project Area of $303,680.
(2) Includes vacant land, exempt, State Board of Equalization nonunitary, unsecured and other miscellaneous parcels.
Source: Seifel Consulting Inc.

Controls, Land Use and Building Restrictions

The Redevelopment Plan for the Merged Project Area sets forth the principal land uses permitted and the building restrictions to be imposed in project development. It also assigns the Agency and the City their respective responsibilities in carrying out the Redevelopment Plan. Provision is made for rehabilitation as well as new construction and sets forth conditions and procedures required under both approaches. Construction is required to comply with all applicable State and local laws in effect, including without limitation, building, electrical, heating and ventilating, housing and plumbing codes of the City.

MERGED PROJECT AREA REVENUES

General

The Assessor of Contra Costa County will assess all taxable property in the Merged Project Area (except exempt property and public utility property) at 100% of "full cash value," as defined in Article XIIIA of the California Constitution. Public utility property is assessed by the State Board of Equalization. See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES" in the forepart of this Official Statement. Contra Costa County operates under the provisions of Revenue and Taxation Code Sections 4701-4716 by which taxing entities in the County may receive their total secured tax levies regardless of actual payments and delinquencies. See "County Teeter Plan" herein. Also see "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES - Property Tax Collection Procedures" in the forepart of this Official Statement.

The pledge of the Tax Increment Revenues pursuant to the Reimbursement Agreement is subject to the Agency first satisfying its housing set-aside obligation.

Merged Project Area Highlights

Assessed Valuation. The table below presents the assessed valuation of all property within the Merged Project Area for the fiscal year ending June 30, 2010.

REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD
MERGED PROJECT AREA
Assessed Valuation
For Fiscal Year 2009-10

	Secured[1]	Utility	Unsecured	Total[2]
Merged Project Area Assessed Value	$623,779,192	$14,048	$60,308,097	$684,101,337
Percent of Total Assessed Value	91.18%	0.00%	8.82%	100.00%

(1) All exemptions besides Homeowners Property Tax Relief are excluded.
(2) Does not include assessed value of aircraft sited in the Merged Project Area of $303,680.
Source: Seifel Consulting Inc.

Historical Tax Increment Revenue. Gross tax increment receipts have risen from $4.6 million in 2004-05 to $7.4 million in 2008-09. The table below presents the tax increment receipts within the Merged Project Area for fiscal years ended June 30, 2005 through 2009.

REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD
MERGED PROJECT AREA
Historical Tax Increment Revenues
For Fiscal Years 2004-05 through 2008-09

	2004-05	2005-06	2006-07	2007-08	2008-09	Average Annual Growth Rate
Brentwood Project Area	$2,149,653	$2,243,779	$2,548,401	$2,807,334	$2,822,594	7.0%
North Brentwood Project Area	2,458,813	3,295,817	4,649,777	4,773,012	4,578,713	16.8
Total	$4,608,466	$5,539,596	$7,198,178	$7,580,346	$7,401,307	12.6

Source: Seifel Consulting Inc.

Major Property Owners. The following table lists the ten largest taxable property owners within the Merged Project Area. For the fiscal year 2009-10, the top ten taxable property owners in the Merged Project Area represent approximately 16.2 percent of the total Merged Project Area taxable value of $684,101,337 (not including the assessed value of aircraft sited in the Merged Project Area of $303,680).

REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD
MERGED PROJECT AREA
Ten Major Property Tax Assessees
For Fiscal Year 2009-10

Assessee	Assessed Value[1]	Percent of Total[2]
New Urban Comm Sciortino LLC	$20,076,000	2.9%
Towncentre Professional LP	15,506,912	2.3
Sand Creek Business Center	13,518,787	2.0
Comcast of California IV	10,661,675	1.6
Festival Retail Fund Brentwood	10,026,330	1.5
Safeway Stores Inc	9,192,246	1.3
Brentwood Business Center LP	8,427,765	1.2
Sunset Plaza Properties LLC	8,092,000	1.2
Sand Creek Business Associates I	7,699,700	1.1
Towncentre-Balfour LP	7,336,282	1.1
Total	$110,537,697	16.2%

(1) Based on ownership of secured, utility and unsecured property.
(2) Based on 2009-10 Merged Project Area assessed value of $684,101,337 (not including the assessed value of aircraft sited in the Merged Project Area of $303,680).
Source: Seifel Consulting Inc.

County Teeter Plan

The Board of Supervisors of the County, in 1949, 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 California Revenue and Taxation Code, "to accomplish a simplification of the tax-levying and tax-apportioning process and an increased flexibility in the use of available cash resources." This alternative method will, subject to the following, be used for distribution of the revenues with respect to the levy of *ad valorem* property taxes.

Pursuant to the Teeter Plan, each taxing entity in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. Under the Teeter Plan, the County establishes a tax losses reserve fund and a tax resources account. The tax losses reserve fund is used exclusively to cover losses occurring in the amount of tax liens as a result of sales of tax-defaulted property. Moneys in this fund are derived from delinquent tax penalty collections.

The amount of taxes extended on a tax-defaulted property determines the cost of redeeming the property. If valuations of tax-defaulted property entered on the roll exceed 1% of the total roll, they are not included in any statement of equalized assessed valuations that are the basis for determining bond debt limitations. When tax-defaulted property is sold, the taxes and assessments which constitute the amount required to redeem the property are prorated between apportioned (Teeter) levies and unapportioned (or non-Teeter) levies. Amounts apportioned to the funds at the time of the levy are distributed to the apportioned tax resources accounts. The pro rata share of redemption penalties or interest collected on amounts levied but not apportioned to funds at the time of the levy is distributed to the respective funds. The balance of redemption penalties or interest, together with delinquency penalties, is apportioned to the tax losses reserve fund.

The County will be responsible for determining the amount of the ad valorem property taxes on each parcel, which will be entered onto the tax roll. Upon completion of the tax roll, the County Auditor determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against in the same manner as if the amount credited had been collected. The Board of Supervisors determines which moneys in the County treasury (including those credited to the tax losses reserve fund) shall be available to be drawn on to the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources accounts.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or 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 joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County has never received a petition from any governing board to discontinue the Teeter Plan. In the event that the Teeter Plan were terminated, the amount of the levy of ad valorem property taxes in the Merged Project Area would depend upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the Merged Project Area.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedure under the Teeter Plan with respect to any tax or assessment levying agency in the County if the rate of secured tax delinquency for that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in for that agency.

It has been the Agency's experience that approximately 55% of the tax allocations for the year are received by December 31 and the final 45% by June 30.

Certification of Agency Indebtedness

A significant provision of the Redevelopment Law, Section 33675, was added by the Legislature in 1976 and amended by AB 1290 in 1993, providing for the filing not later than the first day of October of each year with the county auditor of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment project which receives tax increment. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purpose and interest rate of the bonds, the principal amount and interest due in the fiscal year in which the statement is filed, and the total principal and interest remaining to be paid. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increment. The statement must also indicate the total principal and interest due on all bonds, loans, advances or other indebtedness indicated on the statement, both for the current fiscal year and cumulatively over their lives, and the total amount of "available revenues" on hand at the time of filing of the statement. "Available Revenues" is defined in Section 33675, and is based upon a calculation of the amounts received by the Agency in the prior fiscal year from all sources, less amounts paid on all bonds, loans, advances or indebtedness in the prior fiscal year, plus amounts held by the Agency and pledged to the payment of bonds, loans advances or indebtedness. The difference between the cumulative amount remaining to be paid on the lives of all bonds, loans, advances or other indebtedness as shown on the statement and the amount of available revenues is the maximum amount which can be paid to the Agency in tax increment revenue for the fiscal year in which the statement is filed.

Section 33675 also provides that the county auditor is limited in payment of tax increment to the payment of indebtedness. Section 33675 further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases. Provision is made for time limits under which the dispute can be made by the county auditor as well as provisions for determination by the Superior Court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. An exception is made for payments to a public agency in connection with payments by such public agency pursuant to a bond issue which shall not be disputed in any action under Section 33675. The payments made pursuant to the Reimbursement Agreement should be entitled to the protection of the statute so that they cannot be disputed by the county auditor.

Outstanding Senior Obligations, Debt Service Coverage and Projected Tax Increment Revenues

The Agency has outstanding senior bonds in the amount of $18,615,000 (collectively, the "Senior Bonds"). In addition, the Agency is permitted to issue additional senior bonds so long as the tax increment revenues available to pay such bonds are at least equal to 125% of adjusted debt service on all senior bonds after such issuance. The Reimbursement Agreement also allows

the issuance of additional senior bonds and any obligations on parity with the obligations under the Reimbursement Agreement so long as Tax Increment Revenues available to pay current and additional senior bonds and parity obligations and obligations under the reimbursement agreement are at least equal to 100% of debt service on the current and additional senior bonds and parity obligations and obligations under the Reimbursement Agreement. The following table provided by the Underwriter shows tax increment revenues and projected debt service coverage for senior bonds and obligations under the Reimbursement Agreement.

All of the projections commence with the reported assessed values for Fiscal Year 2009-10. The projections assume a two percent growth in real property taxable values (land and improvements) and the maximum inflationary growth rate permitted by law (i.e., 2 percent) in each of the years.

REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD
Merged Project Area
Projected Incremental Tax Revenue Assuming Two Percent Growth in Assessed Value

	County Distribution of Basic Incremental Taxes			Agency Obligations and Debt Service Coverage						
Fiscal Year	Incremental Tax Revenues	County Admin Fee	Net Taxes Remitted to Agency	Pass-Through Payments	Unilateral 2% Elections	Housing Set Aside	Tax Revenues	Senior Bonds	Reimbursement Agreement Obligations	Coverage
2009/ 10	6,177,000	52,000	6,125,000	1,454,000	20,000	1,231,000	3,420,000	1,370,000	--	--
2010/ 11	6,302,000	53,000	6,249,000	1,494,000	21,000	1,256,000	3,478,000	1,366,000	--	--
2011/ 12	6,429,000	54,000	6,375,000	1,535,000	22,000	1,281,000	3,537,000	1,366,000	26,104	2.54
2012/ 13	6,559,000	55,000	6,504,000	1,585,000	23,000	1,307,000	3,589,000	1,364,000	753,028	1.70
2013/ 14	6,691,000	56,000	6,635,000	1,636,000	25,000	1,333,000	3,641,000	1,366,000	753,278	1.72
2014/ 15	6,826,000	57,000	6,769,000	1,690,000	26,000	1,360,000	3,693,000	1,365,000	752,495	1.74
2015/ 16	6,964,000	58,000	6,905,000	1,744,000	27,000	1,387,000	3,747,000	1,369,000	842,206	1.69
2016/ 17	7,104,000	60,000	7,045,000	2,206,000	29,000	1,415,000	3,395,000	1,356,000	841,574	1.54
2017/ 18	7,248,000	61,000	7,187,000	2,272,000	30,000	1,444,000	3,441,000	1,361,000	841,805	1.56
2018/ 19	7,394,000	62,000	7,332,000	2,339,000	32,000	1,472,000	3,489,000	1,361,000	841,556	1.58
2019/ 20	7,543,000	63,000	7,480,000	2,408,000	33,000	1,502,000	3,537,000	1,358,000	840,833	1.61
2020/ 21	7,695,000	65,000	7,631,000	2,477,000	35,000	1,532,000	3,587,000	1,358,000	840,763	1.63
2021/ 22	7,850,000	66,000	7,784,000	2,549,000	36,000	1,563,000	3,636,000	1,357,000	841,174	1.65
2022/ 23	8,008,000	67,000	7,941,000	2,622,000	38,000	1,594,000	3,687,000	1,356,000	840,343	1.68
2023/ 24	8,170,000	69,000	8,101,000	2,696,000	39,000	1,626,000	3,740,000	1,358,000	839,646	1.70
2024/ 25	8,334,000	70,000	8,265,000	2,771,000	41,000	1,659,000	3,794,000	1,352,000	839,532	1.73
2025/ 26	8,502,000	71,000	8,431,000	2,849,000	43,000	1,692,000	3,847,000	1,354,000	837,802	1.76
2026/ 27	8,674,000	73,000	8,601,000	2,928,000	44,000	1,726,000	3,903,000	1,354,000	836,988	1.78
2027/ 28	8,848,000	74,000	8,774,000	3,008,000	46,000	1,760,000	3,960,000	1,351,000	836,497	1.81
2028/ 29	9,026,000	76,000	8,951,000	3,090,000	48,000	1,796,000	4,017,000	1,351,000	836,263	1.84
2029/ 30	9,208,000	77,000	9,131,000	3,173,000	50,000	1,832,000	4,076,000	1,348,000	836,224	1.87
2030/ 31	9,394,000	79,000	9,315,000	3,259,000	52,000	1,868,000	4,136,000	1,347,000	835,030	1.90
2031/ 32	9,583,000	80,000	9,502,000	3,346,000	53,000	1,906,000	4,197,000	--	833,698	5.03
2032/ 33	9,776,000	82,000	9,694,000	3,441,000	55,000	1,944,000	4,254,000	--	833,436	5.10
2033/ 34	9,972,000	84,000	9,889,000	3,538,000	57,000	1,983,000	4,311,000	--	833,083	5.17
2034/ 35	10,173,000	85,000	10,088,000	3,639,000	59,000	2,023,000	4,367,000	--	832,575	5.25
2035/ 36	7,338,000	59,000	7,279,000	3,315,000	61,000	1,455,000	2,448,000	--	830,562	2.95
2036/ 37	6,810,000	55,000	6,755,000	3,284,000	63,000	1,349,000	2,059,000	--	830,894	2.48
2037/ 38	6,258,000	51,000	6,207,000	3,243,000	66,000	1,239,000	1,659,000	--	829,526	2.00
2038/ 39	6,391,000	52,000	6,339,000	3,320,000	68,000	1,265,000	1,686,000	--	829,024	2.03
2039/ 40	6,526,000	53,000	6,473,000	3,398,000	70,000	1,291,000	1,714,000	--	--	--
2040/ 41	6,664,000	54,000	6,610,000	3,477,000	72,000	1,318,000	1,743,000	--	--	--
2041/ 42	6,804,000	55,000	6,749,000	3,560,000	--	1,361,000	1,828,000	--	--	--
2042/ 43	709,000	6,000	703,000	173,000	--	142,000	388,000	--	--	--
2043/ 44	723,000	6,000	716,000	178,000	--	145,000	393,000	--	--	--
2044/ 45	736,000	7,000	730,000	184,000	--	147,000	399,000	--	--	--
2045/ 46	750,000	7,000	743,000	190,000	--	150,000	403,000	--	--	--
2046/ 47	764,000	7,000	757,000	195,000	--	153,000	409,000	--	--	--
TOTAL	**258,924,000**	**2,161,000**	**256,764,000**	**90,265,000**	**1,385,000**	**51,507,000**	**113,608,000**	**29,886,000**	**22,365,942**	

PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX REVENUES

Property Tax Collection Procedures

The County currently allocates property taxes to the Agency based on 100% of the tax levy, irrespective of any delinquencies. However, there can be no assurance the County will continue such practice.

The Contra Costa County Auditor-Controller's Office is responsible for making tax increment payments to the Agency. As permitted by State law, the County charges the Agency an administrative fee for collection and disbursement of tax revenues. The amount of the administrative fee is based on the Agency's proportional share of the County's actual costs for the prior fiscal year. For the Merged Project Area, the adjusted administrative charge for 2008-09 was approximately $78,760.

See "- County Teeter Plan" herein. See also "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX INCREMENT REVENUES" herein and in the forepart of this Official Statement.

Unitary Property

AB 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with the fiscal year 1988/89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of distributing property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues derived from the one percent tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if countywide revenues generated from unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the one percent tax rate to countywide unitary taxable value; further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

The intent of Chapters 1457 and 921 is to provide redevelopment agencies with their appropriate share of revenue generated from the property assessed by the State Board of Equalization.

Limitation of Tax Revenues From Certain Increased Tax Rates

Proposition 87, an initiative entitled "Property Tax Revenues to Redevelopment Agencies," was approved by California voters in 1988. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenue raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. Because it is not retroactive in application, Proposition 87 applies only to tax rates levied to finance bonds approved by the voters on or after January 1, 1989. Increased tax rates for bonded indebtedness approved prior to January 1, 1989 will continue to provide tax overrides to the Agency. The Agency does not currently project receiving any Tax Increment Revenues or the Housing Set Aside as a result of general obligation bonds which may be approved on or after January 1, 1989.

Article XIIIA of the California Constitution

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property 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." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2 percent per year, a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children.

Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, and to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIIIA. On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases. Since 1978, several cases have been decided interpreting various provisions of Article XIIIA; however, none of them have questioned the ability of redevelopment agencies to use tax allocation financing. The United States Supreme Court upheld the validity of the assessment procedures of Article XIIIA in *Nordlinger v. Hahn*.

The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of Tax Increment Revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation. Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100 percent of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100 percent of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2 percent annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs, except for certain utility property assessed by the State Board of Equalization. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The Agency is unable to predict the nature or magnitude of future revenue sources which may be provided by the State of California to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other ad valorem property tax above the 1 percent limit except for taxes to support indebtedness approved by the voters as described above.

Litigation Relating to Property Assessments. On December 27, 2001, the Orange County Superior Court, in the case of *County of Orange v. Orange County Assessment Appeals Board No. 3*, case no. 00CC03385, ruled that where a home's market value did not increase for two years due to a flat real estate market, the Orange County assessor violated the provision of Article XIIIA limiting the annual inflation adjustment to two percent when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by approximately four percent in a single year. The assessors in most California Counties, including Contra Costa County, use a similar methodology in raising the taxable values of property beyond two percent in a single year, and the State Board of Equalization has approved this methodology for increasing assessed values in similar circumstances. The Orange County Superior Court has not ruled on a motion to restate the complaint as a class action, which could have the effect of extending this ruling to other similar cases. The County of Orange Board of Supervisors has voted not to challenge the minute order, but has authorized the Assessor, if he chooses to appeal, to hire his own counsel. Subsequently, the Board of Supervisors authorized the Treasurer-Tax Collector and the Auditor-Controller to each hire counsel to advise them on matters related to

this case. The Agency is unable to predict the outcome of this litigation and what effect, if any, it might have on assessed values in the Project Area and on the Agency's property tax revenues.

Appropriations Limitation – Article XIIIB

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the California Constitution. In 1990, the voters approved Proposition 111, which amended Article XIIIB in certain respects. The principal effect of Article XIIIB is to limit the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978/79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIIIB include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances or indebtedness, will not be deemed the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions: *Bell Community Redevelopment Agency v. Woolsey*, 169 Cal.App.3d 24 (2nd District 1985) and *Brown v. Community Redevelopment Agency of the City of Santa Ana*, 168 Cal.App.3d 1014 (4th District 1985). In the *Santa Ana* decision, a petition for the hearing was filed by the plaintiff and subsequently denied by the California Supreme Court. On the basis of these decisions, the Agency has not adopted an appropriations limit.

Statement of Indebtedness

Under the Redevelopment Law, the Agency must file with the County Auditor a statement of indebtedness for each project area by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the Bonds) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "available revenue" as of the end of the previous fiscal year. "Available Revenue" is calculated by subtracting the total payments on Debt during the previous fiscal year from the total revenues (both tax increment revenues and other revenues) received during the previous fiscal year, plus any carry forward from the prior fiscal year. Available revenues include amounts held by the Agency and irrevocably pledged to the payment of debt other than amounts set aside for low- and moderate-income housing.

The County Auditor may only pay tax increment revenue to the Agency in any fiscal year to the extent that the total remaining principal and interest on all debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases. Section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute in the event it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any debt or related contract or the expenditures related thereto. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

Future Initiatives

Article XIIIA, Article XIIIB, Proposition 62 and Proposition 87 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the likelihood of receipt of the Creditable Revenues from the Reimbursement Agreement and the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the likelihood of receipt of the Creditable Revenues from the Reimbursement Agreement.

Reduction of Tax Increment Revenues

Tax Increment Revenues allocated to the Agency by Contra Costa County are determined in part by the amount by which the assessed valuation of property in the Merged Project Area exceeds the base year assessed valuation for such property, as well as by the current rate at which property in the Merged Project Area is taxed. The Agency itself has no taxing power with respect to property, nor does it have the authority to affect the rate at which property is taxed. Assessed valuation of taxable property within the Merged Project Area may be reduced by

economic factors beyond the control of the Agency or by substantial damage, destruction (as a result, for example, of a severe earthquake) or condemnation of such property. Assessed valuation and tax rates can be reduced as a result of actions of the California Legislature or electorate. Such a reduction of assessed valuations or tax rates could result in a reduction of the Tax Increment Revenues available to make payments pursuant to the Reimbursement Agreement.

The County has implemented an 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 California Revenue and Taxation Code. See "MERGED PROJECT AREA REVENUES – County Teeter Plan." Under the Teeter Plan, the County apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions, for which the County acts as the tax-levying or tax-collecting agency. There can be no assurance that the County will decide that any given delinquent tax is eligible for the Teeter Plan, or that the County will not terminate the Teeter Plan in the future. If the County determines that substantial delinquent property taxes are not eligible for the Teeter Plan, or decides to terminate the Teeter Plan, substantial delinquencies in the payment of property taxes could have an adverse effect on the ability of the Agency to make payments pursuant to the Reimbursement Agreement.

While the Agency is authorized to receive the Tax Increment Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction in tax rates, whether as a result of new statutes, constitutional amendment, changes in methods by which assessed valuation is established, or any increases in exemptions for the type of property to be located in the Merged Project Area which are not offset by funds from other sources, would have the effect of reducing the Agency's Tax Increment Revenues. Accordingly, such events could have an adverse impact on the ability of the Agency to make payments pursuant to the Reimbursement Agreement.

Future Changes In the Law

In addition to the existing limitations on Tax Increment Revenues described herein under "LIMITATIONS ON TAX INCREMENT REVENUES," the California electorate or Legislature could adopt limitations with the effect of reducing Tax Increment Revenues payable to the Agency.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Increment Revenues, and accordingly, could have an adverse impact on the ability of the Agency to make payments pursuant to the Reimbursement Agreement.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Merged Project Area (to the extent not covered by the Teeter Plan) and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make payments pursuant to the Reimbursement Agreement. Any reduction in Tax Increment Revenues, whether for any of the foregoing reasons or any other

reason, could have an adverse effect on the Agency's ability to make payments pursuant to the Reimbursement Agreement.

Estimates of Tax Increment Revenues

To estimate the total revenues available to make payments pursuant to the Reimbursement Agreement, the Agency and Seifel Consulting Inc., its Fiscal Consultant, have made certain assumptions with regard to the assessed valuation in the Merged Project Area, future tax rates, percentage of taxes collected and the amount of funds available for investment and the interest rate at which those funds will be invested. The Agency believes these assumptions to be reasonable, but to the extent that the assessed valuation, the tax rates, the percentage of taxes collected or the amount of the funds available for investment, or the interest rate at which they are invested, are less than the assumptions, the total revenues available to pay make payments pursuant to the Reimbursement Agreement will, in all likelihood, be less than those projected herein.

Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such adjustments are computed on a calendar year basis. The projected Tax Increment Revenues are based on the actual historical amounts received by the Agency. However, future deflation could cause decreases in property values, a reduction in Tax Increment Revenues received by the Agency and a reduction in Tax Increment Revenues. See "PROPERTY TAX COLLECTIONS AND LIMITATIONS ON TAX INCREMENT REVENUES" herein and in the forepart of this Official Statement.

Additional Obligations

The Agency may issue bonds or incur other obligations payable from Tax Increment Revenues senior to payments made under the Reimbursement Agreement.

Earthquake Risk

The City is located in close proximity to several seismically active earthquake faults, including the San Andreas and Hayward faults. The City has experienced earthquakes. Earthquake damage in the Merged Project Area could adversely affect assessed valuation and therefore the ability of the Agency to make payments under the Reimbursement Agreement.

Real Estate Market Risk

The United States is currently in the midst of a significant and prolonged recession cased in part by a steep decline in the real estate market. This decline has been particularly significant in areas that recently experienced high amounts of growth in residential real estate prices, including the City. The effects of the steep decline in real estate values and the near complete stoppage of new residential construction in the City may impact the City's overall revenues, as well as the Tax Increment Revenues. Foreclosure rates of residential real property in the City have increased significantly in the past 18 months. For example, with the exception of November, 2007, in every calendar month beginning with October, 2007 to and including June,

2009 foreclosure and short-sale residential units constituted more than 50% of all residential units available for sale in the City. Further, during the same period, the monthly percentage of distressed sales (foreclosures and short-sales) of residential property in the City ranged from a low of 48% of total monthly residential sales in November, 2007 to a high of 93% of total monthly residential sales in February, 2009. By contrast, during the immediately preceding nine month period beginning January, 2007 to and including September, 2007 the monthly percentage of distressed sales of residential property in the City ranged from a low of 0% of total monthly residential sales in January, 2007 to a high of 25% of total monthly residential sales in August, 2007. No assurance can be given that these adverse conditions will not continue or worsen over time. Weakness in the real estate market has a direct effect on tax increment revenues by increasing the likelihood of assessment appeals or reductions in assessed valuation of property in the Merged Project Area by action of the County Assessor, as well as a slowdown in new construction activity and real estate sales and appreciation.

APPENDIX E

THE CFD LOCAL OBLIGATIONS

As described in this Official Statement, the Authority has pledged payments received pursuant to the CFD Local Obligations to the payment of debt service on the Bonds and such payments, to the extent received by the Trustee, constitute Creditable Revenues which reduce the City's obligation to make Base Rental Payments under the Facilities Lease. Such payments consist of amounts received by the Authority as owner of the CFD Local Obligations pursuant to the CFD Indentures. This Appendix describes the community facilities districts which represent the source of the payments received pursuant to the CFD Local Obligations.

INTRODUCTION

The City of Brentwood Community Facilities District No. 3 Special Tax Bonds, Series 2009 (the "CFD No. 3 Local Obligations"); the City of Brentwood Community Facilities District No. 4 Special Tax Bonds, Series 2009 (the "CFD No. 4 Local Obligations"); and the City of Brentwood Community Facilities District No. 5 Special Tax Bonds, Series 2009 (the "CFD No. 5 Local Obligations" and, together with the CFD No. 3 Local Obligations and the CFD No. 4 Local Obligations, the "CFD Local Obligations") will be issued by the City pursuant to three separate master indentures, each as supplemented on October 1, 2009 (each, a "CFD Indenture" and, collectively, the "CFD Indentures") by and between the Agency and U.S. Bank National Association, as trustee thereunder (the "CFD Trustee") and the provisions of the Mello Roos Community Facilities Act of 1982, as amended (being Section 53311 et seq. of the Government Code of the State of California), and all laws amendatory thereof or supplemental thereto (collectively, the "Law").

The CFD Local Obligations will be payable from Special Tax Revenues collected in the applicable CFD as a result of the levy of Special Taxes. "Special Tax Revenues" is defined under each CFD Indenture to mean the special tax authorized to be levied and collected annually on all Taxable Land in the related CFD under and pursuant to Law at the special election held in the related CFD. Each CFD is authorized to finance both services and facilities, as described below. All Special Tax Revenues are pledged under the CFD Indentures on a first priority basis to pay debt service on the CFD Local Obligations and the payment of services costs, if any, is subordinated to such debt service. Additional CFD Local Obligations may be issued by the City secured on a parity with the CFD Local Obligations subject to certain requirements set forth in each CFD Indenture. The debt service on CFD Local Obligations is approximately 38% of the Base Rental Payments payable by the City under the Facilities Lease net of any subsidy payments received by the Authority with respect to the Taxable Series 2009B Bonds.

THE COMMUNITY FACILITIES DISTRICTS

General

This section presents information related to land use, ownership and value of property within the CFDs, projected special tax revenue and value-to-lien ratios and delinquencies for the CFDs collectively. Please see the following sections for information related to the CFDs individually.

The City of Brentwood Community Facilities District No. 3 ("CFD No. 3"), the City of Brentwood Community Facilities District No. 4 ("CFD No. 4") and the City of Brentwood Community Facilities District No. 5 ("CFD No. 5" and, together with CFD No. 3 and CFD No. 4, the "CFDs") are each a community facilities district organized by the City Council under the Law for the purpose of providing for the acquisition and construction of certain public improvements to serve property within CFD No. 3. The City established CFD No. 3, CFD No. 4 and CFD No. 5 on June 24, 2003.

Land Use. The table below summarizes the land use within the CFDs.

CITY OF BRENTWOOD
COMMUNITIES FACILITIES DISTRICTS NO. 3, 4 and 5
LAND USE SUMMARY

		Single Family		Multi-Family		Commercial		Other	
CFD No.	Parcels	Parcels	% of Special Taxes	Parcels	% of Special Taxes	Parcels	% of Special Taxes	Parcels	% of Special Taxes
3	1,492	1,472	83.63%	2	3.41%	18	12.96%	0	0.00%
4	1,172	1,090	71.97%	5	11.01%	75	16.91%	2	0.51%
5	17	4	3.10			13	96.90%		

Source: RBC Capital Markets Corporation.

Ownership and Value of Property within the CFDs. Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the CFDs and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondholder will have the ability at any time to seek payment from the owners of property within the CFDs of any Special Taxes or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the CFDs.

The following table sets forth the Fiscal Year 2009-10 top ten taxpayers for CFD No, 3, 4 and 5.

CITY OF BRENTWOOD
COMMUNITY FACILITIES DISTRICTS NO. 3, 4 AND 5
2009-10 Top Taxpayers

Owner	Levy Amount	% of Total Levy
Brentwood Arbor Ridge LP	$60,136.40	2.61%
Mercy Housing California XII	32,433.12	1.41%
Lone Tree Brentwood LLC	31,159.58	1.35%
Trilogy Vineyards LLC	31,081.28	1.35%
Brentwood Senior Commons LP	27,028.00	1.17%
Lone Tree Empire LLC	25,308.08	1.10%
Festival Retail Fund Brentwood	23,281.88	1.01%
WK LLC	21,418.50	0.93%
McViking LLC	21,418.50	0.93%
Brentwood Specialty Center LLC	21,418.50	0.93%

Source: RBC Capital Markets Corporation.

Projected Special Tax Revenue and Value-to-Lien Ratios. The following table sets forth the aggregate Fiscal Year 2009-10 Special Tax revenues from each of the CFDs as well as Fiscal Year 2009-10 assessed value for all property in each CFD and the value-to-lien ratios. Special Taxes within each CFD secure only the CFD Local Obligations issued for such CFD.

CITY OF BRENTWOOD
COMMUNITY FACILITIES DISTRICTS NO. 3, 4 AND 5
2009-10 Tax Levy and Assessed Value Information

CFD	Parcels	2009-10 Special Taxes	Local Obligations	Land Value	Improvement Value	Total Value	Value-to-Lien
3	1,492	$1,189,257	$31,516,889	$196,323,321	$434,366,179	$630,689,500	20.0
4[(a)]	1,172	1,024,328	25,112,587	184,894,396	384,802,288	569,696,684	22.7
5	17	87,327	762,670	47,515,163	82,399,637	129,914,800	170.3
Total	2,681	$2,300,912	$57,392,146	$428,732,880	$901,568,104	$1,330,300,984	

[(a)] Assumes approximately 28% available for capital funding
Source: RBC Capital Markets Corporation.

Delinquencies. The delinquency rate for Special Taxes for property in the CFDs as shown on the 2008-09 County Assessor's tax roll is summarized as follows:

CITY OF BRENTWOOD
COMMUNITY FACILITIES DISTRICTS NO. 3, 4 AND 5
2008-09 Tax Delinquencies

CFD	No. of Parcels Delinquent	Tax Levy Delinquency	% of Tax Levy
3	209	$161,931.33	13.62%
4	134	94,437.73	9.22
5	2	6,110.56	7.00
Total:	**345**	**$262,479.62**	**11.41%**

Source: RBC Capital Markets Corporation.

CFD No. 3

General. The CFD No. 3 Local Obligations will be issued in the aggregate principal amount of $15,388,543.62 pursuant to the Law and a Master Indenture, dated as of October 1, 2009 (as supplemented, the "CFD No. 3 Indenture") between the City and U.S. Bank National Association, as trustee (the "CFD No. 3 Trustee"). The CFD No. 3 Local Obligations will be dated the date of delivery of the Bonds. The CFD No. 3 Local Obligations are secured by a pledge of Special Taxes levied within CFD No. 3.

Bond Reserve Fund. The CFD No. 3 Indenture requires that the Bond Reserve Fund be maintained in the amount of the "Required Bond Reserve" which is defined to mean, as of any date of calculation, an amount equal to the Maximum Annual Debt Service on the CFD No. 3 Local Obligations, as computed by the City under the Code and specified in writing to the CFD No. 3 Trustee. At the time of issuance of the CFD No. 3 Local Obligations, the Required Bond Reserve is $1,033,584.56.

All money in the Bond Reserve Fund must be used and withdrawn by the CFD No. 3 Trustee and transferred to the Redemption Fund solely for the purpose of paying the interest on or principal of the CFD No. 3 Local Obligations in the event there is insufficient money in the Redemption Fund available for this purpose. Notwithstanding any other provision hereof, the failure to maintain an amount in the Bond Reserve Fund equal to the Required Bond Reserve shall not be an Event of Default thereunder.

Special Tax Analysis

The Special Tax is to be levied and collected against all taxable parcels within CFD No. 3 (the "CFD No. 3 Taxable Parcels") in accordance with the rate and method of apportionment (the "CFD No. 3 Rate and Method of Apportionment") for CFD No. 3 approved by the landowner electors of CFD No. 3, which annually allocates the Special Tax required among the Taxable Property in CFD No. 3 based upon land uses. The total annual levy of the Special Tax is calculated to satisfy the annual debt service during the ensuing Fiscal Year, to pay the total budgeted cost of providing services for the facilities in CFD No. 3, the total budgeted cost of CFD No. 3's expenses during the current Fiscal Year and any sums required to satisfy delinquent debt service.

The CFD No. 3 Rate and Method of Apportionment is used to allocate the amount of the Special Tax required among the Taxable Property, based upon land use categories, subject to maximum annual tax rates (the "CFD No. 3 Maximum Tax") that may be levied against each land use category. The CFD No. 3 Rate and Method of Apportionment specifies the following CFD No. 3 Maximum Tax," depending upon the land use category as follows:

CITY OF BRENTWOOD
COMMUNITIES FACILITIES DISTRICT NO. 3
MAXIMUM TAX CATEGORIES

(FY 2003–4 Maximum Special Tax Rates by Land Use)[1]

Single-Family Parcels [2]	$600.00	Per Residence
Condominiums [2]	$450.00	Per Residence
Multi-Family [2]	$300.00	Per Unit
Commercial [3]	$3,600.00	Per Acre
Industrial [3]	$3,600.00	Per Acre
Rural [1]	$600.00	Per Residence
Institutional [3]	$3,600.00	Per Acre

[1] If any Taxable Parcel within the boundaries of CFD No. 3 has a Floor Area Ratio greater than one (1.00) the Special Tax Rates shown in the table above will be multiplied by the Taxable Parcel's Floor Area Ratio. For example, if a commercial parcel has a Floor Area Ratio of 1.50 the FY 2003–04 Special Tax Rate would be $5,400 per acre ($3,600/acre x 1.50).

[2] For FY 2004–05 and on the Special Tax Rates for Single Family, Condominium, Multi-Family, and Rural parcels shown in the table above will be increased two (2.00%) percent compounded annually.

[3] For Special Tax calculation purposes, the maximum acreage any Taxable Parcel will have is five (5.00) acres. Taxable Parcels greater than five (5.00) acres will default to five (5.00) acres. For Fiscal Year 2004–05 and on the Special Tax Rates for Commercial, Industrial, and Institutional parcels shown in the table above will be increased by the Consumer Price Index for San Francisco Bay Area Urban Wage Earners (from June 2003) with a minimum of two (2.00%) percent compounded annually.

CFD No. 4

General. The CFD No. 4 Local Obligations will be issued in the aggregate principal amount of $3,691,998.13 pursuant to the Law and a Master Indenture, dated as of October 1, 2009 (as supplemented, the "CFD No. 4 Indenture") between the City and U.S. Bank National Association, as trustee (the "CFD No. 4 Trustee"). The CFD No. 4 Local Obligations will be dated the date of delivery of the Bonds. The CFD No. 4 Local Obligations are secured by a pledge of Special Taxes levied within CFD No. 4.

Bond Reserve Fund. The CFD No. 4 Indenture requires that the Bond Reserve Fund be maintained in the amount of the "Required Bond Reserve" which is defined to mean, as of any date of calculation, an amount equal to the Maximum Annual Debt Service on the CFD No. 4 Local Obligations, as computed by the City under the Code and specified in writing to the CFD No. 4 Trustee. At the time of issuance of the CFD No. 4 Local Obligations, the Required Bond Reserve is $247,976.18.

All money in the Bond Reserve Fund must be used and withdrawn by the CFD No. 4 Trustee and transferred to the Redemption Fund solely for the purpose of paying the interest on or principal of the CFD No. 4 Local Obligations in the event there is insufficient money in the Redemption Fund available for this purpose. Notwithstanding any other provision hereof, the failure to maintain an amount in the Bond Reserve Fund equal to the Required Bond Reserve shall not be an Event of Default thereunder.

Special Tax Analysis

The Special Tax is to be levied and collected against all taxable parcels within CFD No. 4 (the "CFD No. 4 Taxable Parcels") in accordance with the rate and method of apportionment (the "CFD No. 4 Rate and Method of Apportionment") for CFD No. 4 approved by the landowner electors of CFD No. 4, which annually allocates the Special Tax required among the Taxable Parcels in CFD No. 4 based upon land uses. The total annual levy of the Special Tax is calculated to satisfy the annual debt service during the ensuing Fiscal Year, to pay the total budgeted cost of providing services for the facilities in CFD No. 4, the total budgeted cost of CFD No. 4's expenses during the current Fiscal Year and any sums required to satisfy delinquent debt service.

The CFD No. 4 Rate and Method of Apportionment is used to allocate the amount of the Special Tax required among the Taxable Property, based upon land use categories, subject to maximum annual tax rates (the "CFD No. 4 Maximum Tax") that may be levied against each land use category. The CFD No. 4 Rate and Method of Apportionment specifies the following CFD No. 4 Maximum Tax which may be imposed upon property within CFD No. 4, depending upon the land use category as follows:

CITY OF BRENTWOOD
COMMUNITIES FACILITIES DISTRICT NO. 4
MAXIMUM TAX CATEGORIES

(FY 2004–5 Maximum Special Tax Rates by Land Use)[1]

	Facilities [2]	Services [3]	Total	
Single-Family Parcels	$170.00	$680.00	$850.00	Per Residence
Condominiums	$127.50	$510.00	$637.50	Per Residence
Multi-Family	$85.00	$340.00	$425.00	Per Unit
Commercial [4]	$1,020.00	$4,080.00	$5,100.00	Per Acre
Industrial [4]	$1,020.00	$4,080.00	$5,100.00	Per Acre
Rural	$170.00	$680.00	$850.00	Per Residence
Institutional [4]	$1,020.00	$4,080.00	$5,100.00	Per Acre

[1] If any Taxable Parcel within the boundaries of CFD No. 4 has a Floor Area Ratio greater than one (1.00) the Special Tax Rates shown in the table above will be multiplied by the Taxable Parcel's Floor Area Ratio. For example, if a commercial parcel has a Floor Area Ratio of 1.50 the FY 2004–05 Special Tax Rate would be $7,650.00 per acre ($5,100.00/acre x 1.50).

[2] For FY 2004–05 and on, the Facilities Special Tax Rate for Single Family, Condominium, Multi-Family, and Rural parcels shown in the table above will be increased two (2.00%) percent compounded annually, per Government Code § 53321.

[3] For FY 2004–05 and on, the Services Special Tax Rates for Single Family, Condominium, Multi-Family, and Rural parcels shown in the table above will be increased by the Consumer Price Index for San Francisco Bay Area Urban Wage Earners (from June 2004) with a minimum of two (2.00%) percent and a maximum of five (5.00%) percent compounded annually for any given year.

[4] For Special Tax calculation purposes, the maximum acreage any Taxable Parcel will have is five (5.00) acres. Taxable Parcels greater than five (5.00) acres will default to five (5.00) acres. For Fiscal Year 2004–05 and on the Special Tax Rates for Commercial, Industrial, and Institutional parcels shown in the table above will be increased by the Consumer Price Index for San Francisco Bay Area Urban Wage Earners (from June 2004) with a minimum of two (2.00%) percent compounded annually.

CFD No. 5

General. The CFD No. 5 Local Obligations will be issued in the aggregate principal amount of $1,129,984.56 pursuant to the Law and a Master Indenture, dated as of October 1, 2009 (as supplemented, the "CFD No. 5 Indenture") between the City and U.S. Bank National Association, as trustee (the "CFD No. 5 Trustee"). The CFD No. 5 Local Obligations will be dated the date of delivery of the Bonds. The CFD No. 5 Local Obligations are secured by a pledge of Special Taxes levied within CFD No. 5.

Bond Reserve Fund. The CFD No. 5 Indenture requires that the Bond Reserve Fund be maintained in the amount of the "Required Bond Reserve" which is defined to mean, as of any date of calculation, an amount equal to the Maximum Annual Debt Service on the CFD No. 5 Local Obligations, as computed by the City under the Code and specified in writing to the CFD No. 5 Trustee. At the time of issuance of the CFD No. 5 Local Obligations, the Required Bond Reserve is $75,896.37.

All money in the Bond Reserve Fund must be used and withdrawn by the CFD No. 5 Trustee and transferred to the Redemption Fund solely for the purpose of paying the interest on or principal of the CFD No. 5 Local Obligations in the event there is insufficient money in the Redemption Fund available for this purpose. Notwithstanding any other provision hereof, the failure to maintain an amount in the Bond Reserve Fund equal to the Required Bond Reserve shall not be an Event of Default thereunder.

Special Tax Analysis

The Special Tax is to be levied and collected against all taxable parcels within CFD No. 5 (the "CFD No. 5 Taxable Parcels") in accordance with the rate and method of apportionment (the "CFD No. 5 Rate and Method of Apportionment") for CFD No. 5 approved by the landowner electors of CFD No. 5, which annually allocates the Special Tax required among the Taxable Property in CFD No. 5 based upon land uses. The total annual levy of the Special Tax is calculated to satisfy the annual debt service during the ensuing Fiscal Year, to pay the total budgeted cost of providing services for the facilities in CFD No. 5, the total budgeted cost of CFD No. 5's expenses during the current Fiscal Year and any sums required to satisfy delinquent debt service.

The CFD No. 5 Rate and Method of Apportionment is used to allocate the amount of the Special Tax required among the Taxable Property, based upon land use categories, subject to maximum annual tax rates (the "CFD No. 5 Maximum Tax") that may be levied against each land use category. The CFD No. 5 Rate and Method of Apportionment specifies the following CFD No. 5 Maximum Tax," depending upon the land use category as follows:

CITY OF BRENTWOOD
COMMUNITIES FACILITIES DISTRICT NO. 5
MAXIMUM TAX CATEGORIES

(FY 2004–5 Maximum Special Tax Rates by Land Use)[1]

	Total	
Single-Family Parcels [2]	$ 636.72	Per Residence
Condominiums [2]	$ 477.54	Per Residence
Multi-Family [2]	$ 318.36	Per Unit
Commercial [3]	$3,892.50	Per Acre
Industrial [3]	$3,892.50	Per Acre
Rural [2]	$ 636.72	Per Residence
Institutional [3]	$3,892.50	Per Acre

1 If any Taxable Parcel within the boundaries of CFD No. 5 has a Floor Area Ratio greater than one (1.00) the Special Tax Rates shown in the table above will be multiplied by the Taxable Parcel's Floor Area Ratio. For example, if a commercial parcel has a Floor Area Ratio of 1.50 the FY 2006–07 Special Tax Rate would be $5,838.75 per acre ($3,892.50/acre x 1.50).

2 For FY 2006–07 and on, the Special Tax Rate for Single Family, Condominium, Multi-Family, and Rural parcels shown in the table above will be increased two (2.00%) percent compounded annually.

3 For Special Tax calculation purposes, the maximum acreage any Taxable Parcel will have is five (5.00) acres. Taxable Parcels greater than five (5.00) acres will default to five (5.00) acres. For Fiscal Year 2006–07 and on the Special Tax Rates for Commercial, Industrial, and Institutional parcels shown in the table above will be increased by the Consumer Price Index for San Francisco Bay Area Urban Wage Earners (from June 2006) with a minimum of two (2.00%) percent compounded annually.

CFD LOCAL OBLIGATIONS DEBT SERVICE COVERAGE

The following table sets forth projected Special Tax Revenues for each of the CFDs, total debt service on the CFD Local Obligations and debt service coverage on the CFD Local Obligations.

Fiscal Year	CFD No. 3 Revenues	CFD No. 4 Revenues	CFD No. 5 Revenues	Total CFD Revenues	Total Debt Service Requirement*	Debt Service Coverage*
2009-10	$ 1,189,255	$ 285,324	$ 87,327	$ 1,561,906	--	--
2010-11	1,213,040	291,031	89,074	1,593,144	--	--
2011-12	1,237,300	296,851	90,855	1,625,007	$ 41,767	38.91
2012-13	1,262,047	302,788	92,672	1,657,507	1,204,845	1.38
2013-14	1,287,287	308,844	94,526	1,690,657	1,205,245	1.40
2014-15	1,313,033	315,021	96,416	1,724,471	1,203,993	1.43
2015-16	1,339,294	321,322	98,345	1,758,960	1,347,530	1.31
2016-17	1,366,080	327,748	100,312	1,794,139	1,346,519	1.33
2017-18	1,393,401	334,303	102,318	1,830,022	1,346,889	1.36
2018-19	1,421,269	340,989	104,364	1,866,622	1,346,490	1.39
2019-20	1,449,695	347,809	106,451	1,903,955	1,345,333	1.42
2020-21	1,478,689	354,765	108,580	1,942,034	1,345,221	1.44
2021-22	1,508,262	361,860	110,752	1,980,875	1,345,878	1.47
2022-23	1,538,428	369,097	112,967	2,020,492	1,344,549	1.50
2023-24	1,569,196	376,479	115,226	2,060,902	1,343,434	1.53
2024-25	1,600,580	384,009	117,531	2,102,120	1,343,251	1.56
2025-26	1,632,592	391,689	119,882	2,144,162	1,340,483	1.60
2026-27	1,665,244	399,523	122,279	2,187,046	1,339,181	1.63
2027-28	1,698,548	407,513	124,725	2,230,787	1,338,395	1.67
2028-29	1,732,519	415,664	127,219	2,275,402	1,338,021	1.70
2029-30	1,767,170	423,977	129,764	2,320,910	1,337,958	1.73
2030-31	1,802,513	432,456	132,359	2,367,329	1,336,047	1.77
2031-32	1,838,563	441,106	135,006	2,414,675	1,333,917	1.81
2032-33	1,875,335	449,928	137,706	2,462,969	1,333,497	1.85
2033-34	1,912,841	458,926	140,460	2,512,228	1,332,933	1.88
2034-35	1,951,098	468,105	143,270	2,562,473	1,332,120	1.92
2035-36	1,990,120	477,467	146,135	2,613,722	1,328,899	1.97
2036-37	2,029,923	487,016	149,058	2,665,997	1,329,431	2.01
2037-38	2,070,521	496,757	152,039	2,719,316	1,327,242	2.05
2038-39	2,111,931	506,692	155,080	2,773,703	1,326,438	2.09
2039-40	2,154,170	516,826	158,181	2,829,177	--	--
Totals:	**$50,399,945**	**$12,091,885**	**$3,700,880**	**$66,192,711**	**$35,785,506**	

RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the likelihood of receipt of the Creditable Revenues from the CFD Local Obligations and the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in each CFD, or could adversely affect the ability or willingness of property owners in any CFD to pay Special Taxes when due.

Covenant for Superior Court Foreclosure

Each CFD Indenture provides that the Special Taxes are to be collected by the County of Contra Costa on the secured property tax roll. Except as provided in the special covenant for foreclosure described herein and in the Law, the Special Taxes are subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

Pursuant to Section 53356.1 of the Law, in the event of any delinquency in the payment of the Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the City has covenanted to annually on or before October 1 of each year review the public records of the County of Contra Costa relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and on the basis of such review, if the City determines that the total amount so collected is less than ninety-five percent (95%) of the total amount of the Special Tax levied in such Fiscal Year, the City will, not later than the succeeding December 1, institute foreclosure proceedings as authorized by the Act against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year to enforce the lien of all the delinquent installments of such Special Tax, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California; and provided further, that the City shall not be obligated to enforce the lien of any delinquent installment of the Special Tax either (a) as long as the amount on deposit in the related Bond Reserve Fund is at least equal to the applicable Required Bond Reserve or (b) for any Fiscal Year in which the City shall have received one hundred percent (100%) of the amount of such installment from the County of Contra Costa pursuant to the so-called "Teeter Plan."

In the event that sales or foreclosures of property are necessary, there could be a delay in payments of the related CFD Local Obligations (if the related Bond Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City of the proceeds of sale. However, within the limits of the Special Tax, the City may adjust the Special Tax levied on Taxable Parcels in each CFD, subject to the limitation on the Maximum Annual Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the related CFD Local Obligations, and the amount, if any, necessary to replenish the related Bond Reserve Fund to an amount equal to the Required Bond Reserve for such CFD Local Obligations and to pay all current Expenses for each CFD. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against Taxable Parcels in each CFD will be at all times sufficient to pay the amounts required to be paid by the related CFD Indenture, even if the Special Tax is levied at the Maximum Annual Special Tax rates.

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Law does not require the City to purchase or otherwise acquire any lot or parcel of property to be sold if there is no other purchaser at such sale. The Law and the CFD Indentures do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Law requires that property sold pursuant to foreclosure under the Law be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the related Outstanding CFD Local Obligations is obtained.

After the City has ordered a foreclosure action, it shall dismiss the action before judgment if the owner of the subject property (or any other person) pays all of the following amounts: the delinquent Special Tax on the subject property and all penalties, interests and costs accrued; costs of the foreclosure action; authorized attorneys fees; and the tax collector's authorized costs.

Non-Recourse Obligation to Pay Special Taxes

The obligation to pay Special Taxes levied within each CFD does not constitute a personal obligation of the current or subsequent owners of the property in such CFD. Enforcement of Special Tax payment obligations is limited to judicial foreclosure in the Contra Costa County Superior Court. See "– Covenant for Superior Court Foreclosure" above. If the proceeds of any foreclosure sale are insufficient to satisfy the applicable Special Tax lien, the City is not entitled to the deficiency from the landowner. There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such installments even if otherwise able to do so.

Special Tax Delinquencies

The Tax Collector of the County will include the Special Taxes on the *ad valorem* property tax bills sent to owners of properties within each CFD. Such Special Tax installments will be due and payable and bear the same penalties and interest for non-payment as *ad valorem* property tax installments.

Significant delinquencies in the payment of annual Special Tax installments or delays in foreclosure proceedings to collect such Special Taxes could result in the depletion of the Reserve Fund and adversely affect the ability to pay debt service on the CFD Local Obligations when due. See "– Covenant for Superior Court Foreclosure" above for a discussion of the provisions that apply, and the procedures that each CFD is obligated to follow, under the related CFD Indenture in the event of delinquencies in the payment of Special Taxes. See "– Payments by FDIC" and "– Bankruptcy" herein, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and limitations on each CFD's ability to foreclose on the lien of the Special Taxes in certain circumstances.

Bankruptcy

The payment of Special Taxes and the ability of the City to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay could adversely affect the payment of the principal of, and interest on, the CFD Local Obligations when due. The prosecution of foreclosure proceedings could also be delayed by other factors affecting the prosecution of lawsuits generally.

Disclosures to Future Purchasers

While title companies normally refer to notices of special tax liens in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective homebuyer or lender will consider such obligation for Special Taxes in the purchase of a home or the lending of money thereon. Failure to disclose the existence of the Special Taxes or the full amount of the pro rata share of debt on the land in each CFD may affect the willingness and ability of future owners of land within each CFD to pay Special Taxes when due.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts, taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by or on behalf of the district.

Under provisions of the Law, the Special Taxes are to be billed to the properties within each CFD which were entered on the assessment roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "– Covenant for Superior Court Foreclosure" above for a discussion of the provisions which apply, and procedures which the City is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Endangered and Threatened Species

It is illegal to harm or disturb any plants or animals in their natural habitats that have been listed as endangered species by the United States Fish & Wildlife Service under the ESA or by the CDFG under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could reduce the value of Taxable Parcels.

Natural Disasters

In the future, each CFD could be subject to earthquakes, fires, flooding, acts of terrorism or war, or other calamities or natural disasters. The occurrence of such a calamity or disaster in or around each CFD could result in damage to properties in each CFD or could otherwise reduce the value of such properties and affect the ability or willingness of the property owners to pay Special Taxes when due.

The majority of the property within the CFDs is located in areas designated as Flood Zone C. The area is described as areas of minimal flooding. Properties located in this zone are not required to purchase flood insurance. However, a portion of the CFDs is located in Flood Zone A, indicating an area of 100-year flood, and a portion of the CFDs is located in Flood Zone B, indicating an area between the limits of the 100-year flood and 500-year flood.

The CFDs are located near the Hayward Fault Zone and, according to the Seismic Safety Commission, is located in a Seismic Zone 4, which is assigned to areas of major faults. Seismic Zone 4 is

considered to be the highest risk zone in California. Although located in a Seismic Zone 4, the property is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

Hazardous Substances

The market value of the property in each CFD could decrease if a hazardous substance is discovered or released in the vicinity of each CFD. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. Should any of the parcels be affected by a hazardous substance, the value of such parcels could decline, because the purchaser, upon becoming the owner, will become obligated to remedy the condition.

The estimated value of the property within each CFD assumes there are no hazardous substances and that there is no liability to remedy a hazardous substance condition of the property. The City has made no independent investigation as to the environmental condition of each CFD and the City is not aware of the presence of any hazardous substance liabilities with respect to each CFD except as described herein. However, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within each CFD resulting from the present or future existence of a substance classified as a hazardous substance under the federal or State environmental laws. Any of these possibilities could adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax when due.

Payments by FDIC

The ability of the City to collect the Special Taxes and interest and penalties specified by state law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal governmental agencies has or obtains an interest. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes. This was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will neither pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the

FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes on property in which it has a fee interest, unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Law and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation ("RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Law if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The City is unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency on a parcel within a CFD in which the FDIC obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. It should be assumed that the City will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the related Bond Reserve Fund and could adversely affect the payment when due of debt service on the related CFD Local Obligations.

Parity Taxes and Special Assessments

The Special Taxes constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes levied by the City or other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property.

Value-to-Lien Debt Ratios

No assurance can be given that the value-to-lien debt ratios described above under the caption "THE COMMUNITY FACILITIES DISTRICTS – General – Projected Special Tax Revenue and Value-to-Lien Ratios" will be maintained over time. As discussed herein, many factors which are beyond the control of the City could adversely affect the property values within each CFD. The City also has no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See "– Parity Taxes and Special Assessments." A decrease in the property values in each CFD or an increase in bond debt liens on property in each CFD, or both, could result in a lowering of the value-to-lien debt ratios of the property in each CFD.

Limitations on Remedies

The CFD Indentures do not permit the acceleration of the CFD Local Obligations in the event of a payment default or other default under the terms of the related CFD Local Obligations or the CFD Indentures. Generally, remedies are limited to legal actions to compel the City to perform under the related CFD Local Obligations and the CFD Indentures, to enjoin acts which are unlawful or violate the rights of the Holders, or to account as the trustee of an express trust. Remedies available to the Owners may be inadequate to assure the timely payment of principal of and interest on the related CFD Local Obligations or to preserve the tax-exempt status of the related CFD Local Obligations. The lack of

availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Bond Counsel has limited its opinion as to the enforceability of the CFD Local Obligations and of the CFD Indentures to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California.

Right to Vote on Taxes Act

Article XIIIC and Article XIIID to the California Constitution, enacted in 1996, limit the authority of local governments to impose taxes and property-related assessments, fees and charges. Many provisions of Articles XIIIC and XIIID have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects thereof.

Among other things, Section 3 of Article XIIIC states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Law provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Law prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Law unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIIIC to reduce or terminate a Special Tax is subject to the same restrictions as are applicable to the City pursuant to the Law. Accordingly, although the matter is not free from doubt, it is likely that Articles XIIIC and XIIID have not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the CFD Local Obligations.

It may be possible, however, for voters or each CFD to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the CFD Local Obligations, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for administrative expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the CFD Local Obligations.

The interpretation and application of Articles XIIIC and XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "– Limitations on Remedies" above.

APPENDIX F

THE CAPITAL IMPROVEMENT FINANCING PROGRAMS

As described in this Official Statement, the Authority has pledged the CIFP Revenues to the payment of debt service on the Bonds and the CIFP Revenues, to the extent received by the Trustee, constitute Creditable Revenues which reduce the City's obligation to make Base Rental Payments under the Facilities Lease. The CIFP Revenues consist of amounts received by the Authority as a result of refinancing of certain revenue bonds previously issued by the Authority. The revenue bonds were initially issued to finance the acquisition of local obligations issued by the City for assessment districts created to finance infrastructure related to new developments in the City. Once significant build out of the properties within those assessment districts had occurred and when market conditions were favorable, the Authority refinanced such revenue bonds by issuing refunding bonds under the indentures related to such revenue bonds, which resulted in reduced debt service paid by the Authority. The difference between this reduced debt service and the payments received by the Authority on the original local obligations secured by assessment liens in the assessment districts generates the CIFP Revenues pledged to the payment of the Bonds. This Appendix describes the City's Capital Improvement Financing Programs, and the assessment districts which represent the source of payment to the Authority of the CIFP Revenues.

INTRODUCTION

Capital Improvement Financing Programs in General

A capital improvement financing program is the primary tool which sets forth the listing of the major regional infrastructure improvements necessary to accommodate pending growth. As a community grows, the infrastructure servicing the community needs to grow also. Many times the existing infrastructure facilities have the necessary capacity to accommodate the current population but the addition of new development cannot be accepted by the existing facilities. Typically, as development occurs, the subdivider is conditioned to make certain improvement to the infrastructure to deal with the impacts that the subdivision generates. Most of the facilities that a developer constructs are specifically needed by the subdivision to sustain only that development such as in-tract streets, sewer, water and storm drainage. Traffic impacts assigned to the development can necessitate off-tract construction of signals and intersections and are assumed to be subdivision specific items directly related to the growth induced by the development. Major infrastructure needed to accommodate growth such as expanding sewer treatment plant capacity, water storage and distribution, and regional circulation improvements are a result of the added development, however the individual developments, on their own, cannot shoulder the burden to incrementally add to the major infrastructure. Mechanisms have been developed to encourage developers to band together to seek out alternatives for providing the needed upgrading of existing city infrastructure as well as those new facilities that are necessary as growth occurs in the various subdivisions. A capital improvement financing program is the foremost method of assuring that the needed infrastructure will be in place when development occurs and new people move into the community.

By combining the needs of multiple developments based upon the number of units to be constructed, a financial base for the payment of fees for the construction of the major regional infrastructure is established and thus a method of repayment of bonds is also established. A capital improvement financing program in itself does nothing more than set forth the details of the improvements to be constructed, the responsibilities of the various entities involved with providing the facilities and the amount of cost attributable to each residential unit in the various subdivisions. The financing tool is often an assessment district which effectively encumbers the properties (individual residential units) on a proportionate share basis for the security of the bond repayment.

City of Brentwood's Capital Improvement Financing Programs

The City of Brentwood (the "City") has implemented several Capital Improvement Financing Programs (each a "CIFP" and, collectively, the "CIFPs") and has formed certain assessment districts within the CIFPs to finance the acquisition and construction of public infrastructure improvements as follows:

- Capital Improvement Financing Program 94-1 ("CIFP 94-1") within which Assessment Districts Nos. 93-2, 93-3, 94-2, 94-3 and 95-1 were formed (collectively, the "CIFP 1994-1 Districts");

- Capital Improvement Financing Program 2000-1 ("CIFP 2000-1") within which Assessment District No. 2000-1 was formed (the "CIFP 2000-1 District");

- Capital Improvement Financing Program 2002-1 ("CIFP 2002-1") within which Assessment District No. 2002-1 was formed (the "CIFP 2002-1 District");

- Capital Improvement Financing Program 2003-1 ("CIFP 2003-1") within which Assessment District No. 2003-1 was formed (the "CIFP 2003-1 District"); and

- Capital Improvement Financing Program 2004-1 ("CIFP 2004-1") within which Assessment District No. 2004-1 was formed (the "CIFP 2004-1 District" and, together with the CIFP 1994-1 Districts, the CIFP 2000-1 District, the CIFP 2002-1 District and the CIFP 2003-1 District, the "Districts").

Proceeds of the sale of certain limited obligation improvement bonds (the "CIFP Local Obligations") were used by the City to fund a portion of the infrastructure improvements in each District. The improvements consisted generally of roadway improvements, sewer, water and storm drain facilities and related public infrastructure of benefit to property within each assessment district. All of the improvements financed with the proceeds of the CIFP Local Obligations in each assessment district have been completed.

THE DISTRICTS

General

This section presents information related to delinquencies, ownership and value of property within the Districts. Please see the following sections for information related to land use and value-to lien by development status for the Districts individually.

Each CIFP was adopted by the City and designed to determine and plan the financing of major regional infrastructure improvements required to accommodate the then-impending development of major residential communities within the related District(s). The area in the vicinity of each District generally consists of areas in transition from rural land to recently built homes. Like much of the City, the Districts are part of an area which had previously been used for agricultural or grazing purposes and has become interspersed residential development over the last several years.

The majority of the property within the Districts is located in areas designated as Flood Zone C. The area is described as areas of minimal flooding. Properties located in this zone are not required to purchase flood insurance. However, a portion of the Districts is located in Flood Zone A, indicating an area of 100-year flood, and a portion of the Districts is located in Flood Zone B, indicating an area between the limits of the 100-year flood and 500-year flood.

Land Use. Land use by development status in the Districts as shown on the 2009-2010 County Assessor's tax roll is summarized as follows:

City of Brentwood
CIFP 94-1 – Assessment Districts Nos. 93-2, 93-3, 94-2 and 94-3
CIFP 2000-1 – Assessment District No. 2000-1
CIFP 2002-1 – Assessment District No. 2002-1
CIFP 2003-1 - Assessment District No. 2003-1 and
CIFP 2004-1 - Assessment District No. 2004-1
Land Use Summary

Parcel Status	Number of Parcels	Total Levy[1]	% of Total Levy	Assessed Value	Outstanding Lien	Lien as % of Total	Value-to-Lien
Developed Parcels							
Residential	7,689	8,976,900.84	90.23%	2,563,900,748	78,492,577.99	87.49%	32.66
Non-Residential	32	325,001.90	3.27	135,402,473	3,186,718.83	3.55	42.49
Subtotal-Developed	**7,721**	**9,301,902.74**	**93.50%**	**2,699,303,221**	**81,679,296.82**	**91.04%**	**33.05**
Undeveloped Parcels							
Residential	500	602,084.02	6.05%	27,536,028	7,490,097.66	8.35%	3.68
Non-Residential	4	45,011.54	0.45	6,735,107	544,669.27	0.61	12.37
Subtotal-Undeveloped	**504**	**647,095.56**	**6.50%**	**34,271,135**	**8,034,766.93**	**8.96%**	**4.27**
TOTALS	**8,225**	**9,948,998.30**	**100.00%**	**2,733,574,356**	**89,714,063.75**	**100.00%**	**30.47**

[1] Includes Overlapping CFDs and Landscape and Lighting Districts.
Source: Del Rio Advisors, LLC

Ownership and Value of Property within the Districts. Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Districts and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the owners have the ability to pay the assessment installments or that, even if they have the ability, they will choose to pay such installments. An owner may elect to not pay the assessments when due and cannot be legally compelled to do so. Neither the City nor any Bondholder will have the ability at any time to seek payment from the owners of property within the Districts of any assessment or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the Districts.

The following table lists the payers of the largest assessments in the Districts as of the fiscal year 2009-10 tax roll.

City of Brentwood
CIFP 94-1 – Assessment Districts Nos. 93-2, 93-3, 94-2 and 94-3
CIFP 2000-1 – Assessment District No. 2000-1
CIFP 2002-1 – Assessment District No. 2002-1
CIFP 2003-1 - Assessment District No. 2003-1 and
CIFP 2004-1 - Assessment District No. 2004-1
Top 10 Payers of the Largest Assessments

Owner Name	Levy Amount	Percent of Total Levy
WK LLC	64,236.82	0.65%
Sand Creek Crossing LLC	59,887.14	0.60%
Golden Hills Community Church	53,122.54	0.53%
Amber Park LLC	33,309.18	0.33%
KPO LLC	22,042.92	0.22%
Siena Balfour LLC	20,896.66	0.21%
D Devi Oil INC	19,909.12	0.20%
Resurrection Lutheran Ministry	15,844.24	0.16%
Leung Wayne Tre	11,387.30	0.11%
Bank of Agriculture & Commerce	10,124.72	0.10%
TOTAL	**310,760.64**	
ALL OTHERS	**9,638,237.66**	**3.12%**
TOTAL LEVY	**9,948,998.30**	**96.71%**

Source: Del Rio Advisors, LLC

Delinquencies. The delinquency rate for taxes and assessments for property in the Districts as shown on the 2008-09 County Assessor's tax roll is summarized as follows:

City of Brentwood
CIFP 94-1 – Assessment Districts Nos. 93-2, 93-3, 94-2 and 94-3
CIFP 2000-1 – Assessment District No. 2000-1
CIFP 2002-1 – Assessment District No. 2002-1
CIFP 2003-1 - Assessment District No. 2003-1 and
CIFP 2004-1 - Assessment District No. 2004-1
Delinquency Rate

District	Number of Total Parcels	Number of Delinquent Parcels	Percent of Total Parcels	Tax Levy Delinquency	Percent of Total Levy
2000-1	982	82	1.00%	73,135.31	0.78%
2002-1	899	92	1.12%	150,493.55	1.61%
2003-1	991	130	1.58%	267,168.57	2.87%
2004-1	1,251	106	1.29%	229,399.88	2.46%
1994-1	4,102	269	3.27%	227,066.11	2.44%
TOTAL	**8,225**	**679**	**8.26%**	**947,263.42**	**10.16%**
TOTAL LEVY				**9,319,449.88**	

Source: Del Rio Advisors, LLC

RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters described in this Official Statement, in evaluating the likelihood of receipt of the Creditable Revenues from the CIFP Revenues and the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in each District, or could adversely affect the ability or willingness of property owners in any District to pay assessments when due.

Covenant for Superior Court Foreclosure

The Improvement Bond Act of 1915, constitution Division 10 of the Streets and Highways Code of the State of California (the "Local Obligation Statute") provides that in the event any assessment or installment thereof or any interest thereon is not paid when due, the City may order the institution of a court action to foreclose the lien of the unpaid assessment and acquire title to the parcel to which the delinquency relates. In such an action, the real property subject to the unpaid assessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory, however, the City has covenanted in the CIFP Indentures that, in the event any assessment, or installment thereof, including any interest thereon, is not paid when due, it will order and cause to be commenced within one hundred fifty (150) days following the date of such delinquency, and thereafter diligently prosecute, judicial foreclosure proceedings upon the parcel to which such delinquent assessment or installment thereof and interest thereon

relates, which foreclosure proceedings shall be commenced and prosecuted without regard to available surplus funds of the City; provided, that the City shall not be required to commence or prosecute any such foreclosure action so long as (i) the City, in its sole discretion, advances funds sufficient in both time and amount due pursuant to the CIFP Indentures and (ii) the amounts on deposit in the Reserve Fund held under the CIFP Indentures are equal to the Reserve Requirement (as defined in therein). Pursuant to Section 8831 of the Streets and Highways Code, the City shall be entitled to reasonable attorney's fees from the proceeds of any foreclosure sale.

Prior to July 1, 1983, the statutory right of redemption from such a judicial foreclosure sale was limited to a period of one year from the date of sale. Legislation effective July 1, 1983 amended this statutory right of redemption to provide that before notice of sale of the foreclosed parcel can be given following court judgment of foreclosure, a redemption period of 120 days must elapse. Furthermore, if the purchaser at the sale is the judgment creditor (here, the City) an action may be commenced by the delinquent property owner within six months after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation which repeals the one-year redemption period has not been tested and there can be no assurance that, if tested, such legislation will be upheld. In the event such Superior Court foreclosure or foreclosures are necessary, there may be a delay in payments to Owners pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale; it is also possible that no bid for the purchase of the applicable property would be received at the foreclosure sale. See also " - Bankruptcy and Foreclosure" and "-Collection of the Assessment" herein.

Prepayment of Assessments

As described in this Official Statement, the Authority has pledged the CIFP Revenues to the payment of a portion of the debt service on the Bonds and the CIFP Revenues, to the extent received by the Trustee, constitute Creditable Revenues which reduce the City's obligation to make Base Rental Payments under the Facilities Lease. The CIFP Revenues consist of amounts received by the Authority pursuant to the CIFP Indentures as a result of refinancing of certain CIFP Revenue Bonds previously issued by the Authority. The CIFP Revenue Bonds were initially issued to finance the acquisition of the CIFP Local Obligations issued by the City for assessment districts created to finance infrastructure related to new developments in the City. Once significant build out of the properties within those assessment districts had occurred and when market conditions were favorable, the Authority refinanced the CIFP Revenue Bonds by issuing refunding bonds under the CIFP Indentures, which resulted in reduced debt service paid by the Authority. The difference between this reduced debt service and the payments received by the Authority on the original CIFP Local Obligations secured by assessment liens in the assessment districts generates the CIFP Revenues pledged to the payment of the Bonds. Should any payments received by the Authority on the original CIFP Local Obligations secured by assessment liens in the assessment districts be prepaid, the difference between this reduced debt service and the payments received by the Authority on the original CIFP Local Obligations secured by assessment liens in the assessment districts will be reduced, in turn reducing the CIFP Revenues available to the payment of the Bonds.

Owners Not Obligated to Pay Assessments

Unpaid assessments do not constitute a personal indebtedness of the owners of the parcels within the Districts and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the owners have the ability to pay the assessment installments or that, even if they have the ability, they will choose to pay such installments. An owner may elect to not pay the assessments when due and cannot be legally compelled to do so. If an owner decides it is not economically feasible to develop or to continue owning its property encumbered by the lien of the assessment, or decides that for any other reason it does not want to retain title to the property, such owner may chose not to pay assessments and to allow the property to be foreclosed. Such a choice may be made due to a decrease in the market value of the property. A foreclosure of the property will result in such owner's interest in the property being transferred to another party. Neither the City nor any Bondholder will have the ability at any time to seek payment from the owners of property within the Districts of any assessment or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the Districts.

Bankruptcy

The payment of assessments and the ability of the City to foreclose the lien of a delinquent unpaid assessment, as discussed in "- Covenant to Commence Superior Court Foreclosure" above, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by State law relating to judicial foreclosure. In addition, the prosecution of a foreclosure could be delayed due to lengthy local court calendars or procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings should not cause the assessments to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in delinquent assessment installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Limited Obligation Upon Delinquency

The City has made an election not to be obligated to advance funds of the City for delinquent assessment installments pursuant to Section 8769(b) of the Local Obligation Statute. During the period of delinquency, the likelihood of receipt of the Creditable Revenues from the CIFP Revenues may decrease. Notwithstanding the foregoing, the City may, at its sole option and at its sole discretion, elect to advance available surplus funds of the City to pay for any delinquent assessment installments pending sale, reinstatement or redemption of any delinquent property.

Collection of the Assessment

The likelihood of receipt of the Creditable Revenues from the CIFP Revenues increases if the assessment installments are paid in a timely manner. Should the installments of assessments not be paid on time, the likelihood of receipt of the Creditable Revenues from the CIFP Revenues may decrease.

The assessment installment is to be collected in the same manner as ordinary ad valorem real property taxes are collected and, except as provided in the special covenant for foreclosure described herein and in the Local Obligation Statute, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem real property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property may be deeded to the State and then is subject to sale by the County.

Pursuant to the Local Obligation Statute, in the event any delinquency in the payment of the assessment installment occurs, the City may commence an action in superior court to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. Amendments to the Local Obligation Statute enacted in 1988 and effective January 1, 1989 provide that under certain circumstances property may be sold upon foreclosure at a lesser Minimum Price or without a Minimum Price. "Minimum Price" as used in the Local Obligation Statute is the amount equal to the delinquent installments of principal or interest of the assessment or reassessment, together with all interest penalties, costs, fees, charges and other amounts more fully detailed in the Local Obligation Statute. The court may authorize a sale at less than the Minimum Price if the court determines that sale at less than the Minimum Price will not result in an ultimate loss to the bondowners of the bonds secured by such assessment installments or, under certain circumstances, if owners of 75% or more of such bonds outstanding consent to such sale. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid a delay in payments of debt service on the Bonds. The City has covenanted to commence foreclosure upon the occurrence of a delinquency as provided in the CIFP Indentures, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the delinquent installments of the assessment against parcels of land in each District for which such installment has been billed but has not been paid, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale, all as provided in CIFP Indentures. See "- Covenant to Commence Superior Court Foreclosure" above. In the event that sales or foreclosures of property are necessary, the likelihood of receipt of the Creditable Revenues from the CIFP Revenues may decrease pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale. See "- Bankruptcy and Foreclosure" herein.

Property Values

A land value determined by a county assessor or an appraiser is an opinion with respect to the market value, and is generally based upon a sales comparison approach, which determines the value of the subject property by comparing it to sales of comparable property, adjusted for differences between the subject and the comparable property. No assurance can be given that if a parcel with delinquent assessment installments is foreclosed, any bid will be received for such

property or, if a bid is received, that such bid will be equal to the value determined by the county assessor or an appraiser, or that it will be sufficient to pay delinquent installments of unpaid assessments.

Parity Taxes and Special Assessments

The assessment and each installment thereof and any interest and penalties thereon constitute a lien against the parcels on which they were imposed until the same are paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens and over all fixed special assessment liens which may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended.

Future Overlapping Indebtedness

The ability of an owner of land within the Districts to pay the assessments could be affected by the existence of other taxes and assessments imposed upon the property subsequent to the date of issuance of the Bonds. In addition, other public agencies whose boundaries overlap those of the Districts could, without the consent of the City, and in certain cases without the consent of the owners of the land within the Districts, impose additional taxes or assessment liens on the property within the Districts to finance public improvements to be located inside of or outside of the Districts.

Future Private Indebtedness

In order to improve property in the Districts, the property owners may need to construct private improvements. The cost of these private improvements may increase the private debt for which the land in the Districts or other land or collateral owned by the property owners is security and such increased debt could reduce the ability or desire of the property owners to pay the assessments secured by the land in the Districts. It should be noted however, that the lien of any private financing secured by the land within the Districts would be subordinate to the lien of the assessments.

Contra Costa County Tax Loss Reserve

The County and its subsidiary political subdivisions operate under the provisions of Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California, commonly referred to as the "Teeter Plan," with respect to property tax collection and disbursement procedures. These sections provide an alternative method of apportioning secured taxes whereby agencies levying taxes through the County tax roll may receive from the County 100% of their taxes at the time they are levied. The County treasury's cash position (from taxes) is insured by a special tax losses reserve fund (the "Tax Losses Reserve Fund") accumulated from delinquent penalties. Pursuant to the Teeter Plan, each taxing entity in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. The tax losses reserve fund is used exclusively to cover losses occurring in the amount of tax liens as a result of sales of tax-defaulted property. Monies in this fund are derived from delinquent tax penalty collections.

This method of apportioning taxes extends to all assessments collected on the County tax roll. Although a local agency currently receives the total levy for its special assessments without regard to actual collections, the basic legal liability for assessment deficiencies at all times remains with the sponsoring agency and, therefore, the alternative method of tax apportionment only assists the agency in the current financing of the maturing debt service requirements.

The Board of Supervisors may discontinue the procedures under the Teeter Plan altogether, or with respect to any tax or assessment levying agency in the County, if the rate of secured tax and assessment delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

The assessment installments with respect to the CIFP Local Obligations are expected to be collected pursuant to the procedures described above. Thus, so long as the County maintains its policy of collecting assessments pursuant to said procedures and the City meets the Teeter Plan requirements, the City will receive 100% of the annual assessment installments levied without regard to actual collections in the Districts. There is no assurance, however, that the County Board of Supervisors will maintain its policy of apportioning assessments pursuant to the aforementioned procedures. Additionally, in the event of continued default on payment of an assessment, the assessment is often removed from the tax roll for collection proceedings by the City and upon such removal the Teeter Plan no longer is applicable to such parcel.

APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BRENTWOOD

The following information concerning the City and surrounding areas are included only for the purpose of supplying general information regarding the community. The Local Obligations and the Bonds are not a debt of the City, the State, or any of its political subdivisions and neither said City, said State, nor any of its political subdivisions is liable therefor. See the section herein entitled "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR."

The City is located in eastern Contra Costa County (the "County") across the San Francisco Bay approximately 45 miles northeast of San Francisco, 65 miles southwest of Sacramento and 10 miles east of the City of Antioch. The City contains approximately 11.67 square miles in total area and has a population which has increased significantly in recent years to its present level of approximately 51,908 persons.

The City was first settled by farmers in 1878. Until the past decade, the City has retained its agricultural orientation. Over the past 15 years, new residential subdivisions have transformed the City into a more suburban environment, as evidenced by its rapid population growth. Land uses in and around the City are characterized by older farming districts and an original downtown area, contrasted with rapidly expanding residential neighborhoods in the peripheral areas of the City.

The City enjoys close proximity to major regional employment areas, including San Francisco and the northern Bay Area, Walnut Creek and the San Ramon corridor in Contra Costa County and the Stockton and central San Joaquin Valley area to the east. The City also enjoys close proximity to major regional recreation areas, including Mt. Diablo State Park approximately 25 miles to the west, the Sierra Nevada Mountains 90 miles to the east and the Sacramento Delta waterway to the north. Interstate Highway 680 is a 20-minute drive from the City's downtown area. A recently completed bypass connects the City's main roads directly with California Highway 4 which provides convenient access to the City. The City is also served by the Southern Pacific Railroad.

Municipal Government

The City was incorporated in 1948 as a general law city. The City government is made up of council members elected at large to serve four-year overlapping terms, at elections held every two years. The mayor is directly elected to serve a four-year term. A city manager is appointed by the council and mayor to administer daily affairs of the City and to implement policies established by the council.

Municipal functions include police protection, water service, highways and streets, sanitation, solid waste disposal services, youth services, public improvements, parks and recreation services, community development and general administrative services. The City has approximately 273 employees.

Population

The City is located in the eastern portion of the County. The City's population as of January 1, 2009 was 51,908, as estimated by the State Department of Finance. This figure is approximately 134 percent greater than the 2000 U.S. Census figure.

Set forth below is comparative historical and projected population data for the City and County, respectively.

HISTORICAL CITY, COUNTY AND STATE POPULATION DATA

Year	City of Brentwood	Percent Change	Contra Costa County	Percent Change	State of California	Percent Change
2000	22,230	--	948,816	--	33,873,086	--
2001	25,104	12.9	966,012	1.8	34,430,970	1.6
2002	29,608	17.9	981,536	1.6	35,063,959	1.8
2003	32,975	11.4	993,668	1.2	35,652,700	1.7
2004	37,246	13.0	1,005,590	1.2	36,199,342	1.5
2005	42,050	12.9	1,016,304	1.1	36,675,346	1.3
2006	45,974	9.3	1,026,234	1.0	37,114,598	1.2
2007	48,677	5.9	1,037,580	1.1	37,559,440	1.2
2008	50,584	3.9	1,051,674	1.4	38,049,462	1.3
2009	51,908	2.6	1,060,435	0.8	38,292,687	0.6

Sources: State Department of Finance, May 2009.

Prior to the 1970's, the City's growth lagged behind growth in the County as a whole because development was centered in the western portion of the County. As development activity moved eastward during the 1970's, population in the City began to grow sharply, outpacing growth in the County. The City experienced a population increase of approximately 134% from 2000 to 2009. According to projections made in 2007 by the Association of Bay Area Governments ("ABAG"), the City's population is forecast to increase to 69,400 by the year 2020.

Income

"Effective buying income" ("EBI") is a classification developed exclusively by *Demographics USA* magazine to distinguish it from other sources reporting income statistics. EBI is defined as "money income" less personal tax and nontax payments – a number often referred to as "disposable" or "after-tax" income. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling and other periodic income. Money income does not include money received from the sale of property (unless the recipient is engaged in the business of selling property); the value of "in-kind" income such as food stamps, public housing subsidies, medical care, employer contributions for persons, etc.; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum

inheritances, insurance payments, and other types of lump-sum receipts. EBI is computed by deducting from money income all personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. Note that the methodology for calculating EBI was modified in 1995. Therefore, the figures cited herein are not comparable to EBI statistics compiled prior to 1995.

Although *Trade Dimensions International, Inc. – Demographics USA 2008* does not list the median household EBI figures for Brentwood, figures for Contra Costa County are available. As of January 1, 2008, the county-wide median household EBI was $61,123, as compared to $55,158 in San Francisco County; $67,498 in Santa Clara County, $46,334 in Sacramento County, $43,710 in Los Angeles County and $50,024 in San Diego County, and the median household EBI for the State of California was $48,203, and for the United States was $41,792. The per capita EBI for the Contra Costa County, as of January 1, 2008, was $28,852, as compared to $21,716 for the State of California and $20,717 for the United States of America.

Brentwood's mean household income level, in constant 2005 dollars, has slightly reduced from $91,900 in 2000 to $91,600 in 2005, according to the 2005 Association of Bay Area Governments (ABAG) estimates. Brentwood's income figures are below those of Contra Costa County as a whole, whose 2000 and 2005 mean household incomes were $100,500 and $98,400, respectively.

Employment

The following table lists some of the major employers in Contra Costa County in alphabetical order:

CONTRA COSTA COUNTY
Major Employers

Employer Name	Location	Industry
Bank of the West	Walnut Creek	Banks
Bio-Rad Laboratories Inc.	Hercules	Laboratory Analytical Instruments (Mfrs)
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream LLC	San Ramon	Petroleum Products (Wholesale)
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Medical Center	Martinez	Government Offices-County
Doctor's Medical Center	San Pablo	Hospitals
John Muir Health	Walnut Creek	Hospitals
John Muir Medical Center	Concord	Hospitals
John Muir Physical Rehab.	Concord	Rehabilitation Services
Kaiser Permanente Medical Center	Martinez	Health Plans
Kaiser Permanente Medical Center	Walnut Creek	Hospitals
Muirlab	Walnut Creek	Laboratories-Medical
PMI Mortgage Insurance Co.	Walnut Creek	Insurance-Mortgage
Richmond City Offices	Richmond	Government Offices-City, Village & TWP
San Ramon Regional Medical Center	San Ramon	Hospitals
Shell Martinez Refinery	Martinez	Oil Refiners (Manufacturers)
Shell Oil Products	Martinez	Service Stations-Gasoline & Oil
St. Mary's College of California	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Center	Antioch	Hospitals
Tesoro Petroleum	Pacheco	Oil Refiners (Manufacturers)
US Veterans Medical Center	Martinez	Hospitals
USS-Posco Industries	Pittsburg	Steel Mills (Manufacturers)
VA Outpatient Clinic	Martinez	Physicians & Surgeons

Source: California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2009 2nd Edition.

Contra Costa County and Alameda County comprise the Oakland-Freemont-Hayward Metropolitan Statistical Area. The civilian labor force, employment and unemployment for the Oakland-Fremont-Hayward Metropolitan Statistical Area is outlined in the following table.

OAKLAND-FREMONT-HAYWARD METROPOLITAN STATISTICAL AREA
(Alameda and Contra Costa Counties)
Employment and Unemployment of
Industry Employment and Labor Force [1]

	2004	2005	2006	2007	2008
Civilian Labor Force	1,259,800	1,257,600	1,265,300	1,281,600	1,295,700
Employment	1,187,900	1,194,300	1,209,700	1,220,600	1,215,500
Unemployment	71,900	63,400	55,500	60,900	80,200
Civil Unemployment Rate:					
Oakland-Fremont-Hayward MSA	5.7%	5.0%	4.4%	4.8%	6.2%
State of California	6.2%	5.4%	4.9%	5.40%	7.2%

[1] Annual averages
Source: Employment Development Department, State of California Labor Market Information Division, March 2008 Benchmark.

The Oakland-Fremont-Hayward Metropolitan Statistical Area comprises the Contra Costa County and Alameda County. A breakdown of the labor force by industry in the Oakland Metropolitan Statistical Area is set forth in the following table.

OAKLAND-FREMONT-HAYWARD METROPOLITAN STATISTICAL AREA
Wage And Salary Workers By Industry
Annual Averages

	2004	2005	2006	2007	2008
Agriculture	1,500	1,600	1,500	1,500	1,400
Natural Resources and Mining	1,200	1,100	1,200	1,200	1,200
Construction	69,800	72,800	73,300	72,400	64,600
Manufacturing	98,200	95,600	95,800	93,700	93,300
Wholesale Trade	49,200	48,600	48,800	48,800	48,000
Retail Trade	110,500	112,100	113,300	113,100	110,700
Transportation. Warehousing & Utilities	34,200	34,300	35,000	36,100	36,600
Information	31,300	30,700	30,100	29,400	27,800
Finance & Insurance	49,500	50,800	49,400	45,400	40,500
Real Estate & Rental & Leasing	18,100	18,700	18,200	16,900	16,300
Professional & Business Services	147,700	150,600	154,900	155,500	161,400
Education & Health Services	117,200	118,500	121,800	124,700	127,700
Leisure & Hospitality	80,600	83,000	85,600	87,500	89,100
Other Services	36,600	35,600	35,900	36,200	36,000
Government	179,700	180,000	182,000	186,800	176,600
Total All Industries*	1,025,300	1,034,300	1,046,800	1,049,200	1,031,300

* Total may not be precise due to independent rounding.
Source: Employment Development Department, State of California Labor Market Information Division, March 2008 Benchmark

Construction

Between 1996 and 2000, the City issued building permits valued at more than $683 million. Of this total, new residential construction accounted for approximately 95 percent, and new commercial/industrial projects represented approximately 7 percent.

During this five-year period, residential permits in the City included approximately 4,164 new dwelling units, 3,792 of which were single-family homes. Set forth below are building permit valuations for the City during the five-year period from 1996 through 2000.

CITY OF BRENTWOOD
Building Permit Valuation
2004 through 2008

	2004	2005	2006	2007	2008
Valuation:					
New Residential	$290,863,289	$301,457,834	$112,141,517	$ 77,461,325	$ 7,512,358
New Commercial/Industrial	38,750,370	4,089,782	7,468,348	26,986,303	10,373,374
Total Value	$329,613,659	$305,547,616	$119,609,865	$104,447,628	$17,885,732
Number of New Housing Units:					
Single	1,306	1,413	475	357	37
Multiple	226	82	100	0	0
Total Units	1,532	1,495	575	357	37

Source: Construction Industry Research Board.

The following table shows residential building permit data for the County for the last five years.

COUNTY OF CONTRA COSTA
New Residential Building Permits
2004 through 2008

Year	Single Family Units	Single Family Percent of Total	Multi-Family Units	Multi-Family Percent of Total
2004	4,222	77	1,261	23
2005	5,452	86	860	14
2006	3,310	74	1,178	26
2007	2,698	75	909	25
2008	985	52	909	48

Source: Construction Industry Research Board.

Utilities

Gas and electric service in the City is provided by Pacific Gas & Electric. Telephone service is provided by Pacific Bell. Water is supplied by City wells and the East Bay Municipal Utility District through the City water lines and filtration plant. Sewer service is supplied by the City.

Education

The City is part of the Brentwood and Liberty Union School Districts which provide K-12 public education needs. There are four high schools, three middle schools, and seven elementary schools located in the City.

Near the City are four colleges, Los Medanos Community College in Pittsburg, Diablo Valley Community College in Concord, San Joaquin Delta Community College and University of the Pacific in Stockton. Los Medanos Community College also has an extension campus located in the City.

Transportation

The City, located near the Cities of Antioch and Stockton, is in close proximity to a highly developed transportation network. A recently completed bypass connects the City's main roads with State Highway 4 which intersects with Interstate 680 near Martinez and Interstate 80 in Hercules. To the east, Highway 4 leads to Stockton where it intersects with Interstate 5. The highways provide the City with access to major regional workplace and recreation areas. The City is close to both regional and international airports — Concord Airport, Stockton Airport and Oakland International Airport.

Proximity to Major Urban Centers

Proximity	Distance	Time
Antioch to Brentwood	10 miles	15 minutes
Concord to Brentwood	26 miles	30 minutes
Oakland to Brentwood	46 miles	50 minutes
Stockton to Brentwood	37 miles	40 minutes
San Francisco to Brentwood	54 miles	80 minutes
Sacramento to Brentwood	75 miles	90 minutes

Source: City of Brentwood

The City is also served by bus lines and railroads. Bay Area Rapid Transit ("BART") provides a bus service from Antioch connecting to the Concord BART station. Tri Delta Transit Express Route 300 provides limited-stop service between Brentwood and the Pittsburg BART station. BART serves cities in San Francisco and the East Bay, including service to and from the San Francisco International Airport. A shuttle bus also provides service between the Oakland Coliseum BART station and the Oakland International Airport.

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APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL

October 27, 2009

Brentwood Infrastructure Financing Authority
Brentwood, California

Brentwood Infrastructure Financing Authority
Civic Center Project Lease Revenue Bonds
Series 2009A and Taxable Series 2009B (Build America Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Brentwood Infrastructure Financing Authority (the "Issuer") in connection with the issuance of $4,055,000 aggregate principal amount of Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Bonds, Series 2009A (the "Series 2009A Bonds") and $43,945,000 aggregate principal amount of Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Bonds, Taxable Series 2009B (Build America Bonds) (the "Taxable Series 2009B Bonds" and, collectively with the Series 2009A Bonds, the "Bonds"), issued pursuant to a trust agreement, dated as of October 1, 2009 (the "Trust Agreement"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement; a site lease, dated as of October 1, 2009 (the "Site Lease"), between the City of Brentwood (the "City") and the Issuer; a facilities lease, dated as of October 1, 2009 (the "Facilities Lease"), between the Issuer and the City; the Tax Certificate relating to the Series 2009A Bonds, dated the date hereof (the "Tax Certificate"); opinions of counsel to the Issuer, the Trustee and the City; certificates of the Issuer, the Trustee, the City and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our

engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Site Lease, the Facilities Lease and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2009A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Site Lease, the Facilities Lease and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Trust Agreement, the Site Lease or the Facilities Lease or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated October 16, 2009 or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Issuer.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

3. The Site Lease and the Facilities Lease have been duly executed and delivered by, and constitute valid and binding obligations of, the Issuer and the City and the obligation of the City to make the Base Rental Payments (as defined in the Facilities Lease) during the term of the Facilities Lease constitutes a valid and binding obligation of the City, payable from funds of the City lawfully available therefor.

4. Interest on the Series 2009A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2009A 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. Interest on the Taxable Series 2009B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX I

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT
(City)

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the CITY OF BRENTWOOD, California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee") and as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Brentwood Infrastructure Financing Authority (the "Authority") of $48,000,000 aggregate principal amount of its Civic Center Project Lease Revenue Bonds, Series 2009A and Taxable Series 2009B (Build America Bonds) (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement, dated as of October 1, 2009, between the Authority and the Trustee (the "Trust Agreement"). Pursuant to the Facilities Lease, dated as of October 1, 2009 (the "Facilities Lease"), the City has covenanted to comply with its obligations hereunder and to assume all obligations for Continuing Disclosure with respect to the Bonds. The City, the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City, the Trustee and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the City Manager or such other officer or employee as the City shall designate in writing to the Trustee from time to time.

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

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's Fiscal Year (presently June 30), commencing with the report for the 2009-2010 Fiscal Year, provide to the MSRB through EMMA, in an electronic format and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report itself after providing written notice to the Trustee and the Dissemination Agent. If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall file a notice with the MSRB through EMMA in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the applicable electronic format for filings through EMMA; and

(ii) to the extent the City has provided the Annual Report to the Dissemination Agent, file a report with the City and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

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

(a) The audited financial statements for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not presented in the audited financial statements, updated (through the most recent Fiscal Year) operating and financial data of the City of the type contained in the Official Statement relating to the Bonds under the following captions and in the tables in the following appendices, as the case may be:

(i) Under the caption "CITY OF BRENTWOOD FINANCES – General Fund Financial Summary," the tables entitled "City of Brentwood General Fund Balance Sheet" and "General Fund Summary of Revenues and Expenditures";

(iii) Under the caption "CITY OF BRENTWOOD FINANCES – Tax Receipts," the table entitled "City of Brentwood Tax Revenues By Source";

(iv) Under the caption "CITY OF BRENTWOOD FINANCES – Sales Taxes," the table entitled "City of Brentwood Taxable Transactions";

(v) Under the caption "CITY OF BRENTWOOD FINANCES – Property Taxes," the tables entitled "City of Brentwood Assessed Valuation" and "City of Brentwood Property Tax Levies";

(vi) APPENDIX E – "THE CFD LOCAL OBLIGATIONS"; and

(vii) APPENDIX F – "THE CAPITAL IMPROVEMENT FINANCING PROGRAMS."

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. modifications to rights of Bondholders;

4. optional, contingent or unscheduled bond calls;

5. defeasances;

6. rating changes;

7. adverse tax opinions or events affecting the tax-exempt status of the Bonds;

8. unscheduled draws on the debt service reserves reflecting financial difficulties;

9. unscheduled draws on the credit enhancements reflecting financial difficulties;

10. substitution of the credit or liquidity providers or their failure to perform;

11. release, substitution or sale of property securing repayment of the Bonds.

(b) The Trustee shall, promptly upon obtaining actual knowledge at its office as specified in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f); provided that, failure by the Trustee to so notify the Disclosure Representative and make such request shall not relieve the City of its duty to report Listed Events as required by this Section 5. Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence.

(f) If the Trustee has been instructed by the City to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB through EMMA in an electronic format and accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)4

and 5 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

(g) The Trustee may conclusively rely on an opinion of counsel that the City's instructions to the Trustee under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent may resign by providing thirty days written notice to the City and the Trustee. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with the schedule of fees agreed upon by the City, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Trustee and the Dissemination Agent may amend this Disclosure Agreement, (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the City provided such amendment does not impose any greater duties, nor risk of liability, on the Trustee or the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement

with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the City, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Trustee or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

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

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the City:	City of Brentwood 708 Third Street Brentwood, CA 94513 Attention: City Manager Telephone: (925) 516-5440 Fax: (925) 516-5441
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Telephone: (415) 273-4540 Fax: (415) 273-4590
To the Dissemination Agent:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Telephone: (415) 273-4540 Fax: (415) 273-4590

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2009

CITY OF BRENTWOOD

By _____
City Manager

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee and Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person:	City of Brentwood
Name of Issue:	Brentwood Infrastructure Financing Authority Civic Center Project Lease Revenue Bonds, Series 2009A and Taxable Series 2009B (Build America Bonds)
Date of Issuance:	October 27, 2009

NOTICE IS HEREBY GIVEN that the City of Brentwood has not provided an Annual Report with respect to the above-named Bonds as required by Section 8.12 of the Facilities Lease, dated as of October 1, 2009, between the Brentwood Infrastructure Financing Authority and the City. [The City anticipates that the Annual Report will be filed by _____.]

Dated:_____

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____

Title _____

CONTINUING DISCLOSURE AGREEMENT
(Agency)

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the REDEVELOPMENT AGENCY OF THE CITY OF BRENTWOOD (the "Agency"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee") and as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Brentwood Infrastructure Financing Authority (the "Issuer") of its $48,000,000 aggregate principal amount of Civic Center Project Lease Revenue Bonds, Series 2009A and Taxable Series 2009B (Build America Bonds) (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement, dated as of October 1, 2009 (the "Trust Agreement") between the Issuer and the Trustee. The Agency (as an obligated person with respect to the Bonds), the Trustee and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency, the Trustee and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter (as hereinafter defined) in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean with respect to the Agency, the Executive Director of the Agency, or such other officer or employee as the Agency shall designate in writing to the Trustee and the Dissemination Agent from time to time.

"Dissemination Agent" shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent, which may be designated in writing by the Agency and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean each original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the close of the Agency's fiscal year (presently June 30), commencing with the report for the 2009-2010 Fiscal Year, provide to MSRB through EMMA, in an electronic format and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent); provided, however, that the Agency may distribute the Annual Report itself after providing written notice to the Trustee and the Dissemination Agent. If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice with the MSRB through EMMA in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the applicable electronic format for filings through EMMA; and

(ii) to the extent the Agency has provided the Annual Report to the Dissemination Agent, file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

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

(a) The audited financial statements of the Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If

the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not presented in the audited financial statements, updated (through the most recent fiscal year) operating and financial data of the Agency of the type contained in Appendix D of the Official Statement relating to the Bonds under the following captions and in the tables therein, as the case may be:

(i) Under the caption "THE MERGED PROJECT AREA – Present Condition," the table entitled "Merged Project Area Assessed Value by Land Use";

(ii) Any changes to the information concerning financial time limits for the Merged Project Area or the information under "THE MERGED PROJECT AREA – Merger of Former Project Areas";

(iii) Under the caption "MERGED PROJECT AREA REVENUES – Merged Project Area Highlights," the tables entitled "Assessed Valuation" and "Historical Tax Increment Revenues";

(iv) Description of pending and successful assessment appeals, but only if the total amount in dispute (for pending appeals) or reduced assessment value (for successful appeals) exceeds 5% of the total assessed value in the Merged Project Area; and

(v) For the Merged Project Area in the most recent fiscal year tax increment, net tax increment, debt service on indebtedness payable from tax increment revenues and debt service coverage, substantially in the format presented in the table entitled "Merged Project Area Projected Incremental Tax Revenue" under the caption "MERGED PROJECT AREA REVENUES – Outstanding Senior Obligations, Debt Service Coverage and Projected Tax Increment Revenues."

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. modifications to rights of Bondholders;

4. optional, contingent or unscheduled bond calls;

5. defeasances;

6. rating changes;

7. adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;

8. unscheduled draws on the debt service reserves reflecting financial difficulties;

9. unscheduled draws on credit enhancements reflecting financial difficulties;

10. substitution of credit or liquidity providers, or their failure to perform; and

11. release, substitution or sale of property securing repayment of the Bonds.

(b) The Trustee shall, promptly upon obtaining actual knowledge at its principal corporate trust office as specified in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Agency promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f); provided that, failure by the Trustee to so notify the Disclosure Representative and make such request shall not relieve the Agency of its duty to report Listed Events as required by this Section 5.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Agency shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Agency determines that the Listed Event would not be material under applicable federal securities laws, the Agency shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence.

(f) If the Trustee has been instructed by the Agency to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB through EMMA in an electronic format and accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)4 and 5 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

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

SECTION 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent may resign by providing thirty days written notice to the Agency and the Trustee. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with the schedule of fees agreed upon by the Agency, as amended from time to time, and all reasonable expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Agency provided such amendment does not impose any greater duties, nor risk of liability, on the Trustee or the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of the Trustee of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment

relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the Agency, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee (and, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent indemnified to its satisfaction), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency, the Trustee and the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

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

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency:	Redevelopment Agency of the City of Brentwood 708 Third Street Brentwood, CA 94513 Attention: Executive Director Telephone: (925) 516-5440 Fax: (925) 516-5441
To the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Telephone: (415) 273-4540 Fax: (415) 273-4590
To the Dissemination Agent:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Telephone: (415) 273-4540 Fax: (415) 273-4590

SECTION 13. California Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

Date: _____, 2009

REDEVELOPMENT AGENCY OF
THE CITY OF BRENTWOOD

By_____
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Dissemination Agent

By_____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: Redevelopment Agency of the City of Brentwood, California

Name of Issue: Brentwood Infrastructure Financing Authority
Civic Center Project Lease Revenue Bonds, Series 2009A and
Taxable Series 2009B (Build America Bonds)

Date of Issuance: _____, 2009

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Brentwood, California (the "Agency") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated _____, 2009 by and between the Agency and U.S. Bank National Association, as Trustee and Dissemination Agent. The Agency anticipates that the Annual Report will be filed by_____.

Dated:_____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

cc: Redevelopment Agency of the City of Brentwood

APPENDIX J

THE BOOK-ENTRY SYSTEM

The information in this appendix concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (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 and 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 Bonds ("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 the 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 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 any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, on payable date in accordance with its 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, its nominee, the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, 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 depository with respect to the Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority 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.

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

The Authority, the City, the Agency and the Underwriter cannot and do 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 Authority, the City, the Agency and the Underwriter are not responsible or liable for the failure of DTC or any Direct 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.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272