2009-1534 & 2010-0004

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: Standard & Poor's: "AA+"
(See "Ratings" herein)

$17,650,000
California Statewide Communities Development Authority
TAXABLE PENSION OBLIGATION BONDS
(City of San Ramon)
2010 Series A Bonds (Current Interest Bonds)

Dated: Date of delivery **Due: See inside front cover page.**

The Bonds are being issued pursuant to the terms of a Trust Agreement, dated as of January 1, 2010 (the "Trust Agreement") by and between the California Statewide Communities Development Authority (the "Authority") and Wells Fargo Bank, National Association, as trustee (the "Trustee") for the purpose of purchasing certain taxable pension obligation bonds (the "Obligations") issued by the City of San Ramon (the "Local Agency") in the same aggregate principal amount as the Bonds. The Series A Bonds are referred to herein as the "Bonds".

Interest on the Series A Bonds (Current Interest Bonds) (the "Series A Bonds" or the "Bonds") is payable on June 1 and December 1, commencing June 1, 2010. The Bonds will bear interest at the rates set forth on the inside front cover. The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as owner of the Bonds and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only, in Authorized Denominations. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be payable by wire transfer to DTC, which in turn is required to remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to redemption prior to maturity as described herein.

The Obligations of the Local Agency are being issued pursuant to the Local Agency's authorizing resolution (the "Obligation Resolution") and the terms of a Trust Agreement, dated as of January 1, 2010 (the "Local Agency Trust Agreement") by and between the Local Agency and Wells Fargo Bank, National Association, as trustee (the "Local Agency Trustee"). The Obligations of the Local Agency are absolute and unconditional obligations of the Local Agency, without any right of set-off or counterclaim. The Obligations require the Local Agency to deposit or cause to be deposited with the Local Agency Trustee on or before August 1 of each Fiscal Year the amount which is sufficient to pay the Local Agency's Obligations payable during such Fiscal Year.

THE BONDS ARE A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE AND ASSIGNMENT OF, THE PENSION OBLIGATION BONDS ISSUED BY THE LOCAL AGENCY AND PAYMENTS WITH RESPECT THERETO, TO THE EXTENT PROVIDED IN THE TRUST AGREEMENT, SUBJECT TO THE PROVISIONS OF THE TRUST AGREEMENT PERMITTING THE DISBURSEMENT THEREOF FOR OR TO THE PURPOSES AND ON THE CONDITIONS AND TERMS SET FORTH THEREIN. THE BONDS ARE NOT A LIEN OR CHARGE UPON ANY FUNDS OR PROPERTY OF THE AUTHORITY (EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE AND ASSIGNMENT). THE BONDS ARE NOT A DEBT OF THE LOCAL AGENCY OR ANY MEMBER OF THE AUTHORITY AND NEITHER THE LOCAL AGENCY NOR ANY MEMBER IS LIABLE IN ANY MANNER FOR THE PAYMENT THEREOF.

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

Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. 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 Bonds. See "BOND COUNSEL OPINION" and "TAX MATTERS" herein.

The Bonds are offered when, as and if issued and delivered and accepted by the Underwriters, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, San Francisco, California. The Bonds in definitive form are expected to be available for delivery through the facilities of DTC in New York, New York on or about January 21, 2010.

DE LA ROSA & CO.
INVESTMENT BANKERS

MORGAN STANLEY

Dated: January 6, 2010

Maturity Schedule

$17,650,000 Series A Current Interest Bonds

$875,000 4.00% Term Bonds due June 1, 2015 - Price 100% CUSIP*†:130795 S24

$1,705,000 5.616% Term Bonds due June 1, 2020 - Price 100% CUSIP*†: 130795 S32

$15,070,000 6.400% Term Bonds due June 1, 2039 - Price 98.210% CUSIP*†: 130795 S40

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* Registered trademark of the American Bankers Association.

† CUSIP data herein are set forth herein for convenience of reference only. Neither the Authority nor the Underwriters assume responsibility for the accuracy of such information.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Local Agency or the Underwriters. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or any Local Agency since the date hereof. 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 in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from the Local Agency and other sources believed by the Authority and the Underwriters to be reliable.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the Local Agency plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

In connection with this offering, the Underwriters 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.

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CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

PARTICIPATING LOCAL AGENCY

CITY OF SAN RAMON

SPECIAL SERVICES

Financial Advisor

Urban Futures Inc.

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

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CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
TAXABLE PENSION OBLIGATION BONDS
(City of San Ramon)
2010 Series A Bonds (Current Interest Bonds)

INTRODUCTION

This Official Statement, including the cover page and appendices hereto (the "Official Statement"), sets forth certain information concerning the California Statewide Communities Development Authority Taxable Pension Obligation Bonds (City of San Ramon), 2010 Series A (Current Interest Bonds) (the "Series A Bonds" or the "Bonds") in the aggregate principal amount of $17,650,000. Pursuant to the California Statewide Communities Development Authority Pension Obligation Bond Program (the "Program"), the California Statewide Communities Development Authority (the "Authority") is issuing the Bonds pursuant to the terms of a Trust Agreement, dated as of January 1, 2010 (the "Trust Agreement") by and between the California Statewide Communities Development Authority (the "Authority") and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The net proceeds of the Bonds will be used to purchase taxable pension obligation bonds (the "Obligations") of the City of San Ramon (the "Local Agency") in the State of California (the "State"). The Obligations purchased with the net proceeds of the Bonds will be assigned to the Trustee for the benefit of the registered owners and the payments on such Obligations will be used for the payment of the principal of and interest on the Bonds and the Obligations shall not be used for any other purpose while any of the Bonds remain Outstanding. For information on the Local Agency and the Obligations of the Local Agency, see Appendices A, B and C hereto.

The Obligations of the Local Agency are issued under the authority of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") and pursuant to the terms of a Trust Agreement, dated as of January 1, 2010, by and between the Local Agency and Wells Fargo Bank, National Association (the "Local Agency Trustee"), as trustee (the "Local Agency Trust Agreement") and a resolution of issuance adopted by the legislative body of the Local Agency (the "Obligation Resolution"). The issuance of the Local Agency's Obligations will provide moneys to meet the Local Agency's obligation to pay all or a portion of the Local Agency's unfunded accrued actuarial liability ("UAAL") to the California Public Employees' Retirement System ("PERS"). The aggregate principal amount of Obligations issued in connection with the Bonds will equal the aggregate principal amount of the Bonds. The Local Agency's Obligations are unconditional obligations of the Local Agency, payable from any legally available source of funds. The full faith and credit of the Local Agency are not pledged to the repayment of the Obligations. See "SECURITY AND SOURCE OF PAYMENT" herein.

THE BONDS ARE A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE AND ASSIGNMENT OF, THE PENSION OBLIGATION BONDS ISSUED BY THE LOCAL AGENCY AND PAYMENTS WITH RESPECT THERETO, TO THE EXTENT PROVIDED IN THE TRUST AGREEMENT, SUBJECT TO THE PROVISIONS OF THE TRUST AGREEMENT PERMITTING THE DISBURSEMENT THEREOF FOR OR TO THE PURPOSES AND ON THE CONDITIONS AND TERMS SET FORTH THEREIN. THE BONDS

ARE NOT A LIEN OR CHARGE UPON ANY FUNDS OR PROPERTY OF THE AUTHORITY (EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE AND ASSIGNMENT). THE BONDS ARE NOT A DEBT OF THE LOCAL AGENCY OR ANY MEMBER OF THE AUTHORITY AND NEITHER THE LOCAL AGENCY NOR ANY MEMBER IS LIABLE IN ANY MANNER FOR THE PAYMENT THEREOF.

Copies of the Trust Agreement summarized herein and the Obligation Purchase Agreement (as defined herein) are available upon request during the initial offering period from Wells Fargo Bank, National Association, Corporate Trust Services, 117 Wilshire Blvd., 17th Floor, Los Angeles, California, 90017.

All capitalized words, unless otherwise defined herein, shall have the meanings set forth in APPENDIX D - "DEFINITION OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT AND LOCAL AGENCY TRUST AGREEMENT" or, if not defined therein, in the Trust Agreement.

THE AUTHORITY AND THE PROGRAM

The Authority

The Authority is a public entity organized pursuant to an Amended and Restated Joint Exercise of Powers Agreement among a number of California counties, cities, and special districts entered into pursuant to the provisions relating to the joint exercise of powers contained in Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code. The Authority is authorized to issue bonds and to finance working capital for Local Agency within the State of California pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code.

The Program

The Authority's Pension Obligation Bond Program (the "Program") began in 2004. The Program provides unfunded pension obligation refinancing for California counties, cities and other local agencies meeting certain criteria. The Local Agency (the City of San Ramon) is the only participant in this Program issuance of bonds. For information on the Local Agency and the Obligations of the Local Agency, see Appendices A, B and C hereto.

DESCRIPTION OF THE BONDS

Denominations; Payment of Principal and Interest

The Bonds will be prepared in fully registered form and, when issued, will be registered in the name of CEDE & Co., as registered Holder of the Bonds and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only in denominations of $5,000 principal amount or any integral multiple thereof ("Authorized Denominations"). Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as CEDE & Co. is the registered Holder of the Bonds, as nominee of DTC, references herein to the Holders of the Bonds shall mean Cede & Co. and shall not mean the actual purchasers (the "Beneficial Owners") of the Bonds.

The Bonds will be dated the date of initial delivery thereof and mature on the dates set forth on the inside front cover. Interest on the Bonds is payable on June 1 and December 1, commencing June 1, 2010. The Bonds will bear interest at the rates set forth on the inside front cover. So long as Cede & Co. is the registered Holder of the Bonds, the principal of and interest on the Bonds will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is expected, in turn, to remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX F - "BOOK-ENTRY ONLY SYSTEM." Interest payable on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Registration and Transfer of Bonds

So long as the Bonds are subject to the DTC book-entry system, they will be registered, and may be transferred, as described in APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Redemption of the Bonds

The Term Bond maturing on June 1, 2015 (the "2015 Term Bond"), the Term Bond maturing June 1, 2020 (the "2020 Term Bond") and the Term Bond maturing on June 1, 2039 (the "2039 Term Bond" and together with the 2015 Term Bond and the 2020 Term Bond, the "Redeemable Term Bonds") are subject to optional redemption prior to their maturity at the option of the Authority, in whole or in part (and if in part, among such maturities as shall be directed by the Authority and pro rata within a maturity as described below) on any date, at a redemption price equal to the greater of: (1) 100 percent of the principal amount of the Redeemable Term Bonds to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Redeemable Term Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (defined below) plus 35 basis points, plus accrued and unpaid interest on the Redeemable Term Bonds being redeemed to the date fixed for redemption.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Term Bond, the US Treasury security or securities selected by the Independent Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the 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 Term Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Bond, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Trustee in consultation with the Authority.

"Reference Treasury Dealer" means each of the dealers designated in the Trust Agreement and their respective successors and three other firms, specified by the Authority from time to time, that are primary U.S. 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 Bond, the average, as determined by the Trustee, 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 Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business date preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for a Bond, the rate per annum 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.

Mandatory Sinking Fund Redemption. The 2015 Term Bonds are subject to mandatory sinking fund redemption on the dates and in the amounts designated below, upon notice pursuant to the Trust Agreement.

Redemption Date (June 1)	Principal Amount
2010	$145,000
2011	80,000
2012	110,000
2013	145,000
2014	180,000
2015*	215,000

* Maturity.

Giving effect to the mandatory redemption set forth above, the average life of the 2015 Term Bonds calculated from the date of delivery is 3.253 years.

The 2020 Term Bonds are subject to mandatory sinking fund redemption on the dates and in the amounts designated below, upon notice pursuant to the Trust Agreement.

Redemption Date (June 1)	Principal Amount
2016	$255,000
2017	305,000
2018	355,000
2019	385,000
2020*	405,000

* Maturity.

Giving effect to the mandatory redemption set forth above, the average life of the 2020 Term Bonds calculated from the date of delivery is 8.584 years.

The 2039 Term Bonds are subject to mandatory sinking fund redemption on the dates and in the amounts designated below, upon notice pursuant to the Trust Agreement.

Redemption Date (June 1)	Principal Amount
2021	$430,000
2022	455,000
2023	485,000
2024	515,000
2025	550,000
2026	585,000
2027	620,000
2028	660,000
2029	705,000
2030	750,000
2031	800,000
2032	850,000
2033	905,000
2034	960,000
2035	1,020,000
2036	1,085,000
2037	1,155,000
2038	1,230,000
2039*	1,310,000

* Maturity.

Giving effect to the mandatory redemption set forth above, the average life of the 2039 Term Bonds calculated from the date of delivery is 22.180 years.

Selection of Bonds for Redemption. Redemption payments on the Bonds, being redeemed in part will be made on a pro rata basis within a maturity to each holder in whose name such Bonds are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date (DTC so long as the book-entry System with DTC is in effect). "Pro rata" means, in connection with any mandatory sinking fund redemption or any optional redemption in part, with respect to the allocation of amounts to be redeemed, the application to such amounts of a fraction, the numerator of which is equal to the amount of the specific maturity of Bonds held by a holder of such Bonds, and the denominator of which is equal to the total amount of such maturity of Bonds, then Outstanding. So long as there is a securities depository for the Bonds, there will be only one registered owner and neither the Authority nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the Bonds.

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail or overnight delivery or facsimile transmission. Each notice of redemption shall state the date of such notice, the redemption price, if any, (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price, if any, thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect therein shall not invalidate any of the proceedings taken in connection with such redemption.

In the event of redemption of Bonds (other than sinking fund redemptions), the Trustee shall mail a notice of redemption upon receipt of a Written Request of the Authority but only after the Authority shall file a Certificate of the Authority with the Trustee that on or before the date set for redemption, the Authority shall have deposited with or otherwise made available to the Trustee for deposit in the Principal Account the money required for payment of the redemption price, including accrued interest, of all Bonds then to be called for redemption (or the Trustee determines that money will be deposited with or otherwise made available to it in sufficient time for such purpose), together with the estimated expense of giving such notice.

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

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The table below sets forth the estimated sources and uses of the proceeds of the Bonds and other amounts.

Sources	
Principal Amount	$17,650,000
Net Original Issue Discount	(269,753)
Total Sources	$17,380,247
Uses	
Deposit to Proceeds Fund	$17,000,000
Costs of Issuance(1)	380,247
Total Uses	$17,380,247

(1) Includes, among other things, Underwriters' discount.

SECURITY AND SOURCE OF PAYMENT

General

The Obligations of the Local Agency will be purchased with proceeds of the Bonds and deposited with the Trustee, pursuant to the Trust Agreement. The Obligations are unconditional obligations of the Local Agency payable from legally available funds. The Obligations are not voter-approved debt backed by the taxing power of the Local Agency and the full faith and credit of the Local Agency are not pledged to the repayment of the Obligations. The Local Agency has other obligations payable from the General Fund. The Local Agency Trust Agreement imposes no limits on the amount of General Fund obligations that the Local Agency may incur. See Appendix A hereto for a listing of the estimated principal amount of the Obligations.

Under the Trust Agreement, the Obligations and all right, title and interest of the Authority therein and to all payments thereon, are irrevocably assigned and pledged and transferred to the Trustee for the benefit of the Holders of the Bonds and the payments on the Obligations shall be used for the punctual payment of the interest on and principal of the Bonds and the Obligations shall not be used for any other purpose while any of the Bonds remain Outstanding. This assignment, transfer and pledge shall constitute a first lien on the principal and interest payments of and all other rights under the Obligations for the foregoing purpose in accordance with the terms of the Trust Agreement.

All principal and interest payments on the Obligations shall be paid directly by the Local Agency Trustee to the Trustee. All principal and interest payments on the Obligations received by the Trustee shall be held in trust by the Trustee under the terms of the Trust Agreement and shall be deposited by it, as and when received, in the Bond Fund, and all money in such fund shall be held in trust by the Trustee for the benefit and security of the Holders. If the Trustee receives Obligation repayments from the Local Agency Trustee which, together with other amounts on deposit in the Bond Fund allocable to the Local Agency, are in excess of the amounts required to pay the principal of and interest due on such Obligation, such excess amounts shall remain in the Bond Fund, and shall be transferred to the Local Agency following payment of the amount of Bonds corresponding to such Obligation.

Flow of Funds under the Trust Agreement

Pursuant to the Trust Agreement, the Trustee shall deposit the money contained in the Bond Fund at the following respective times in the following respective accounts in the manner and priority provided in the Trust Agreement, and the money in each of such funds shall be disbursed only for the purposes and uses authorized in the Trust Agreement:

(a) **Interest Account.** The Trustee, on the Interest Payment Date, shall deposit in the Interest Account that amount of money representing the interest due and payable on the Bonds on such date; and such money shall be used by the Trustee solely for the purpose of paying interest on the Bonds on such date.

(b) **Principal Account**. The Trustee, on the Principal Payment Date, shall deposit in the Principal Account that amount of money representing the principal becoming due and payable on the Bonds on such Principal Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on the Principal Payment Date.

Moneys held in the Bond Fund, the Principal Account or the Interest Account on each Interest Payment Date after the payment by the Trustee of all of the principal of and interest on the Bonds shall be (i) returned by the Trustee to the Local Agency (provided, however, that the Local Agency is not in default in the payment of the principal of and interest on the Obligations) or (ii) applied by the Trustee as otherwise directed by the Authority.

Flow of Funds under the Local Agency Trust Agreement

The Local Agency Trust Agreement provides that in order to meet the Local Agency's obligations, the Local Agency shall deposit or cause to be deposited with the Local Agency Trustee on or before August 1 of each Fiscal Year (or such other date as provided in a Supplemental Local Agency Trust Agreement) the amount which, together with moneys required to be transferred pursuant to the Local Agency Trust Agreement, is sufficient to pay the Local Agency's debt service obligations on the Obligations payable during such Fiscal Year.

All amounts payable by the Local Agency will be promptly deposited by the Local Agency Trustee upon receipt thereof in a special fund designated as the "Local Agency Bond Fund".

Interest Account. On or before each Interest Payment Date, the Local Agency Trustee shall set aside from the Bond Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Obligations on such Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Obligations on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Local Agency Trustee for the purpose of paying the interest on the Obligations as it shall become due and payable (including accrued interest on any Obligations purchased or redeemed prior to maturity).

Principal Account. On or before each Principal Payment Date, the Local Agency Trustee shall set aside from the Local Agency Bond Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date into the respective sinking fund accounts for all Outstanding Term Obligations and the principal amount of all Outstanding Serial Obligations maturing on such Principal Payment Date.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Obligations maturing by their terms on such Principal Payment Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Obligations.

The Local Agency Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Obligations of each series and maturity, designated as the "Sinking Account" (the "Sinking Account"), inserting therein the series and maturity (if more than one such account is established for such series) designation of such Obligations. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Local Agency Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Obligations of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Local Agency Trust Agreement; provided that, at any time prior to giving such notice of such redemption, the Local Agency Trustee may upon the Written Request of the Local Agency, apply moneys in such Sinking Account to the purchase for cancellation of Term Obligations of such series and maturity 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 Account), as may be directed by the Local Agency, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Obligations upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said mandatory sinking account payment date, the Local Agency Trustee has purchased Term Obligations of such series and maturity with moneys in such Sinking Account, such Obligations so purchased shall be applied, to the extent of the full principal amount to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Local Agency Trustee solely for the purpose of paying the principal of the Obligations, as applicable, as they shall become due and payable, whether at maturity or redemption, except that any money in any sinking fund account shall be used and withdrawn by the Local Agency Trustee only to purchase or to redeem or to pay Term Obligations for which such sinking fund account was created.

Surplus Account. On the Business Day following the last Interest Payment Date of each Fiscal Year, or on such other date as provided in a Supplemental Local Agency Trust Agreement, any moneys remaining in the Bond Fund shall be deposited by the Local Agency Trustee in the Surplus Account. So long as no Event of Default has occurred and is continuing, moneys deposited in the Surplus Account shall be transferred by the Local Agency Trustee to or upon the order of the Local Agency, as specified in a Written Request of the Local Agency.

Issuance of Additional Bonds under the Local Agency Trust Agreement

Under the Local Agency Trust Agreement, the Local Agency may at any time issue Additional Bonds on parity with the Obligations, but only subject to the following conditions:

(a) The Local Agency shall be in compliance with all agreements and covenants contained in the Local Agency Trust Agreement.

(b) The issuance of such Additional Obligations shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Local Agency Trust Agreement which shall specify the following:

(1) The purpose for which such Additional Obligations are to be issued; provided that such Additional Obligations shall be applied solely for (i) the purpose of satisfying any obligation of the Local Agency to make payments to PERS relating to pension benefits accruing to PERS's members, and/or for payment of all costs incidental to or connected with the issuance of Additional Obligations for such purpose, and/or (ii) the purpose of refunding any Obligations then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) Whether such Obligations are current interest fixed rate bonds, listed securities, index bonds, auction rate securities, variable rate bonds, tender option bonds, capital

appreciation bonds or bonds bearing interest at such other interest rate modes as may be set forth in a Supplemental Local Agency Trust Agreement;

(3) The authorized principal amount and designation of such Additional Obligations;

(4) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Obligations;

(5) The interest payment dates for such Additional Obligations;

(6) The denomination or denominations of and method of numbering such Additional Obligations;

(7) The redemption premiums, if any, and the redemption terms, if any, for such Additional Obligations;

(8) The amount, if any, to be deposited from the proceeds of sale of such Additional Obligations in the Interest Account hereinafter referred to; and

(9) Such other provisions (including the requirements of a book-entry bond registration system, if any) as are necessary or appropriate and not inconsistent herewith.

At any time after the sale of any Additional Obligations in accordance with the Act, the Local Agency shall execute such Additional Obligations for issuance pursuant to the Local Agency Trust Agreement and shall deliver them to the Local Agency Trustee, and thereupon such Additional Obligations shall be delivered by the Local Agency Trustee to the purchaser thereof upon the Written Request of the Local Agency, but only upon receipt by the Local Agency Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Obligations by the Local Agency Trustee:

(a) An executed copy of the Supplemental Local Agency Trust Agreement authorizing the issuance of such Additional Obligations;

(b) A Written Request of the Local Agency as to the delivery of such Additional Obligations;

(c) An Opinion of Counsel to the effect that (1) the Local Agency has executed and delivered the Supplemental Local Agency Trust Agreement, and the Supplemental Local Agency Trust Agreement is valid and binding upon the Local Agency and (2) such Additional Obligations are valid and binding obligations of the Local Agency;

(d) A Certificate of the Local Agency stating that all requirements of the provisions related to Additional Obligations with the Local Agency Trust Agreement have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Obligations contained in the related Local Agency Trust Agreement; and

(e) Such further documents, money or securities as are required by the provisions of the Supplemental Local Agency Trust Agreement providing for the issuance of such Additional Obligations.

Other Obligations of the Local Agency

The Local Agency has other obligations payable from the General Fund. See APPENDIX C – "CITY OF SAN RAMON AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008-09."

RISK FACTORS

In evaluating a purchase of the Bonds, potential investors should consider the following factors, together with all other information in this Official Statement.

Limited Obligations of the Authority

The Bonds are a limited obligation of the Authority, payable solely from and secured by a pledge and assignment of, the pension obligation bonds issued by the Local Agency and payments with respect thereto, to the extent provided in the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein. The Bonds are not a lien or charge upon any funds or property of the Authority (except to the extent of the aforementioned pledge and assignment). The Bonds are not a debt of any Local Agency or any member of the Authority and neither the Local Agency nor member is liable in any manner for the payment thereof.

Bankruptcy

The filing of bankruptcy by the Authority or the Local Agency could delay or impair the payment of the Bonds. Further, the opinion of Bond Counsel as to the enforceability of the Bonds is expressly qualified by the declaration of bankruptcy.

Risk of State or Local Legislation

The Local Agency relies on a number of revenue sources that could be reduced or eliminated by State or local legislation, including, among others, sales and use taxes, license and permit fees, fines and penalties, and motor vehicle license fees. There can be no assurance that the State or local government will not adopt legislation to reduce or eliminate one or more of these revenue sources. See "State Budget Finances" below.

In addition, a number of statutes and constitutional amendments have been adopted as measures that qualified for the ballot through California's initiative process as described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." There can be no assurance that other initiative measures will not be adopted affecting the revenues of the Local Agency.

State Budget Finances

The following information concerning the State of California budgets has been obtained from publicly available information that the Local Agency believe to be reliable. However, the Local Agency and the Underwriters take no responsibility for the accuracy or completeness thereof and have not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading “California Budget.” An analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the Local Agency or the Authority and the Local Agency or the Authority can take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2008-09. The 2008-09 Budget Act (the “2008-09 Budget Act”) was released on September 23, 2008. The 2008-09 Budget Act reported that the State General Fund began Fiscal Year 2008-09 with a balance of $4 billion. The 2008-09 Budget Act projected State General Fund revenues and transfers for Fiscal Year 2008-09 of $102 billion, a decrease of approximately one percent from the anticipated revenues and transfers for Fiscal Year 2007-2008, and State General Fund expenditures of $103.4 billion, an increase of approximately 0.06 percent above the anticipated expenditures for Fiscal Year 2007-08. The 2008-09 Budget Act projected ending Fiscal Year 2008-09 with a State General Fund balance of $2.6 billion, of which $885 million would be reserved for the liquidation of encumbrances and $1.7 billion would be deposited in a reserve for economic uncertainties.

The Governor’s economic forecasts for Fiscal Year 2008-09 reflected weaker economic performance throughout the country and the State. The 2008-09 Budget Act addressed a projected $24.3 billion budget shortfall which was identified in the Governor’s May Revision to the Proposed 2008-09 Budget with a combination of cuts in expenditures and projections of increased revenues. The 2008-09 Budget Act included vetoes on behalf of the Governor in the amount of $510 million of spending approved by the State Legislature. The 2008-09 Budget Act included a proposal to increase the Budget Stabilization Account (the “BSA”) from five percent of State General Fund expenditures to 12.5 percent. In addition, the 2008-09 Budget Act proposed an annual transfer to the BSA of three percent of the General Fund and the elimination of the ability to suspend such annual transfers. The State would only be permitted to transfer funds from the BSA if (1) actual revenues during such fiscal year are below a specified level and (2) funds transferred from the BSA to the State General Fund are appropriated in a stand-alone bill.

Certain of the features of the 2008-09 Budget Act affecting the Local Agency included the following:

1. The 2008-09 Budget Act proposed to fully fund the Proposition 1A loan repayment for Fiscal Year 2008-09 in the amount of $83 million and the Proposition 42 transfer in the amount of $1.4 billion, which allocation included $573 million to the State Transportation Improvement Program and $286 million to the Public Transportation Account.

2. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (“Proposition 1B”) authorized $19.92 billion over the next nine years to fund existing and new statewide transportation-related infrastructure programs and projects. Such amount included appropriations in

Fiscal Year 2008-09 of $350 million for local transit, $250 million for local streets and roads, $201 million for the State & Local Partnership Program and $21 million for local seismic funding. In addition, AB 1252, enacted in June 2008, provided $149 million from Proposition 1B to accelerate funding for local streets and roads projects.

3. Chapter 72 of the Statutes of 2005 requires the payment of mandated costs incurred prior to Fiscal Year 2004-05 to begin in Fiscal year 2006-07 and paid over a term of fifteen years. The 2008-09 Budget Act included the elimination of $75 million in estimated reimbursement claims. The 2008-09 Budget Act delayed the third payment of these claims by one year. The 2008-09 Budget Act projected that the mandated costs incurred prior to 2004-05 is $956 million.

4. The 2008-09 Budget Act included a veto from the Governor reducing proposed Department of Social Services funding for the California Work Opportunity and Responsibility to Kids ("CalWORKs") program in the amount of $70 million. Prior to this veto, such funding would have been available to counties as part of their single allocation and available for county administration, employment services, and child care.

5. The 2008-09 Budget Act permanently suspended provision of the June 2008 and June 2009 State Supplementary Payment program cost of living adjustment ("COLA"). The 2008-09 Budget Act provided the State Director of Finance with mid-year authority to freeze the COLA, rate increases or increases in state participation in local costs for up to 120 days and require the Governor to submit urgency legislation to permanently suspend the COLA and other rate increases; provided, however, if the Governor fails to act within 120 days, or the State Legislature fails to adopt the suspension, the COLA and other rate increases are reinstated.

6. The 2008-09 Budget Act reflected savings to the State of $107.2 million, of which $53.4 million is attributed to the General Fund, in funding for counties to determine eligibility for Medi-Cal services.

7. The 2008-09 Budget Act included $1.49 billion in Mental Health Services Act ("MHSA") funds for Proposition 63, of which $100 million is committed by counties to the MHSA Housing Program. This funding was in addition to $300 million identified by counties in Fiscal Year 2007-08. This program makes funding available through the California Housing Finance Agency to develop permanent supportive housing serving persons with serious mental illness who are homeless or at risk of homelessness.

8. The 2008-09 Budget Act included a veto from the Governor, which reduced proposed funding for the Department of Social Services for County Administration and Automation Projects to $1,192,736,000 from $1,194,774,000. By eliminating funding for the Work Incentive Nutritional Supplement program in the amount of by $2,038,000, the Governor delayed implementation of this program for one year in order to allow the Department of Social Services to study this program and ensure it is consistent with federal rules.

9. The 2008-09 Budget Act included a veto from the Governor reducing proposed Department of Corrections funding for Adult Corrections and Rehabilitation Operations by approximately $28 million to approximately $4.9 billion.

State Budget for Fiscal Year 2009-10. On February 20, 2009, the Governor signed into law the budget for Fiscal Year 2009-10 (the "2009-10 Budget Act"). The 2009-10 Budget Act aims to address the State's projected $41 billion deficit and contains mid-year reductions to the 2008-09 Budget Act. The 2009-10 Budget Act includes six measures that appeared on the ballot at a special election held on May 19, 2009. See "Legislative Analyst's Office Overview of the 2009-10 Budget Act" below.

The following are some of the major impacts of the 2009-10 Budget Act on the Local Agency:

1. The 2009-10 Budget Act includes deferrals of payments to counties for social services and transportation. For February, March and April 2009, monthly transfers of fuel excise tax allocations to cities and counties will be deferred. Payments are scheduled to resume and deferred payments will be paid in May 2009. The 2009-10 Budget Act also authorizes two-month deferrals of health and social services payments to counties from July and August to September 2009. Counties are scheduled to receive deferred payments from the State by September 30, 2009. Counties with populations under 40,000 persons are exempt from the deferral of payments for social services.

2. The 2009-10 Budget Act also includes a number of reductions and revenues tied to the American Recovery and Reinvestment Act of 2009 (the "ARRA"). Certain reductions to CalWORKS grants, Medi-Cal benefits and reimbursements, SSI/SSP grants, IHSS, the judicial branch and higher education are scheduled to be enacted in statute and could be suspended if expected revenues from the ARRA are certified by the Department of Finance to equal $10 billion, including revenues anticipated to be received by June 30, 2010. If revenues from the ARRA are not sufficient to meet the $10 billion target, the reductions would be permanent. If revenues from the ARRA reach $10 billion, the reductions would not go into effect. Future statutes would be required to enact the reductions should they become necessary. On March 4, 2009, the Department of Finance released a preliminary estimate that the State would receive approximately $8 billion in federal economic stimulus funds, $2 billion short of what is required to prevent the cuts. The Department of Finance and the State Treasurer's Office are working with various interested entities to analyze the Department of Finance's preliminary estimates.

3. The 2009-10 Budget Act increases personal income tax liability by 0.25 percent in each personal income tax bracket, although the rate will drop to 0.125 percent if revenues from the ARRA reach $10 billion.

4. The 2009-10 Budget Act increases the Vehicle License Fee ("VLF") rate from 0.65 percent to 1.15 percent, 0.15 percent of which will be dedicated to local public safety programs. The remaining 0.35 percent of the increase will be deposited into the State's general fund. The 2009-10 Budget Act also imposes a 0.65 percent rate on commercial vehicles. The higher rates are scheduled to take effect on May 19, 2009 and last until July 1, 2011, with a possible two-year extension under certain circumstances. See "Vehicle License Fees" herein.

5. Under the 2009-10 Budget Act, the State's portion of the sales and use taxes would increase by one percent, beginning April 1, 2009 and lasting until July 1, 2011, with a possible one-year extension under certain circumstances.

6. Generation of approximately $6 billion in revenues for Fiscal Year 2009-10 based on voter approval of three propositions on the ballot for the May 19, 2009 special election, including a proposed $5 billion borrowing from future lottery revenues (Proposition 1C).

Revision to the 2009-10 Proposed Budget. On May 14, 2009, the Governor released the May Revision to the 2009-10 State Budget (together with the contingency proposals referenced therein, the "May Revision"). The May Revision projects a budget gap of $21.3 billion through the remainder of Fiscal Year 2008-09 and Fiscal Year 2009-10 due to continued shortfalls in revenue collections and increased costs and the failure of six budget-related propositions included in the Special Election, which the May Revision proposes to address through program reductions and additional borrowings. The May Revision estimates Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $94.89 billion and a year-end deficit of $3.63 billion, which includes a $2.31 billion prior-year State General Fund balance, a $4.71 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $85.46 billion and a year-end surplus of $3.13 billion (net of the $2.63 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $2.05 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the State's economic outlook includes negative growth for the current calendar year, followed by weak growth in calendar year 2010 and increased growth in calendar year 2011.

Features of the May Revision affecting the Local Agency in general include the following:

1. The May Revision proposes to reduce program expenditures by approximately $2.64 billion in Fiscal Year 2008-09 and $6.36 billion in Fiscal Year 2009-10, primarily through reductions in education funding and health and social services programs, including in-home support services, CalWORKS, immigrant assistance programs, child welfare services and SSI/SSP.

2. The May Revision proposes that the State borrow approximately 8.0% of property tax revenues from counties, cities and special districts for Fiscal Year 2009-10, totaling approximately $2 billion, which amount will be repaid within three years, all in accordance with Proposition 1A (2004). The manner in which the borrowing will be allocated (i.e., the amount to be borrowed from particular local agencies), and whether the property taxes paid to Local Agencies by the State in-lieu of VLF and in-lieu Sales Tax, remains subject to determination. The May Revision proposes to create a joint powers entity to allow local agencies to borrow against the State repayment as a group. An estimate of the impact of the proposed Proposition 1A borrowing for the Local Agency is described in APPENDIX A.

3. The May Revision proposes $750 million in reductions to the federal Medi-Cal program, subject to receipt of a federal waiver.

4. The May Revision proposes to redirect $60 million in cigarette and tobacco products surtax revenues from county health programs.

5. The May Revision proposes to change sentencing options for low-level offenders such that an offense that can be charged as a misdemeanor or felony will be punishable only by a term in county jail. The May Revision estimates that the State will save approximately $100 million from such shift, which may result in corresponding expenditures by counties.

6. The May Revision proposes to cancel $34.7 million of reimbursement to local agencies for Williamson Act subventions.

7. The May Revision proposes to use $336 million of "spillover" from sales taxes on gasoline to fund transit bond debt service costs.

Governor's Update to the May Revision to the 2009-10 State Budget. On May 26, 2009 and on May 29, 2009, the Governor released updates to the May Revision (collectively, the "May Revision Update"). The May Revision Update projects a budget gap of $3.10 billion through the remainder of Fiscal Year 2008-09 due to shortfalls in revenue collections and increased costs and the failure of five of the six budget-related propositions included in the Special Election. The May Revision Update estimates Fiscal Year 2008-09 revenues and transfers of $85.95 billion, total expenditures of $91.35 billion and a year-end deficit of $3.10 billion, which includes a $2.31 billion prior-year State General Fund balance and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The May Revision Update projects Fiscal Year 2009-10 revenues and transfers of $92.22 billion, total expenditures of $83.52 billion and a year-end surplus of $5.60 billion (net of the $3.10 billion deficit from Fiscal Year 2008-09), of which $1.08 billion will be reserved for the liquidation of encumbrances and $4.52 billion will be deposited in a reserve for economic uncertainties. The May Revision and the May Revision Update, collectively, include proposals to reduce General Fund spending in the amount of $3.12 billion during the remainder of Fiscal Year 2008-09 and $20.85 billion during Fiscal Year 2009-10 in order to eliminate the State's projected $21.3 billion through such period. The proposals contained in the May Revision Update replace the Governor's May Revision proposal to issue revenue anticipation warrants in the amount of $5.6 billion to address a portion of the State's General Fund deficit.

Features of the May Revision Update affecting the Local Agency in general include the following:

1. The May Revision Update proposes $230.8 million in Fiscal Year 2009-10 and $400.0 million in Fiscal Year 2010-11 of reductions to In-Home Supportive Services.

2. The May Revision Update proposes an additional $680.0 million of reductions to the Department of Education based on new estimates of Proposition 98 revenues.

3. The May Revision Update proposes to eliminate all general fund support for State parks, estimated at $70 million in Fiscal Year 2009-10 and $143 million in Fiscal Year 2010-11.

4. The May Revision Update proposes to eliminate the Healthy Families Program, estimated at $311.6 million in Fiscal Year 2009-10 and $386.2 million in Fiscal Year 2010-11.

5. The May Revision Update proposes to eliminate California Works Opportunity and Responsibility to Kids Program, estimated at $1.309 billion in Fiscal Year 2009-10 and $1.765 billion in Fiscal Year 2010-11.

6. The May Revision Updates proposes additional reductions to the prison population and to reduce certain correction and rehabilitation programs, expected at $909.0 million in Fiscal Year 2009-10 and $914.4 in Fiscal Year 2010-11.

7. The May Revision Update proposes to reduce the local share of the gas tax from $1.05 billion to $300 million pursuant to Article XIX, Section 5 of the State Constitution.

8. The May Revision Update proposes to eliminate Multipurpose Senior Services Program, Community Based Service programs and Adult Day Health Care, estimated at $141.2 million in Fiscal Year 2009-10 and $187.9 million in Fiscal Year 2010-11.

Governor's July Revision to the 2009-2010 State Budget. On July 1, 2009, the Governor announced (the "July Revision") that since certain proposals in the May Revision were not enacted, the budget shortfall increased from $24.3 billion to $26.3 billion, and $3.3 billion in potential solutions in the May Revision were lost. The July Revision proposed three new solutions which include $425 million in savings resulting from a third furlough date for state workers, $3.0 billion in savings from the suspension of Proposition 98 and $1.4 billion of reductions if the University of California and California State University systems recognize certain intended reductions for the 2008-09 fiscal year. In addition, the July Revision acknowledges a $3.0 billion reduction in revenue based on cash receipts during May and June 2009, resulting in a reduction in the reserve from $4.5 billion to $1.1 billion. The July Revision also notes that if other solutions proposed in the May Revision are not enacted in early July, further budget reductions will be necessary.

Revised State Budget for Fiscal Year 2009-10. On July 28, 2009, the Governor signed certain amendments to the 2009 State Budget Act (as amended the "Revised 2009-10 State Budget Act") to address a projected $24.16 billion shortfall in revenues. The Revised 2009-10 State Budget Act estimates Fiscal Year 2008-09 revenues and transfers of $84.1 billion, total expenditures of $91.5 billion and a year-end deficit of $3.38 billion, which includes a $4.07 billion prior-year State General Fund balance, a $4.46 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The Revised 2009-10 State Budget Act projects Fiscal Year 2009-10 revenues and transfers of $89.54 billion, actual expenditures of $84.58 billion and a year-end surplus of $1.58 billion (net of the $3.38 billion deficit from Fiscal Year 2008-09), of which $1.08 billion is expected to be reserved for the liquidation of encumbrances and $500 million is expected to be deposited in a reserve for economic uncertainties.

Certain of the features of the Revised 2009-10 State Budget Act affecting the Local Agency in general include the following:

1. The Revised 2009-10 State Budget Act borrows $1.9 billion of city, county and special district property taxes pursuant to Proposition 1A (2004) to offset General Fund spending for education and other programs. Pursuant to the enabling legislation, the State is required to repay the borrowed sums by June 30, 2013. It also establishes a state-financed loan repayment securitization program, which will allow such local agencies to issue bonds in order to offset local fiscal effects of the borrowing.

2. The Revised 2009-10 State Budget Act requires redevelopment agencies to shift $1.7 billion in Fiscal Year 2009-10 and $350 million in Fiscal Year 20010-11 into a new fund to offset General Fund spending for education and other programs.

3. The Revised 2009-10 State Budget Act suspends various non-education local government mandates, with the exception of certain mandates relating to public safety, elections, and tax collection, for State spending reductions of approximately $66 million.

4. The Revised 2009-10 State Budget Act suspends all funding for the Williamson Act program, which backfills property tax revenues that local governments forego when property owners agree to preserve land for agriculture or open space.

5. The Revised 2009-10 State Budget Act uses $562 million in additional spillover gasoline sales tax revenues projected to be available in Fiscal Year 2009-10 to reimburse the General Fund for transportation debt service. This amount is in addition to amounts assumed in the February budget.

November 2009 LAO Report on Budget. On November 18, 2009, the California Legislative Analyst's Office issued a report on the fiscal outlook for the Revised 2009-10 State Budget Act. The report includes a forecast of California's General Fund revenues and expenditures reflecting a General Fund budget deficit of $20.7 billion: a $6.3 billion projected deficit for Fiscal Year 2009-10 and a $14.4 billion gap between projected revenues and spending in Fiscal Year 2010-11. The report attributes the majority of the budget problem for Fiscal Year 2009-10 to the state's inability to implement several major solutions in the Revised 2009-10 State Budget Act, such as:

1. The expected inability of several programs, in particular, the prison system and Medi-Cal, to collectively achieve billions of dollars of spending reductions assumed in the Revised 2009-10 State Budget Act.

2. The expected inability of the State to sell the State Compensation Insurance Fund (SCIF), a quasi-public workers' compensation insurer, for the budgeted amount of $1 billion in Fiscal Year 2009-10.

3. The State's loss of a court case that makes the General Fund unable to benefit from over $800 million in transportation funds in Fiscal Year 2009-10.

4. A nearly $1 billion increase in the Proposition 98 funding guarantee for K-14 education in Fiscal Year 2009-10.

Future State Budgets

No prediction can be made by the Local Agency as to whether the State will encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Local Agency cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the Local Agency have no control.

Assessed Value of Taxable Property

Natural and economic forces can affect the assessed value of taxable property within the Local Agency. The Local Agency is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, toxic dumping or acts of terrorism, could cause a reduction in the assessed value of taxable property within the Local Agency. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes). Reductions in the market values of taxable property may cause property owners to appeal assessed values and may be associated with an increase in delinquency rates for taxes.

Security

Military conflicts and terrorist activities may adversely impact the operation of the Local Agency. In addition, the Local Agency may experience a decrease with respect to their revenues because of any change in economic circumstances as a result of future military conflicts or terrorist activities. Such a reduction in revenues may include, but is not limited to, a decline in airport, transient occupancy tax, parking tax, business tax and sales tax revenues.

The Local Agency is subject to safety and security measures and inspections on a continuing basis. The Local Agency does not represent that any existing or additional safety and security measures will be adequate in the event that terrorist activities are directed against the Local Agency or that costs of security measures will not be greater than presently anticipated.

Pension Benefit Liability

Many factors influence the amount of the Local Agency's pension benefit liabilities, including, without limitation, inflationary factors, changes in statutory provisions of PERS retirement system laws, changes in the levels of benefits provided or in the contribution rates of the Local Agency, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between actual and anticipated investment experience of PERS. Any of these factors could give rise to additional liability of a Local Agency to its pension plans as a result of which the Local Agency would be obligated to make additional payments to its pension plans over the amortization schedule for full funding of the Local Agency's obligation to its pension plans.

PARTICIPATING LOCAL AGENCY INFORMATION

General

Cities are either general law cities, established under California statutes, or charter cities, established under the California Constitution and their voter approved charters. The Local Agency is a charter city and provides for the health, safety and welfare of its residents and is governed by an elected city council. Local Agency revenues are generally composed of property taxes, other taxes, license, permit and use fees, and fines, forfeitures and penalties. Other taxes may include some or all of sales taxes, utility user taxes, business taxes, State motor vehicle license fees, transient occupancy taxes, State cigarette taxes, real property transfer taxes and other miscellaneous taxes.

Certain information regarding the Local Agency is included in the appendices hereto. A table listing the principal amount of the Obligations being issued by the Local Agency and the debt service schedule for the Obligations is set forth in APPENDIX A - "DEBT SERVICE AND UAAL OF THE LOCAL AGENCY." Certain general information and a summary of certain budget and financial information for the Local Agency is set forth in APPENDIX B - "CITY OF SAN RAMON GENERAL AND FINANCIAL INFORMATION." The Local Agency's audited financial statements for fiscal year 2008-09 are attached hereto as Appendix C. See "FINANCIAL STATEMENTS" herein.

The information contained herein regarding the Local Agency has been derived from information provided by the Local Agency. The Authority and the Underwriters have no reason to believe that any such information is incorrect; however, they have not verified the accuracy of such information and take no responsibility therefor. The Local Agency has represented that the information relating to the Local Agency included herein does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements about the Local Agency contained herein, in light of the circumstances under which they were made, not misleading.

The information regarding the Local Agency contained in the Appendices hereto is essential to making an informed investment decision with respect to the Bonds. Investors are advised to thoroughly and carefully review such information.

PERS Pension Plans

General. The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the Local Agency believes to be accurate. PERS is not obligated in any manner for payment of debt service on the Bonds, and the assets of PERS are not available for such payment. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 P Street Sacramento, California 95814 or (888) 225-7377 for other information, including information relating to its financial position and investments.

The Local Agency provides retirement benefits to certain of their employees through contracts with PERS, a multiple-employer public sector employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to PERS members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments.

PERS maintains more than one pension plan (each, a "PERS Plan") for cities based on the type of employee (i.e. a city may have a PERS Plan for "Safety Employees" and a separate PERS Plan for "Miscellaneous Employees"). The Local Agency contributes to PERS amounts equal to the recommended rates for the PERS Plans multiplied by the payroll of those employees of the Local Agency who are eligible under PERS.

Actuarial Valuations. The staff actuaries at PERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the Local Agency in October 2009 covered PERS's Fiscal Year ended June 30, 2008). The actuarial valuations express the Local Agency's required contribution rates in percentages of payroll, which percentages the Local Agency must contribute in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, each Local Agency's contribution rate derived from the actuarial valuation as of June 30, 2008, that was prepared in October 2009, will affect the Local Agency's Fiscal Year 2010-11). PERS rules require the PERS Local Agency to implement the actuary's recommended rates.

In calculating the annual actuarially recommended contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components, the normal cost and the UAAL. The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, among others, the rate of investment return, average life expectancy, average age of retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL may be considered an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement and not as a fixed expression of the liability the PERS Local Agency owe to PERS under their respective PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the PERS Plans at the end of the Fiscal Year (which assumes, among other things, that the rate of return during that Fiscal Year equaled the assumed rate of return of 7.75%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies. As described below, these policies changed significantly in April 2005, affecting the Actuarial Value calculation for Fiscal Year 2006-07 and beyond.

Actuarial Assumptions and Policies. In April 2005, the PERS Board adopted new policies aimed at stabilizing rising employer costs. These policies were used to set Fiscal Year 2006-07 employer contribution rates for each Local Agency. These policies include:

- Spreading PERS market value asset gains and losses over 15 years rather than three years.
- Widening the "corridor" limits for establishing the actuarial value of assets from 90 to 110 percent of market value to 80 to 120 percent of market value.
- Establishing a rolling 30-year amortization on all remaining net unamortized gains or losses, instead of amortizing 10% of the net unamortized gain or loss each year.
- Requiring a minimum employer contribution rate equal to the employer normal costs minus a 30-year amortization of surplus (but not less than 0%).

Due to significant market investment losses of approximately -24% in the CalPERS trust fund for fiscal year 2008-09, CalPers will implement a 3-year phase-in of the 2008-09 investment loss because CalPERS expects three years will be a sufficient length of time for the economy to recover. This phased in approach will be achieved by temporarily relaxing the constraints on the smoothed value of assets around the actual market value. The corridor will be widened and then contracted as follows:

- Increase the corridor limits from 80%-120% of market value to 60% to 140% of market value to determine the actuarial value of assets for the June 30, 2009 valuation, which impacts the 2011-12 contribution rate

- Reduce the corridor limits from 60%-140% of market value to 70% to 130% of market value to determine the actuarial value of assets for the June 30, 2010 valuation, which impacts the 2012-2013 contribution rate

- Return to the 80%-120% of market value corridor limits for the actuarial value of assets on June 30, 2011 and thereafter, which impacts contribution rates for fiscal years 2013-14 and beyond.

- Asset losses outside of the 80%-120% corridor described above will be amortized pursuant to a fixed 30-year amortization schedule.

For complete updated inflation and actuarial assumptions, please contact PERS at the above-referenced address.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

In 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA was subsequently amended in 1986, as discussed below. Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

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

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

Article XIIIB of the California Constitution

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

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

As amended by Proposition 111, Article XIIIB provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIIIB provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the Fiscal Year 1988-89, will be allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, the valuation of which continues to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of

Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 218

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

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 a Local Agency require a majority vote and taxes for specific purposes, even if deposited in such Local Agency's General Fund, require a two-thirds vote. Further, any general purpose tax which a Local Agency imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996.

Proposition 218 (Article XIIID) also adds several provisions making it generally more difficult for Local Agency to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

Proposition 218 (Article XIIIC) also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of any Local Agency will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of such Local Agency's General Fund.

Proposition 62

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, (f) required that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November 5, 1986 or be terminated by November 15, 1988, and (g) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. For example, in *City of Woodlake v. Logan*, 230 Cal.App.3d 1058 (1991) (the "Woodlake Case"), the Court of Appeal held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the California Constitution. In reliance on the Woodlake Case, numerous taxes were imposed or increased after the adoption of Proposition 62 without satisfying the voter approval requirements of Proposition 62.

On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. In deciding the Santa Clara Case on Proposition 62 grounds, the Court disapproved the decision in the Woodlake Case.

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("*La Habra*"). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

In connection with the sale of the Bonds, each Local Agency, has represented that Proposition 62 will not materially impact any existing or future taxes, fees and assessments collected by the Local Agency and that no revenues collected by the Local Agency have been challenged as a result of Proposition 62. See Appendix B for more information.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable revenues for the Local Agency. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the Local Agency.

Future Initiatives

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

BOND COUNSEL OPINION

Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), interest on the Bonds is exempt from State of California personal income taxes. 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 Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix E – "PROPOSED FORM OF BOND COUNSEL OPINION."

TAX MATTERS

In the opinion of Bond Counsel to the Authority, interest on the 2010 Series A Bonds is exempt from State of California personal income taxes. Interest on the 2010 Series A Bonds is not excluded from gross income for federal income tax purposes.

The 2010 Series A Bonds may be issued with original issue discount ("OID"). OID is the excess of the stated redemption price at maturity of a Bond over the initial public offering price of the Bond at which a substantial amount of the 2010 Series A Bonds is sold. Bondholders will be required to include any OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such Bonds with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

Upon a sale, exchange or retirement of a 2010 Series A Bond, the portion of the amount realized that is attributable to accrued interest will be taxed as ordinary income to the seller, and the remainder will be treated as taxable gain or loss on the 2010 Series A Bonds equal to the difference between the amount realized and the holder's adjusted tax basis in such Bond. Defeasance of the 2010 Series A Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain. The adjusted basis of the holder in a 2010 Series A Bond will (in general) equal its original purchase price, increased by any accrued OID. In general, if the 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.

Circular 230 under 31 C.F.R. part 10, the regulations governing practice before the IRS (Circular 230), the Issuer and and its tax advisors are (or may be) required to inform prospective investors that:

(i) any advice contained herein is not intended to be used, and cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer;

(ii) any such advice is written to support the promotion or marketing of the 2010 Series A Bonds and the transactions described herein; and

(iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

ERISA CONSIDERATIONS

Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the Internal Revenue Code (the "Code"), prohibit employee benefit plans ("Plans") subject to ERISA or Section 4975 of the Code from engaging in certain transactions involving "plan assets" with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "Parties in Interest") with respect to the Plan. ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of such Plan (subject to certain exceptions not relevant here). A violation of these "prohibited transaction" rules may generate excise tax and other liabilities under ERISA and the Code for fiduciaries and Parties in Interest.

The Underwriters, as a result of their own activities or because of the activities of an affiliate, may be considered Parties in Interest, with respect to certain plans. Prohibited transactions may arise under Section 406 of ERISA and Section 4975 of the Code if Bonds are acquired by a Plan with respect to which the Underwriters or any of their affiliates are Parties in Interest. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Plan fiduciary making the decision to acquire a Bond and the circumstances under which such decision is made. Included among these exemptions are those transactions regarding securities purchased during the existence of an underwriting, investments by insurance company pooled separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by "qualified professional asset managers," and transactions affected by certain "in-house asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA or Section 4975 of the Code will take place in connection with the acquisition of a Bond by or on behalf of a Plan, each prospective purchaser of a Bond that is a Plan or is acquiring on behalf of a Plan will be required to represent that either (i) no prohibited transactions under ERISA or Section 4975 of the Code will occur in connection with the acquisition of such Bond or (ii) the acquisition of such Bond is subject to a statutory or administrative exemption.

Any Plan fiduciary who proposes to cause a Plan to purchase Bonds should (i) consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and (ii) determine on its own whether all conditions have been satisfied. Moreover, each Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

ABSENCE OF LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance of the Bonds, the Trust Agreement or in any way contesting or affecting the validity of the foregoing, or any action of the Authority taken with respect to any of the foregoing.

There is no litigation pending or, to the knowledge of the Authority, threatened, questioning the existence of the Authority, or the title of the officers of the Authority to their respective offices, or the power and authority of the Authority to issue the Bonds.

The Local Agency will certify to the effect that, other than as described in the Official Statement, including all appendices hereto, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Local Agency, threatened (i) in any way questioning the existence of the Local Agency or the titles of the officers of the Local Agency to their respective offices; (ii) in any way contesting or affecting the validity of the legal documents relating to the Obligations entered into by the Local Agency or the consummation of the transactions contemplated thereby, (iii) which may result in any material adverse change relating to the finances or operations of the Local Agency; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. See Appendix B for certain information related to any litigation affecting the Participants.

For information on litigation concerning the Local Agency, see Appendix B attached hereto. For information on the judicial validation of the proceedings and transactions related to the issuance of the Obligations, see "VALIDATION" herein.

RATINGS

Standard & Poor's Rating Services has assigned the rating of "AA+" to the Bonds. The Authority and the Local Agency supplied certain information to the rating agencies to be considered in evaluating the Bonds. Each rating reflects only the views of the rating agency issuing such rating, and any explanation of the significance of such rating on the Bonds should be obtained from such rating agency. There is no assurance that any rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency issuing such rating if, in its judgment, circumstances so warrant. The Authority undertakes no responsibility to oppose any downward revision or withdrawal of any rating. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Authority and De La Rosa & Co., as a representative of itself and Morgan Stanley & Co. Incorporated (the "Underwriters"), have entered into a Bond Purchase Agreement pursuant to which the Bonds are to be purchased by the Underwriters at a discount of $176,500 from the offering price of the Bonds stated on the cover hereof (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligations to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering prices stated on the cover hereof. The Underwriters may change the offering prices from time to time.

CONTINUING DISCLOSURE

The Local Agency has covenanted in the Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Local Agency by not later than the March 1 following the end of the fiscal year (currently their fiscal years end on June 30) (the "Local Agency Annual Reports"), commencing with the fiscal year ending June 30, 2009, and to provide notices of the occurrence of certain enumerated events, if material.

The Authority has covenanted in a Continuing Disclosure Certificate for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material.

The Local Agency Annual Reports and the notices of material events will be filed by the Trustee as Dissemination Agent with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Reports and the notice of material events is set forth in APPENDIX G —"FORM OF CONTINUING DISCLOSURE CERTIFICATE" hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934.

CERTAIN LEGAL MATTERS

At the time of the delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, will deliver its final approving opinion in the form set forth in Appendix E. A copy of such approving opinion will be available for delivery with each Bond. Bond Counsel undertakes no responsibility for the fairness, accuracy or completeness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, San Francisco, California.

FINANCIAL STATEMENTS

The audited financial statements for the Local Agency presented in Appendix C should be read in their entirety. The Local Agency's independent auditor was not requested to consent to the inclusion of its report in Appendix C, nor has such auditor undertaken to update its report or take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this official statement, and no opinion is expressed by such auditor with respect to any event subsequent to the date of its report.

VALIDATION

The Local Agency, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure, has filed a complaint in the Superior Court of the State of California seeking judicial validation of the proceedings and transactions relating to the adoption of the Obligation Resolution, the issuance of the Obligations, the execution and delivery of the Local Agency Trust Agreement and certain other matters. The court has entered a default judgment to the effect, among other things, that the Local Agency Trust Agreement and the Obligations are valid, legal and binding obligations of the Local Agency and that the Obligations are valid and in conformity with all applicable provisions of law. In issuing the opinions as to the validity of the Obligations and the Bonds, Bond Counsel has relied upon the entry of the foregoing default judgment. The last day of the appeal periods for the Local Agency was June 13, 2008. No appeals were filed in connection with the default judgment.

AUTHORIZATION AND APPROVAL

This Official Statement, and its distribution and use by the Underwriters, have been duly authorized and approved by the Authority.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: /s/ Kelli Osborne
Authorized Signatory

of its report in Appendix C, nor has such auditor undertaken to update its report or take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this official statement, and no opinion is expressed by such auditor with respect to any event subsequent to the date of its report.

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AUTHORIZATION AND APPROVAL

This Official Statement, and its distribution and use by the Underwriters, have been duly authorized and approved by the Authority.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By: /s/ Kelli Osborne
Authorized Signatory

APPENDIX A

DEBT SERVICE OF LOCAL AGENCY AND UAAL OF LOCAL AGENCY

DEBT SERVICE TABLES

Following is a table listing the debt service payable by the Local Agency for the Bonds.
City of San Ramon

Fiscal Year Ending June 30	Principal	Interest	Total
2010[(1)]	$145,000	$395,500.73	$540,500.73
2011[(1)]	80,000	1,089,432.80	1,169,432.80
2012[(1)]	110,000	1,086,232.80	1,196,232.80
2013[(1)]	145,000	1,081,832.80	1,226,832.80
2014[(1)]	180,000	1,076,032.80	1,256,032.80
2015[(1)]	215,000	1,068,832.80	1,283,832.80
2016[(2)]	255,000	1,060,232.80	1,315,232.80
2017[(2)]	305,000	1,045,912.00	1,350,912.00
2018[(2)]	355,000	1,028,783.20	1,383,783.20
2019[(2)]	385,000	1,008,846.40	1,393,846.40
2020[(2)]	405,000	987,224.80	1,392,224.80
2021[(3)]	430,000	964,480.00	1,394,480.00
2022[(3)]	455,000	936,960.00	1,391,960.00
2023[(3)]	485,000	907,840.00	1,392,840.00
2024[(3)]	515,000	876,800.00	1,391,800.00
2025[(3)]	550,000	843,840.00	1,393,840.00
2026[(3)]	585,000	808,640.00	1,393,640.00
2027[(3)]	620,000	771,200.00	1,391,200.00
2028[(3)]	660,000	731,520.00	1,391,520.00
2029[(3)]	705,000	689,280.00	1,394,280.00
2030[(3)]	750,000	644,160.00	1,394,160.00
2031[(3)]	800,000	596,160.00	1,396,160.00
2032[(3)]	850,000	544,960.00	1,394,960.00
2033[(3)]	905,000	490,560.00	1,395,560.00
2034[(3)]	960,000	432,640.00	1,392,640.00
2035[(3)]	1,020,000	371,200.00	1,391,200.00
2036[(3)]	1,085,000	305,920.00	1,390,920.00
2037[(3)]	1,155,000	236,480.00	1,391,480.00
2038[(3)]	1,230,000	162,560.00	1,392,560.00
2039[(3)]	1,310,000	83,840.00	1,393,840.00
TOTAL:	$17,650,000	$22,327,903.93	$39,977,903.93

[(1)] Sinking fund payments related to the term bond due June 1, 2015.

[(2)] Sinking fund payments related to the term bond due June 1, 2020.

[(3)] Sinking fund payments related to the term bond due June 1, 2039.

The City of San Ramon Miscellaneous Plan is a separate, stand-alone pension plan and is not part of a risk pool. Following is a table listing the accrued liability, actuarial value of assets and rolled forward unfunded liability for the plan. See “PARTICIPATING LOCAL AGENCY INFORMATION – PERS Pension Plans” in the Official Statement.

	City of San Ramon Miscellaneous Plan
Entry Age Normal Accrued Liability (6/30/08)	$57,139,854
Actuarial Value of Assets (6/30/08)	41,841,265
Unfunded Accrued Liability (6/30/08)	15,298,589
Rolled Forward Unfunded Liability (6/30/10)	15,690,662
Projected Certified Unfunded Actuarial Liability (January 21, 2010)(1)	17,000,000

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(1) Projected Unfunded Actuarial Liability provided by Bartel Associates, LLC. Projected Certified Unfunded Actuarial Liability assumes corridor limits of 60% to 140% of market value on June 30, 2009, a negative investment return of -24.0% for fiscal year ending June 30, 2009, and an estimated investment return from July 1, 2009 through January 21, 2010 of +9.7%.

Source: CalPERS Annual Actuarial Valuations - June 30, 2008.

APPENDIX B

CITY OF SAN RAMON GENERAL AND FINANCIAL INFORMATION

This Appendix contains certain information on the City of San Ramon (the "Local Agency"). Such information relates to the Local Agency's general and financial condition and includes tables setting forth summary budget and financial information for the Local Agency. Such financial and budget information is summary in nature and is not intended to present a detailed or comprehensive description of the financial situation of the Local Agency. The Local Agency's audited financial statements for Fiscal Year 2008-09 is presented in APPENDIX C – "CITY OF SAN RAMON AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008-09." The audited financial statements for the Local Agency presented in Appendix C should be read in their entirety.

General Representations

The Local Agency has certified that the following statements are true and correct to the best knowledge of an officer of the Local Agency.

- The Local Agency has not defaulted on a lease or debt obligation in the last 10 years.
- The Local Agency has never failed to comply with any disclosure obligations with respect to securities, including any obligations under SEC Rule 15(c)(2)(12) or a written undertaking.
- There has been no material adverse change in the Local Agency's financial condition since June 30, 2008.
- The Local Agency does not have any sales tax or property tax payers which contribute in excess of 10% of the sales tax or property tax received by the Local Agency during the 2008-09 Fiscal Year.
- No major taxpayers are currently delinquent, or expected to be delinquent, in the payment of property taxes, franchise taxes or other taxes to the Local Agency.
- The County Assessor has not unilaterally reduced assessed values in the Local Agency pursuant to Proposition 8.
- The Local Agency does not have any major ongoing or expected challenges to assessed property valuations within its boundaries.
- No issues exist concerning compliance with or challenges under Proposition 218 or Proposition 62 with respect to existing or proposed taxes, fees and assessments collected by the Local Agency.
- The Local Agency does not have any funds invested in derivatives or reverse repurchase agreements and does not have a leveraged portfolio.

- Over the last two years, the Local Agency has not experienced any significant losses, realized or unrealized, in its investment portfolio as a result of a ratings downgrade, bankruptcy, subprime mortgage exposure or decline in market value relating to such investments.

- The Local Agency first implemented GASB Statement No. 45's disclosure requirements for the fiscal year ending June 30, 2006.

- The Local Agency has not recently adopted, and does not plan to adopt, any significant change in accounting practices for fiscal years 2008-09 or 2009-10 that may have a material adverse impact on its finances or the presentation of its finances in its financial statements, and the auditor's opinions for the financial statements of the Local Agency have not been qualified during the last 5 years.

- No proposed item in the proposed State's fiscal year 2009-10 budget, would result in a significant reduction (greater than 10%) in the Local Agency's discretionary revenues.

- The Local Agency has not entered into any long-term lease obligations or issued any debt since June 30, 2008.

- The Local Agency does not have any plans for future borrowing.

- The Local Agency or its debt obligations have not been audited by the IRS within the last 10 years.

- There is no on-going or threatened litigation, proceeding, investigation or inquiry that may adversely affect the finances or operations of the Local Agency.

- There are no significant issues that exist with respect to the Local Agency's labor relations.

- No other conditions or events, including but not limited to hazardous materials, exist which may adversely affect the finances of the Local Agency.

- The Local Agency does not have any outstanding variable rate obligations that are credit enhanced by bond insurance.

- The Local Agency does not have any other information which is necessary to make the above statements, in the light of the circumstances under which such statements are made, not misleading.

- Since the last actuarial valuation, the Local Agency has not experienced any significant increase in its pension funding obligations as a result of pension benefit enhancements, changes in actuarial assumptions or other factors (other than market losses) that may result in increased pension costs in FY 2009-10, and does not anticipate any such increase in FY 2009-10.

- The Local Agency has not failed in the last ten (10) years to make its allocated pension funding obligation.

General Description

San Ramon is a Charter City which was incorporated in 1983. San Ramon is located in Contra Costa County, in the eastern portion of the San Francisco Bay Area. San Ramon occupies a land area of 17.98 square miles.

San Ramon operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a Mayor elected for a two-year term and a four member City Council elected to four-year terms. The City Council is responsible for enacting City ordinances and resolutions and adopting the annual budget. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council and for overseeing the daily operations of the City.

San Ramon provides police protection, maintenance of streets and roads, maintenance of parks and landscaping, recreation activities, planning and building services, storm and drainage services and economic development and redevelopment services.

Population

As of January 1, 2009 San Ramon's population was estimated to be 63,176, an increase of 24.68% from the 2005 population of 50,672. The following table shows San Ramon's population for the years 2005 to 2009.

City of San Ramon
Population
As of January 1

Year	Estimated Population
2005	50,672
2006	56,234
2007	59,501
2008	61,187
2009	63,176

Source: State of California, Department of Finance

Labor Market and Unemployment Rate

For 2008, San Ramon had an annual average labor force of an estimated 29,100 persons, which is a 2.83% increase from the 2004 annual average labor force of 28,300 persons. The annual average unemployment rate increased from 2.20% to 2.50% in the same period. The table below lists figures for the labor force and comparative unemployment rates for the years 2004 to 2008.

City of San Ramon
Labor Force, Employment and Unemployment
Annual Average [1]

	2004	2005	2006	2007	2008	November 2009[3]
Labor Force	28,300	28,700	28,900	29,300	29,100	28,200
Employment	27,700	28,100	28,400	28,700	28,400	26,900
Unemployment	600	600	500	600	700	1,300
Unemployment Rate [2]	2.20%	2.00%	1.70%	1.90%	2.50%	4.7%

(1) 2007 Benchmark, data not seasonally adjusted.
(2) Calculated based on unrounded data.
(3) Preliminary. Data is for the month of November 2009; not annual average.
Source: State of California, Employment Development Department

Major Employers

The following table shows the major employers in San Ramon

City of San Ramon
Major Employers
2009

Principal Employers	No. of Employees	Products/Services
Chevron USA Inc.	6,000	Oil Company
AT&T	2,251	Communications
San Ramon Regional Medical Center	800	Health Services
Accenture	750	Consulting
Prime Management Consulting	382	Consulting
Marriot Hotel	368	Hospitality
IBM Corporation	358	Computer Industry
United Parcel Service	356	Package Delivery Service
Safeway	324	Grocery Store
Target	312	Retail Store

Source: City of San Ramon Comprehensive Annual Financial Report

Assessed Valuation

The Local Agency experienced a decline in assessed valuation of approximately 2.7% for fiscal year 2009-10, and the assessed valuation is subject to appeal by property owners. The following table shows the assessed valuations for San Ramon for fiscal years 2003-04 through 2009-10.

City of San Ramon
Assessed Valuations

Fiscal Year	Local Secured	Utility	Unsecured	Total Before Rdv. Increment	Total After Rdv. Increment
2003-04	$7,983,777,578	$371,132	$381,689,462	$8,365,838,172	$7,733,694,282
2004-05	9,279,221,515	371,132	327,981,765	9,607,574,412	8,953,826,643
2005-06	10,280,731,034	477,913	317,172,631	10,598,381,578	9,893,401,738
2006-07	12,724,400,220	791,298	374,659,666	13,099,851,184	12,319,441,905
2007-08	14,043,096,208	477,997	401,846,354	14,445,420,559	13,600,957,231
2008-09	14,689,439,902	477,997	411,885,677	15,101,803,576	14,188,526,191
2009-10	14,308,697,975	1,635,514	392,841,147	14,703,174,636	13,796,479,478

Source: California Municipal Statistics, Inc.

Top Twenty Property Taxpayers

The following table shows the total tax levied against the twenty largest property taxpayers in San Ramon for fiscal year 2009-10. The assessed valuation is subject to appeal by property owners.

City of San Ramon
Twenty Largest Local Secured Taxpayers
2009-10

	Property Owner	Primary Land Use	2009-10 Assessed Valuation	% of Total [1]
1.	Chevron USA Inc.	Office Building	$ 397,130,531	2.78%
2.	Sunset Building Company LLC / Sunset Land Company	Office Building	366,889,511	2.56
3.	Essex Portfolio LP / Essex San Ramon Partners LP	Apartments	245,713,771	1.72
4.	Shapell Industries Inc.	Apartments	239,733,540	1.68
5.	SDC 7	Office Building	155,235,950	1.08
6.	Annabel Investment Co.	Office Building	152,331,782	1.06
7.	Legacy III SR Crow Canyon LLC	Office Building	103,640,000	0.72
8.	Alexander Properties Co.	Office Building	93,125,412	0.65
9.	Wittschen Capital Resources LP	Shopping Center	72,571,591	0.51
10.	Brookfield Homes	Residential Development	70,815,960	0.49
11.	San Ramon Regional Medical Center	Medical Buildings	67,083,217	0.47
12.	Centex Homes	Residential Development	64,700,102	0.45
13.	BRE Properties Inc.	Apartments	54,137,512	0.38
14.	Ardenwood Development Association	Residential Development	50,863,824	0.36
15.	Cedar Grove Apartments	Apartments	48,052,832	0.34
16.	San Ramon Reflections LLC	Residential Development	47,578,974	0.33
17.	VIF & ZKS Norris Tech Center LLC	Light Industrial	47,462,523	0.33
18.	GMS Five LLC	Shopping Center	40,031,666	0.28
19.	Pine Tree-Sau Gateway LLC	Shopping Center	36,364,066	0.25
20.	Keenan & Bariteau Bishop Ranch	Shopping Center	34,783,482	0.24
			$2,388,246,246	16.69%

[1] 2009-10 Local Secured Assessed Valuation: $14,308,697,975

Source: California Municipal Statistics, Inc.

Foreclosures

The following table shows foreclosures and related information for the City of San Ramon.

City of San Ramon Foreclosure Analysis

	Affected Parcels	Total City Parcels	Percentage	Assessed Value (AV)	Market Value (MV)	MV - AV
Foreclosures[1]						
Total - Citywide	12	24,528	0.05%	$ 10,065,340	$ 8,555,353	$ (1,509,987)

	Affected Parcels	Total City Parcels	Percentage	Assessed Value (AV)	Market Value (MV)	MV - AV
Notice of Default[2]						
Total - Citywide	176	24,528	0.72%	$ 102,544,321	$ 107,905,909	$ 5,361,588
Notice of Trustee Sale[2]						
Total - Citywide	55	24,528	0.22%	$ 29,744,671	$ 31,884,076	$ 2,139,405
Foreclosures[2]						
Total - Citywide	99	24,528	0.40%	$ 57,534,377	$ 53,717,996	$ (3,816,381)
Totals for 2009						
Total - Citywide	330	24,528	1.35%	$ 189,823,369	$ 193,507,981	$ 3,684,612

(1) January - December 2008
(2) January 1, 2009 - November 9, 2009
Source: DataQuick and Urban Futures Inc.

Summary Financial Information

The financial and budget information herein is summary in nature and is not intended to present a detailed or comprehensive description of the financial situation of the Local Agency. The audited financial statements for the Local Agency presented in Appendix C should be read in their entirety.

Final Budget 2009-10; Budget Comparison

San Ramon's 2009-10 Budget was approved on May 11, 2009. General Fund revenues are approximately $38.5 million, which is estimated to be $2.6 million (6%) below the previous year's budget reflecting the recessionary local economy, partially offset by some one-time revenue. The expenditure budget for the General Fund is $37.8 million, which is $1.5 million (4%) less than last year's adjusted budget. The 2009-10 Budget reflects inflationary cost increases for labor costs and supplies and services. A key element of the budget was to continue the city's hiring freeze for most vacant positions and eliminate funding for an additional eleven vacant positions.

Set forth in the following table is a summary statement of the Local Agency's General Fund final budgets for Fiscal Years 2007-08 and 2008-09, and the adopted budget for Fiscal Year 2009-10.

GENERAL FUND BUDGETS
FISCAL YEARS 2007-08, 2008-09 and 2009-10

	2007-08 Final Budget	2008-09 Final Budget	2009-10 Adopted Budget
REVENUES:			
Taxes			
Property	$14,053,784	$14,621,977	$13,752,652
In Lieu of Sales Tax	2,479,243	2,262,500	2,100,000
Other	5,622,285	5,854,858	5,192,200
Licenses & Permits	1,350,180	1,271,110	1,007,960
Sales and Use Tax – Levied by State	7,331,229	6,687,500	6,100,000
Other Governmental	675,901	651,167	470,467
Charges for Services	5,769,887	7,095,375	5,498,004
Fines and Forfeitures	491,200	503,950	493,280
Investment Income:			
Interest Income	700,000	880,000	630,000
Miscellaneous	1,897,315	1,256,664	3,231,050
TOTAL REVENUES	40,371,024	41,085,101	38,475,613
EXPENDITURES:			
Current:			
General Government	5,841,579	5,718,065	5,719,954
Public Safety	9,509,258	9,701,413	9,804,640
Public Works	10,970,430	11,231,202	10,869,803
Parks and Recreation	8,595,367	7,813,864	8,965,538
Community Development	3,691,211	3,776,951	2,951,440
Economic Development	356,849	314,143	301,573
TOTAL EXPENDITURES	38,964,694	39,379,698	37,812,948
EXCESS OF REVENUE OVER EXPENDITURES	1,406,330	1,705,403	662,665
Other Financing Sources (Uses):			
Transfers In	3,597,689	3,678,933	3,738,445
Transfers Out	(8,971,271)	(12,059,329)	(6,144,589)
TOTAL OTHER FINANCING SOURCES(USES)	(5,373,582)	(8,380,396)	(2,406,144)
NET CHANGE IN FUND BALANCES	(3,967,252)	(6,674,993)	(1,743,479)
FUND BALANCES, BEGINNING OF YEAR[1]	30,644,312	35,673,422	37,260,573
FUND BALANCES (DEFICIT), END OF YEAR[2]	$26,677,060	$28,998,429	$35,517,094

[1] Actual amounts at beginning of Fiscal Year.
[2] Budgeted amounts at end of Fiscal Year.
Source: City of San Ramon

Recent Financial Performance. The following table summarizes certain financial data of the Local Agency, has been prepared by the Local Agency from audited financial statements (see "Summary Financial Information" above), and is presented using the modified accrual basis of accounting.

CITY OF SAN RAMON GENERAL FUND REVENUE AND EXPENDITURES
BY SOURCES AND USES
FISCAL YEAR ENDING JUNE 30

	2007	2008	2009
REVENUES:			
Taxes	$29,048,580	$29,465,385	$34,818,027
Licenses & Permits	1,480,293	1,371,140	833,617
Intergovernmental	906,978	592,922	472,257
Charges for Services	5,214,367	4,951,802	5,297,842
Fines and Forfeitures	571,955	474,942	480,935
Use of Money & Property (includes investment income)	1,653,689	2,009,463	2,265,751
Miscellaneous	1,431,911	1,967,404	1,967,847
TOTAL REVENUES	40,307,773	40,833,058	46,136,276
EXPENDITURES:			
Current:			
General Government	4,947,159	5,366,166	5,249,193
Public Safety	8,765,219	9,054,083	9,745,710
Public Works	9,381,332	10,282,483	10,893,133
Parks and Recreation	6,713,338	7,255,301	7,813,864
Community Development	2,651,277	3,052,714	3,051,920
Redevelopment	259,135	219,747	263,141
TOTAL EXPENDITURES	32,717,460	35,230,494	37,016,961
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,590,313	5,602,564	9,119,315
OTHER FINANCING SOURCES:			
Operating Transfers In	3,695,426	4,107,967	4,074,435
Operating Transfers Out	(6,256,629)	(9,111,067)	(12,206,063)
OTHER FINANCING SOURCES (USES):			
BEGINNING FUND BALANCE	30,644,312	35,673,422	36,272,886
FUND BALANCE	$35,673,422	$36,272,886	$37,260,573

Source: City of San Ramon

Summary of Assets and Liabilities. Below is a summary of the Local Agency's General Fund assets and liabilities for the Fiscal Years 2006-07 and 2007-08, and projected assets and liabilities for Fiscal Year 2008-09. Detailed information pertaining to the Local Agency's Statement of Assets and Liabilities is presented in APPENDIX C – "CITY OF SAN RAMON AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2008." See "Summary Financial Information" above for information concerning the audited financial statements.

SUMMARY OF ASSETS AND LIABILITIES – GENERAL FUND
Fiscal Years 2006-07 through 2008-09

	2007	2008	2009
ASSETS:			
Cash and investments	$ 37,330,876	$ 33,557,180	$37,709,230
Cash and investments - restricted	394,127	153,801	147,114
Receivables:			
Accounts	2,433,886	11,158,856	5,180,616
Notes	-	-	7,285,000
Interest	393,625	312,845	264,315
Due from other funds	212,910	3,580,560	1,186,732
Land held for resale	-	-	-
Inventory	3,294	6,622	12,369
Prepaid and deposits	95,087	100,419	87,656
TOTAL ASSETS	$ 40,863,805	$ 48,870,283	51,873,032
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	$ 2,258,056	$ 1,336,816	1,213,697
Salary and benefits payable	1,112,772	1,003,817	1,799,221
Due to other funds	-	-	-
Deferred revenue	1,152,572	9,726,592	10,993,248
Deposits payable	666,983	530,172	606,293
TOTAL LIABILITIES	5,190,383	12,597,397	14,612,459
FUND BALANCES:			
Reserved for:			
Prepaids	68,153	100,419	87,656
Inventory	-	6,622	12,369
Land held for resale	-	-	-
Housing set-aside	-	-	-
Housing – capital projects	-	-	-
Encumbrances	251,123	519,798	120,939
Debt service	-	-	-
Unreserved, reported in:			
General fund	35,354,146	35,646,047	37,039,609
Special revenue funds	-	-	-
Capital projects fund	-	-	-
TOTAL FUND BALANCES	35,673,422	36,272,886	37,260,573
TOTAL LIABILITIES AND FUND BALANCES	$ 40,863,805	$ 48,870,283	$ 51,873,032

Source: City of San Ramon

Investments

San Ramon's investment policy does not limit the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. San Ramon also invests funds in the Local Agency Investment Fund (LAIF). The following table lists the Local Agency's total investments by type (includes the Local Agency's general fund and other funds).

Investment Type	Amount	Percentage of Portfolio
U.S. Treasury Bond/Note	$13,165,000	18.09%
U.S. Government Supported Corporate Debt	$3,250,000	4.47%
Federal Agency Discount Note	$4,000,000	5.50%
Federal Agency Bond/Note	$33,890,000	46.56%
Corporate Note	$4,400,000	6.04%
Money Market	$14,075,828	19.34%

Source: PFM Asset Management LLC/ City of San Ramon

Outstanding Obligations

The table below describes San Ramon's outstanding obligations.

OUTSTANDING LONG-TERM OBLIGATIONS
As of June 30, 2009

Description of Issue	Original Issue	Outstanding Principal Balance	Maturity	2008-09 Annual Principal Installments
1996 Certificates of Participation[2]	$7,555,000	$5,380,000	August 1, 2025	$215,000
2001 Certificates of Participation[2]	13,970,000	9,700,000	March 1, 2021	610,000
2003 Certificates of Participation[2]	2,580,000	1,700,000	March 1, 2018	155,000
1998 Tax Allocation Bond[1]	26,920,000	21,820,000	February 1, 2028	670,000
2004 Tax Allocation Bond[1]	8,105,000	6,735,000	February 1, 2024	330,000
2006 Tax Allocation Bond Series A[1]	31,866,570	31,866,570	February 1, 2038	--
2006 Tax Allocation Bond Series B[1]	22,665,000	21,910,000	February 1, 2038	485,000
2005 ERAF Tax Revenue Bond[1]	525,000	345,000	2015	50,000
2006 ERAF Tax Revenue Bond[1]	530,000	405,000	2015	45,000

(1) Payable from tax increment of the Redevelopment Agency of the City of San Ramon.
(2) Payable from the General Fund.
Source: City of San Ramon

In July 2006, San Ramon entered into an eight year lease agreement in the amount of $114,763 for the lease/purchase of an Elgin Air Sweeper. The total monthly payments are $1,464 including interest at 5.32%.

Direct and Overlapping Bonded Debt

The statement of direct and overlapping debt (the "Debt Report") set forth below was prepared by California Municipal Statistics, Inc., and dated as of June 30, 2009. Direct debt constitutes debt directly issued by San Ramon while overlapping debt constitutes that portion of debt issued by different public entities within the same tax code area as that of San Ramon. San Ramon is not responsible for the overlapping debt of other local agencies. The Debt Report includes only such information as has been reported to California Muncipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. San Ramon has not independently verified its completeness or accuracy. The Debt Report does not include the Bonds.

CITY OF SAN RAMON

2008-09 Assessed Valuation:	$15,101,803,576
Redevelopment Incremental Valuation:	913,277,385
Adjusted Assessed Valuation:	$14,188,526,191

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/09	% Applicable (1)	City's Share of Debt 6/30/09	
Bay Area Rapid Transit District	$441,360,000	3.900%	$ 17,213,040	
Contra Costa Community College District	176,050,000	10.028	17,654,294	
Chabot-Las Positas Community College District	470,174,226	0.425	1,998,240	
San Ramon Valley Unified School District	286,948,581	41.496	119,072,183	
East Bay Regional Park District	125,850,000	4.746	5,972,841	
ABAG Windemere Ranch Community Facilities District No. 2004-2	28,525,000	100.	28,525,000	
ABAG Windemere Ranch 1915 Act Bonds	102,145,000	100.	102,145,000	
City of San Ramon 1915 Act Bonds	355,300	100.	355,300	
Contra Costa County Assessment District No. 1993-3	744,108	100.	744,108	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$293,680,006	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
Contra Costa County General Fund Obligations	$285,315,000	10.248%	$ 29,239,081	
Contra Costa County Pension Obligations	465,455,000	10.248	47,699,828	
Contra Costa Community College District Certificates of Participation	1,050,000	10.028	105,294	
Chabot-Las Positas Community College General Fund Obligations	4,830,000	0.425	20,528	
City of San Ramon Certificates of Participation	**16,780,000**	**100.**	**16,780,000**	
San Ramon Valley Fire Protection District Certificates of Participation	15,755,000	41.707	6,570,938	
TOTAL DIRECT OVERLAPPING GENERAL FUND DEBT			$100,415,669	
GROSS COMBINED TOTAL DEBT			$394,095,675	(2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.94%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($16,780,000).................................. 0.12%
Combined Total Debt... 2.78%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: $0

Source: California Municipal Statistics, Inc.

Other Post Employment Benefits

San Ramon pays for the entire cost of retiree health benefits for retirees and their spouses until age 65, subject to a vesting schedule. Employees hired before July 1, 2006 receive 0% coverage at 0-3 years of service, 50% coverage at 4-7 years of service, 75% coverage at 8-11 years of service and after 12 years of service receive 100% coverage. Employees hired after July 1, 2006 receive 25% coverage at 5 years of service and then receive an additional 5% per year until they reach 100% coverage.

San Ramon conducted an Actuarial Report to analyze its OPEB liability as of January 1, 2008. The report was prepared by Milliman on August 27, 2008. As of January 1, 2008, San Ramon's Actuarial Accrued Liability was $9,669,389 with a Reserve Fund of $4,599,036. As of January 1, 2008, San Ramon's Unfunded Actuarial Accrued Liability was $5,070,353.

San Ramon implemented GASB Statement No. 45 beginning Fiscal Year 2005-06. Since fiscal year 2005-06, San Ramon has been paying the annual actuarial required contribution for OPEB each fiscal year to a trust.

Pension

San Ramon's unfunded pension liability increased over the past fiscal year as a result of CalPERS investment losses.

Litigation

There is no on-going or threatened litigation, proceeding, investigation or inquiry that may adversely affect the finances or operations of San Ramon.

APPENDIX C

CITY OF SAN RAMON AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008-09 LOCAL AGENCY

The audited financial statements relating to the Local Agency for Fiscal Year 2008-09 are attached hereto as Appendix C and should be read in their entirety.

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MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

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Newport Beach, CA 92660
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SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of San Ramon, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of San Ramon, California, (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of San Ramon, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of San Ramon, California, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2009 on our consideration of the City of San Ramon, California'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.

The management's discussion and analysis and other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Ramon, California's basic financial statements. The accompanying introductory section, the major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias Gini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

December 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Our discussion and analysis of the City of San Ramon's financial performance for the fiscal year ended June 30, 2009 provides an overview of year ending results based on the government-wide statements, an analysis on the City's overall financial position and results of operations to assist users in evaluating the City's financial position and a discussion of significant changes that occurred in funds and significant budget variances. In addition, it describes the activities during the year for capital assets and long-term debt. We end our discussion and analysis with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or results of operations. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities by $429.9 million (net assets). Of this amount, $24.3 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. $41.0 million is restricted for specific purposes (restricted net assets), and $364.4 million is invested in capital assets, net of related debt.

- The City's total net assets increased by $58.9 million over the prior fiscal year.

- The City's governmental funds reported combined ending fund balances of $110.6 million, a decrease of $10.9 million in comparison with the prior year.

- The General Fund revenue and transfers-in were $1.0 million more than the $49.2 million expenditures and transfers-out.

- The revenues available for expenditure were $5.1 million more than budgeted for in the General Fund reflecting an unbudgeted one-time sales tax adjustment payment of a net $5.8 million. The City kept General Fund expenditures within spending limits by $2.4 million.

- The General Fund balance at the end of the year was $37.3 million.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units, using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The 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. Additionally, certain eliminations have occurred as prescribed by the GASB statements in regards to inter-fund activity, payables and receivables.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as an indicator of whether the financial health is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account, regardless of the timing of related cash flows (accrual basis of accounting). In the statement of activities, we separate the City activities as follows:

- **Governmental activities** – Most of the City's basic services are reported in this category, including the General Government (City Manager, City Clerk and Administrative Services, etc), Community Development (Planning, Building and Transportation), Police Services, Public Works (streets, facilities, parks, engineering, etc), and Parks and Community Services (recreation and culture). These activities are generally financed by property and sales taxes, user fees, interest income, franchise fees, and State and Federal shared revenues and grants.

- **Component unit activities** – The City includes two separate legal entities in its report – the San Ramon Redevelopment Agency and the San Ramon Public Financing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are Agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. 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.

Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City's Proprietary Funds are internal service funds.

Fiduciary funds **-** The City is the trustee, or *fiduciary*, for certain funds held on behalf of developers and other community funds such as the Tri-Valley Transportation Council Trust Fund. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the City's other 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.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information is in addition to the basic financial statements and accompanying notes. This report also presents certain "Required Supplementary Information" concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the General fund and other major special revenue funds.

Supplementary Information includes information for major capital project, non-major governmental, internal service, and agency funds, and is presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased $58.9 million to $429.9 million from $371.0 million. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities. The City has no business-type activities.

Table 1
Net Assets
As of June 30, 2009 and 2008

	Governmental Activities	
	2009	**2008**
Current and restricted assets	$146,190,369	$150,651,644
Capital assets	401,388,373	344,705,657
Total Assets	547,578,742	495,357,301
Long-term liabilities outstanding	104,405,234	106,662,969
Other Liabilities	13,301,644	17,653,952
Total Liabilities	117,706,878	124,316,921
Invested in Capital Assets, Net of Related Debt	364,411,397	308,079,659
Restricted	41,080,968	44,630,931
Unrestricted	24,379,499	18,329,790
Total Net Assets	$429,871,864	$371,040,380

The City's net assets are made-up of three components: Invested in Capital Assets, Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, accounted for the majority of the City's governmental activities net assets. The City has conservatively budgeted revenues and expenditures in order to prevent a drawing down of reserve funds.

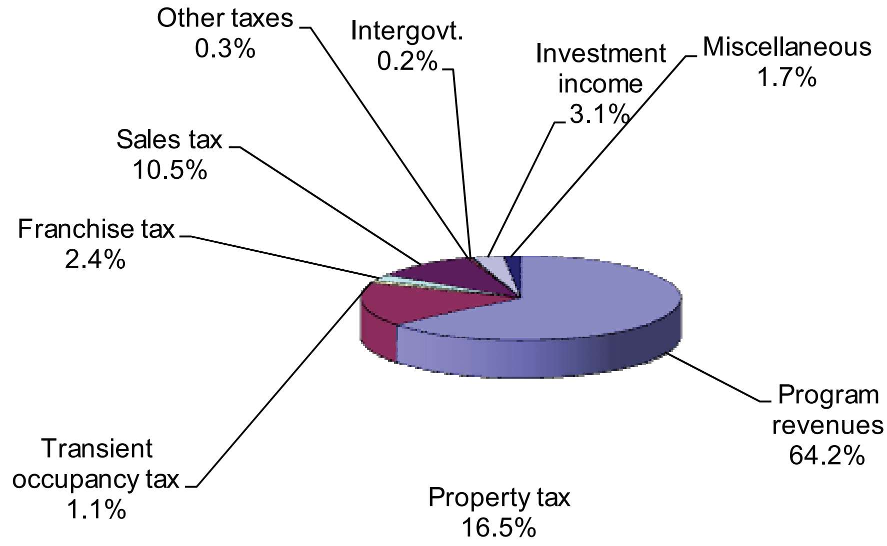
Total liabilities are $117.7 million, the majority of which is non-current, due in more than one year. The non-current liability portion due in more than one year totals $101.3 million and primarily consists of tax allocation bonds and certificates of participation debt.

Net Assets for all governmental activities totaled $429.9 million which was an increase of $58.9 million (16%). The major factors that result in net asset increases are capital contributions and capital assets from additional public infrastructure being acquired as the City expands into the Dougherty Valley area of the City.

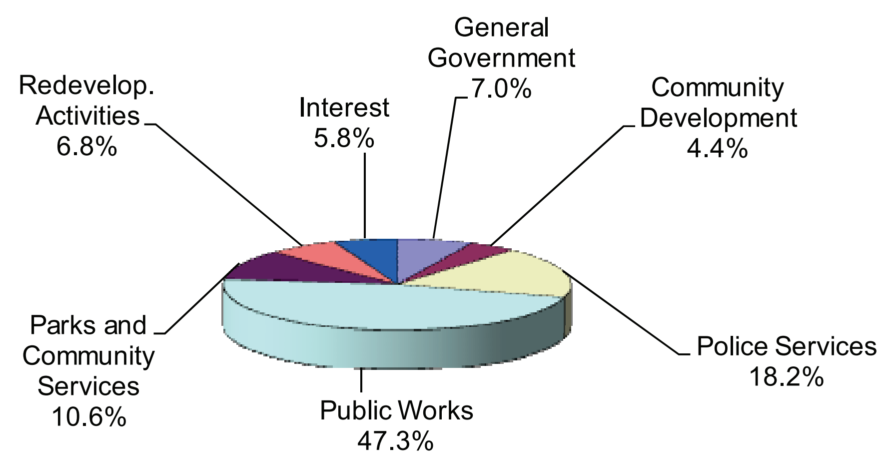
Table 2
Changes in Net Assets
As of June 30, 2009 and 2008

	Governmental Activities	
	2009	**2008**
REVENUES:		
Program revenues:		
Charges for Services	$8,772,167	$8,427,787
Operating Contributions and Grants	18,686,921	20,157,260
Capital Contributions and Grants	63,437,561	83,368,962
General revenues:		
Property tax	23,364,635	22,305,788
Transient occupancy tax	1,566,201	1,979,708
Franchise tax	3,416,994	3,233,907
Sales tax	14,870,719	9,241,599
Other taxes	438,874	664,267
Intergovernmental, unrestricted	296,468	349,903
Investment income	4,366,204	6,899,560
Miscellaneous	2,435,411	390,146
Total Revenues	141,652,155	157,018,887
EXPENSES:		
General government	5,788,545	6,207,143
Community development	3,668,601	3,621,282
Redevelopment activities	5,606,182	4,541,600
Police services	15,060,970	13,447,852
Public works	39,132,983	36,268,552
Parks and community service	8,745,298	8,157,575
Interest	4,818,092	4,924,869
Total Expenses	82,820,671	77,168,873
INCREASE IN NET ASSETS	$58,831,484	$79,850,014
Net assets – beginning of year	$371,040,380	$291,190,366
Net assets – end of year	$429,871,864	$371,040,380

Revenue by Source



Expenditures by Source



The City's total revenues were $141.7 million for the year ended June 30, 2009, a decrease of $15.3 million from the prior year. Most of the decrease was accounted for by a $20 million decline in capital contributions. Program revenue includes charges for services, grants and contributions. Program revenue provided $90.9 million (64% of the total).

General revenues include taxes, intergovernmental revenues such as Vehicle License Fees (VLF), and investment income not restricted to specific programs. General revenue provided $50.8 million (36% of the total). Property taxes at $23.4 million make up the largest component of general revenues.

- The level of property tax revenues reflects the changes in assessed value in the City as a whole and in the Redevelopment project area.
- Property tax assessed value growth has been moderating due to the slow local real estate market, and a decline in supplemental property tax assessments has offset the base assessed value growth during the year.

Total expenses were $82.8 million. Expenses were up $5.7 million (7% overall) in 2009 compared to 2008 due to the expansion of services in the Dougherty Valley Area of the City. Public Works with $39.1 million of expenditures represented the largest component of Governmental Expenditures.

FUND FINANCIAL ANALYSIS

The City uses *fund accounting* to segregate accounts for specific activities or objectives, including demonstrating finance-related legal compliance.

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balance of $110.6 million which decreased from the prior year by $10.9 million. This total includes a General Fund balance of $37.3 million. The General Fund balance increased by $1.0 million from the prior year. General fund revenues were $9.1 million more than expenditures before transfers. The major causes of the positive increase were that revenues were $5.1 million more than budgeted reflecting a $5.8 million one-time sales tax adjustment payment, and expenditures before net transfers out were $2.4 million less than the budget.

Other major funds and non-major funds balance significant changes are noted below:

- Redevelopment Tax Allocation Bond 2006 fund balances decreased by $9.1 million primarily as a result of transfers out to fund redevelopment capital projects.
- The Low/Moderate Income Housing fund balance decreased by $1.1 million as a result of the net capital project funding transfers-in during the year to cover project appropriations.
- The other non-major governmental fund balances decreased by a net of $1.3 million during the year.

Proprietary funds – The City's proprietary funds statements provide the same type of information found in the Government-wide Financial Statements, but in more detail.

At the end of the fiscal year, total net assets were $11.0 million. Of that, the unrestricted net assets were $8.4 million and the amount invested in capital assets were $2.6 million. Net assets of the proprietary funds increased $2.4 million reflecting investment earnings and transfers of funds to cover future equipment and building replacement costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the City's General Fund, actual ending revenues of $46.1 million were $5.1 million more than the final budgeted revenues of $41.0 million. The majority of the variance was an increase sales taxes and in uses of money and property offset by a decrease in charges for services.

- Taxes were $5.4 million above budget reflecting a one-time $5.8 million sales tax adjustment payment offset by weakness in hotel occupancy taxes.

- Licenses and permits were $0.4 million below budget due to a decline in real estate permit activity.

- Charges for services were $1.8 million below budget reflecting a slowing in building inspection services and the delay of the City Center development project that was anticipated when the budget was developed. In addition, recreation revenues are showing the effects of a weaker local economy.

- Uses of money and property were above budget by $1.4 million as a result of positive market adjustments to the portfolio caused by the change in prevailing market interest rates.

- The General Fund actual ending expenditures of $37.0 million were $2.4 million less than the final budget of $39.4 million. There were minor changes in the original budget compared to the final budget during the year.

- The actual spending coming in below budget reflected an effort by the City to carefully control spending in a weaker economy including the continuation of a hiring freeze throughout the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the City had $401.4 million invested in a broad range of capital assets, including land, streets, bridges, drainage systems, traffic lights, parks, buildings, vehicles and equipment.

Table 3
Capital Assets
As of June 30, 2009 and 2008

	Governmental Activities	
	2009	**2008**
Non Depreciable		
- Land	$45,414,721	$50,291,165
- Construction in progress	19,824,610	10,100,595
Depreciable, net of accumulated depreciation		
- Machinery, furniture and equipment	2,630,225	2,521,932
- Buildings and improvements	44,387,904	40,259,858
- Park improvements	30,806,572	31,970,119
- Infrastructure	258,324,341	209,561,988
Total Capital Assets	$401,388,373	$344,705,657

Majority of the projects for fiscal year 2008-2009 related to the construction of street improvements on San Ramon Valley Blvd. and Bollinger Canyon Road, pavement management system projects, and storm drainage improvement projects. Most of the projects were financed with funds that have been designated by an outside party for specific use. The City's fiscal year 2009-2010 capital budget calls for spending of $13.0 million for similar capital projects, which is $5.0 million less than fiscal year 2008-2009 budget. Additional information about the capital assets can be found in Note (3)(d) to the Notes to the Financial Statements.

Debt Administration

At year-end, the City's governmental activities had $104.4 million in bonds, notes, contracts, and compensated absences as shown in Table 4. Total debt outstanding decreased $2.3 million from the previous year due to the City making annual principal payments on bonds and certificates of participation.

Table 4
Outstanding Debt at Year-End

	Governmental Activities	
	2009	**2008**
Tax Allocation Bonds	$82,904,872	$84,411,105
ERAF Tax Revenue Bonds	750,000	845,000
Certificates of Participation	16,780,000	17,760,000
Housing (HELP) Loan	750,000	750,000
Capital Lease	76,976	90,068
Compensated Absences	3,143,386	2,806,796
Total Debt	$104,405,234	$106,662,969

Additional information about the City's long-term obligations can be found in Note (3)(e) in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In preparing the budget for 2009-2010, management looked at the following economic factors:

- The weak real estate market and economy were major factors in preparing the budget. Anticipating weaker revenues, the City continued a hiring freeze that had been implemented in the spring of 2008 and eliminated the funding for an additional eleven vacant positions in the budget to help bring expenditures in line with projected weak revenue growth.

- State budget: California voters passed Proposition I-A several years ago which made it more difficult for the State level of government to take property tax revenues from local agencies. However, the State government budget has been experiencing a deficit which has increased the risk that the State may divert local agency revenues in the future. As part of the budget adoption process the City has made sure there are sufficient General Fund reserves to cover potential State diversions of City revenues. The State elected to invoke a feature of Proposition I-A which allowed a borrowing of $1.5 million of City General Fund Property tax revenues. The City participated in a program to sell the receivable for a net $1.5 million.

- Public Employee Retirement System Costs: Costs for the City contribution to the retirement plans for City employees are anticipated to increase over the next several years reflecting market losses by the retirement system. Gains or losses by the State run retirement system are now recognized over an extended fifteen year smoothing period.

- Sales tax revenues are expected to be weak over the next several years reflecting a recessionary environment. Local sales tax collections were projected to be lower in 2009-2010 than in the previous year. The City is expected to receive a $1.9 million prior-year sales tax adjustment payment during the year which will help to supplement sales tax revenues on a one-time basis.

- Property tax revenue growth was projected to weaken, with an assessed value decline due to the real estate market recession.

- Continued expansion of the City into the Dougherty Valley area east of the current City limits will cause increases in special assessment revenues over the next few years as well as cost increases for delivering services to the area.

- The health care industry continues to struggle with providing consumers and employers with cost effective medical premiums. Health care rates are expected to continue to increase in future years. The City has taken further actions to modify health care coverage during the past several years to moderate the growth in costs. These actions have included changing health networks to obtain further discounts from medical service providers and by increasing the employees' share of medical service costs.

The City's General Fund is expected to complete fiscal year 2009-2010 with a planned draw down of $1.7 million of reserves. The City budget plan will continue to maintain reserves well in excess of the 50% reserve policy level. The expenditure budget was developed to maintain core City services. This required expenditure adjustments in various categories to offset staff salaries and benefits increasing due to cost of living salary increases, and rising health care premiums. The most significant change impacting salary and benefit costs was to remove the funding for eleven previously funded vacant positions as part of the continuation of a hiring freeze which saved $1.6 million in the budget.

The City continues to grow with significant additions of land and population through annexations in the Dougherty Valley area. The 2009-2010 budget is a reflection of the City's commitment to the residents of San Ramon. The City's historically conservative approach of maintaining a high level of operating reserves has provided a cushion against economic uncertainties. For the 2009-2010 fiscal year the City has made a commitment to allocate resources for public safety, cultural/social programs, and infrastructure improvements. A copy of the City's 2009-2010 budget can be obtained by contacting the City Administrative Services Department (See below) or via the City's website at www.ci.san-ramon.ca.us.

CONTACTING THE CITY'S FINANCIAL MANAGMENT

This Financial Report is designed to provide our citizens, taxpayers, customers, and 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 or need additional financial information, contact the City's Administrative Services Department at City of San Ramon offices at 2228 Camino Ramon, San Ramon, California 94583 or by calling (925) 973-2528.

CITY OF SAN RAMON
Statement of Net Assets
June 30, 2009

		Governmental Activities
Assets:		
Cash and investments	$	85,443,244
Receivables:		
Accounts		10,065,734
Interest		631,993
Notes		13,296,349
Inventory		12,369
Prepaid and deposits		88,605
Cash and investments-restricted		33,404,237
Deferred charges		1,497,838
Land held for resale		1,750,000
Capital assets:		
Not being depreciated		65,239,331
Being depreciated, net		336,149,042
Total assets		547,578,742
Liabilities:		
Account payable		2,765,129
Accrued payroll		2,518,877
Interest payable		901,894
Unearned revenue		5,736,739
Deposits		1,379,005
Noncurrent liabilities:		
Due within one year		3,109,215
Due in more than one year		101,296,019
Total liabilities		117,706,878
Net assets:		
Invested in capital assets, net of related debt		364,411,397
Restricted for:		
Housing set-aside		1,228,497
Housing - capital projects		4,915,912
Debt service		34,936,559
Unrestricted		24,379,499
Total net assets	$	429,871,864

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Activities
Year Ended June 30, 2009

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 5,788,545	$ 249,447	$ 6,213	$ -
Community development	3,668,601	1,528,803	547,334	-
Police services	15,060,970	713,969	136,245	-
Public works	39,132,983	539,834	17,703,054	63,437,561
Park and community service	8,745,298	4,392,972	135,332	
Redevelopment activities	5,606,182	1,347,142	158,743	-
Interest	4,818,092	-	-	-
Total governmental activities	$ 82,820,671	$ 8,772,167	$ 18,686,921	$ 63,437,561

General revenues:
- Property tax, levied for general purpose
- Property tax, Redevelopment Agency tax increment
- Transient occupancy tax
- Franchise tax
- Sales tax
- Other taxes
- Intergovernmental, unrestricted
- Investment income
- Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning of year

Net assets, end of year

See Accompanying Notes to Financial Statements.

Net (Expense) Revenues and Changes in Net Assets
Governmental Activities
$ (5,532,885)
(1,592,464)
(14,210,756)
42,547,466
(4,216,994)
(4,100,297)
(4,818,092)
8,075,978
14,525,239
8,839,396
1,566,201
3,416,994
14,870,719
438,874
296,468
4,366,204
2,435,411
50,755,506
58,831,484
371,040,380
$ 429,871,864

CITY OF SAN RAMON
Balance Sheet
Governmental Funds
June 30, 2009

	General	Special Revenue: Dougherty Valley	Special Revenue: Low/Mod Income Housing Set-Aside
Assets:			
Cash and investments	$ 37,709,230	$ 31,478	$ 325,695
Cash and investments - restricted	147,114	-	-
Receivables:			
Accounts	5,180,616	4,068,058	43,901
Notes	7,285,000	-	6,006,424
Interest	264,315	-	2,560
Due from other funds	1,186,732	-	-
Land held for resale	-	-	930,000
Inventory	12,369	-	-
Prepaid and deposits	87,656	360	495
Total assets	$ 51,873,032	$ 4,099,896	$ 7,309,075
Liabilities and fund balances:			
Liabilities:			
Accounts payable	$ 1,213,697	$ 564,811	$ 22,200
Accrued payroll	1,799,221	469,275	49,574
Due to other funds	-	1,037,238	-
Deferred revenue	10,993,248	2,028,491	6,006,424
Deposits payable	606,293	81	2,380
Total liabilities	14,612,459	4,099,896	6,080,578
Fund balances:			
Reserved for:			
Prepaid and deposits	87,656	360	495
Inventory	12,369	-	-
Land held for resale	-	-	930,000
Housing set-aside	-	-	51,260
Housing - capital projects	-	-	-
Encumbrances	120,939	165,771	246,742
Debt service	-	-	-
Unreserved, reported in:			
General fund	37,039,609	-	-
Special revenue funds	-	(166,131)	-
Capital projects fund	-	-	-
Total fund balances	37,260,573	-	1,228,497
Total liabilities and fund balances	$ 51,873,032	$ 4,099,896	$ 7,309,075

See Accompanying Notes to Financial Statements.

Capital Projects	Debt Service		
Capital Improvement	Redevelopment Tax Allocation 2006	Nonmajor Governmental Funds	Total
$ 16,788,119	$ -	$ 22,161,266	$ 77,015,788
-	27,890,051	5,367,072	33,404,237
28,982	-	684,609	10,006,166
-	-	4,925	13,296,349
125,435	29,281	151,842	573,433
-	-	-	1,186,732
-	-	820,000	1,750,000
-	-	-	12,369
-	-	-	88,511
$ 16,942,536	$ 27,919,332	$ 29,189,714	$ 137,333,585
$ 379,423	$ 1,931	$ 456,499	$ 2,638,561
22,463	-	175,351	2,515,884
-	76,198	73,296	1,186,732
-	-	4,925	19,033,088
536,560	-	233,691	1,379,005
938,446	78,129	943,762	26,753,270
-	-	-	88,511
-	-	-	12,369
-	-	820,000	1,750,000
-	-	-	51,260
-	-	4,915,912	4,915,912
-	-	35,335	568,787
-	27,841,203	7,095,356	34,936,559
-	-	-	37,039,609
-	-	15,379,349	15,213,218
16,004,090	-	-	16,004,090
16,004,090	27,841,203	28,245,952	110,580,315
$ 16,942,536	$ 27,919,332	$ 29,189,714	$ 137,333,585

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CITY OF SAN RAMON
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Fund balances of governmental funds	$	110,580,315
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, net of depreciation, of governmental activities are not financial resources, and therefore, are not reported in the governmental funds. Capital assets of $2,630,227 allocated from internal service funds are included in the internal services adjustment below.		398,758,146
Long-term notes receivable are not current financial resources. Therefore, they are deferred in the governmental funds.		13,296,349
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.		(901,894)
Bond issue costs are expenditures in the governmental funds, but these are deferred in the statement of net assets and are amortized over the life of the bonds. This amount represents the balance at year end.		1,497,838
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(104,405,234)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.		11,046,344
Net assets of governmental activities	$	429,871,864

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2009

		Special Revenue	
	General	Dougherty Valley	Low/Mod Income Housing Set-Aside
Revenues:			
Taxes	$ 34,818,027	$ -	$ 1,767,879
Licenses and permits	833,617	-	-
Intergovernmental sources	472,257	6,527,671	-
Developer fees	21,289	-	-
Charges for services	5,297,842	-	-
Fines and forfeitures	480,935	-	-
Use of money and property	2,265,751	-	35,105
Special district assessments	-	-	-
Miscellaneous	1,946,558	1,894	111,260
Total revenues	46,136,276	6,529,565	1,914,244
Expenditures:			
Current:			
General government	5,249,193	-	-
Community development	3,051,920	-	-
Redevelopment activities	263,141	-	2,333,397
Police services	9,745,710	5,303,359	-
Public works	10,893,133	5,930,274	-
Parks and community service	7,813,864	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fees	-	-	-
Total expenditures	37,016,961	11,233,633	2,333,397
Excess (deficiency) of revenues over (under) expenditures	9,119,315	(4,704,068)	(419,153)
Other financing sources (uses):			
Transfers in	4,074,435	4,480,155	1,188,423
Transfers out	(12,206,063)	(204,951)	(1,850,938)
Total other financing sources (uses)	(8,131,628)	4,275,204	(662,515)
Net changes in fund balances	987,687	(428,864)	(1,081,668)
Fund balances, beginning of year	36,272,886	428,864	2,310,165
Fund balances, end of year	$ 37,260,573	$ -	$ 1,228,497

See Accompanying Notes to Financial Statements.

Capital Projects	Debt Service		
Capital Improvement	Redevelopment Tax Allocation 2006	Nonmajor Governmental Funds	Total
$ -	$ -	$ 7,071,517	$ 43,657,423
-	-	2,625	836,242
1,558,806	-	3,689,630	12,248,364
-	-	1,077,969	1,099,258
-	-	5,450	5,303,292
-	-	19,880	500,815
896,847	901,283	1,130,861	5,229,847
-	-	5,367,469	5,367,469
-	-	293,735	2,353,447
2,455,653	901,283	18,659,136	76,596,157
-	-	-	5,249,193
-	-	541,055	3,592,975
-	-	3,028,050	5,624,588
-	-	2,285	15,051,354
-	-	3,862,420	20,685,827
-	-	-	7,813,864
14,121,380	-	5,834,488	19,955,868
-	485,000	2,075,000	2,560,000
-	2,277,942	2,543,525	4,821,467
14,121,380	2,762,942	17,886,823	85,355,136
(11,665,727)	(1,861,659)	772,313	(8,758,979)
14,034,588	2,781,313	25,015,362	51,574,276
(2,338,380)	(9,987,761)	(27,135,683)	(53,723,776)
11,696,208	(7,206,448)	(2,120,321)	(2,149,500)
30,481	(9,068,107)	(1,348,008)	(10,908,479)
15,973,609	36,909,310	29,593,960	121,488,794
$ 16,004,090	$ 27,841,203	$ 28,245,952	$ 110,580,315

CITY OF SAN RAMON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2009

Net change in fund balances - total governmental funds		$ (10,908,479)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. Contributed assets are not reported in the governmental funds. This is the amount of capital assets recorded in the current period.		
Capital outlay	$ 15,207,647	
Developer contributions	63,437,561	
Depreciation	(14,785,786)	63,859,422
Governmental funds report interest in the year it is paid out; however, in the Statement of Activities interest is recorded in the year it is incurred.		33,565
Bond issue costs and premium on issuance are expenditures in the governmental funds, but these are deferred in the statement of activities and are amortized over the life of the bonds. This amount represents the change for this fiscal year.		(43,280)
Long-term debt proceeds provide current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.		
Principal payments	$ 2,573,092	
Change in compensated absences	(336,590)	2,236,502
Notes receivable, loans are recorded as expenditures in the governmental funds. Amounts of principal payments received from notes receivable are recorded as revenue in the governmental funds. However loans and principal payments from notes receivable are eliminated from the statement of activities. This amount represents the change in the notes receivable in this fiscal year.		1,235,583
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The net revenues of the internal service funds are included in the statement of activities		2,418,171
Change in net assets of governmental activities		$ 58,831,484

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	$ 8,427,456
Accounts receivable	59,568
Interest receivable	58,560
Prepaid and deposits	94
	8,545,678
Noncurrent assets:	
Capital assets:	
Machinery and equipment	9,507,995
Less accumulated depreciation	(6,877,768)
Total capital assets, net	2,630,227
Total assets	11,175,905
Liabilities:	
Current liabilities:	
Accounts payable	126,568
Accrued payroll	2,993
Total liabilities	129,561
Net assets:	
Invested in capital assets	2,630,227
Unrestricted	8,416,117
Total net assets	$ 11,046,344

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2009

	Internal Service Funds
Operating revenues:	
Charges for services	$ 7,142,885
Operating expenses:	
Insurance expense	4,530,184
Services and supplies	1,854,989
Maintenance	13,027
Depreciation	871,318
Total operating expenses	7,269,518
Operating (loss)	(126,633)
Nonoperating revenues:	
Interest	332,320
Intergovernmental	50,530
Gain on disposal of capital asset	12,454
Total nonoperating revenues	395,304
Income before transfers	268,671
Transfers in	3,015,037
Transfers out	(865,537)
Total transfers	2,149,500
Change in net assets	2,418,171
Net assets, beginning of year	8,628,173
Net assets, end of year	$ 11,046,344

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

	Internal Service Funds
Cash flows from operating activities:	
Payments from customers	$ 7,101,523
Payments to suppliers	(6,650,704)
Net cash provided by operating activities	450,819
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(979,607)
Proceeds from sale of capital assets	12,454
Net cash (used for) capital and related financing activities	(967,153)
Cash flows from noncapital financing activities:	
Intergovernmental	50,530
Transfers from other funds	3,015,037
Transfers to other funds	(865,538)
Net cash provided by noncapital financing activities	2,200,029
Cash flows from investing activities:	
Interest	332,320
Net cash provided by investing activities	332,320
Net increase in cash and cash equivalents	2,016,015
Cash and cash equivalents, beginning of year	6,411,441
Cash and cash equivalents, end of year	$ 8,427,456
Reconciliation of operating loss to net cash provided by operating activities:	
Operating (loss)	$ (126,633)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	871,318
(Increase) in accounts receivable	(41,363)
Decrease in prepaid and deposits	527
(Decrease) in accounts payable	(253,119)
Increase in accrued payroll	89
Net cash provided by operating activities	$ 450,819

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Fiduciary Net Assets
June 30, 2009

	OPEB Trust Fund	Agency Funds
Assets:		
Cash and investments	$ -	$ 4,463,358
Cash and investments held by trustee	5,616,178	-
Interest receivable	-	30,316
Total assets	$ 5,616,178	$ 4,493,674
Liabilities:		
Due to bondholders	$ -	$ 174,339
Due to other governments	-	4,319,335
Total liabilities	-	$ 4,493,674
Net assets:		
Held in trust for post employment health benefits	$ 5,616,178	

See Accompanying Notes to Financial Statements.

CITY OF SAN RAMON
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2009

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	$ 1,253,157
Investment earnings:	
Unrealized loss on investments	(744,425)
Change in net assets	508,732
Net assets, beginning of year	5,107,446
Net assets, end of year	$ 5,616,178

See Accompanying Notes to Financial Statements.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The City of San Ramon (City) was incorporated in 1983 as a Charter City and operates under a Council/Manager form of government. The Council is composed of five members. As required by generally accepted accounting principles, the financial statements present the government and its component units for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government. Each blended component unit as described below has a June 30 year end.

Blended Component Units

City of San Ramon Redevelopment Agency

The Redevelopment Agency (Agency) was established in 1985 pursuant to the State of California Health and Safety Code, section 33000 entitled, "Community Redevelopment Law". Its purpose is to finance long-term capital improvements designed to eliminate physical and economic blight in a project area. The City Council acts as the Agency's governing board and exerts significant influence over its operations. The funds of the Agency's have been included in the governmental activities of the financial statements. Separate financial statements of the City of San Ramon Redevelopment Agency can be obtained from the City of San Ramon Finance Department at 2228 Camino Ramon, San Ramon, CA 94583.

San Ramon Public Financing Authority

The San Ramon Public Financing Authority (Authority) was formed in 1987 as a joint powers authority between the City and the Agency in order to provide financial assistance to the City and the Agency by issuing debt and financing the construction of public facilities. The members of the City Council also act as the governing board of the Authority. Separate financial statements are not issued for the Authority.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, however, are unlike all other fund types, reporting only assets and liabilities. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, charges for services, intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of 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 government. Inventories are reported in the governmental funds using the purchases method. Inventories are valued on a first-in-first-out basis and since they are held for the City's own use, they are not adjusted to reflect changes in their market value.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Dougherty Valley Special Revenue Fund is used to account for revenue received from the Contra Costa County as reimbursements for a variety of municipal services, including police protection, and street and park maintenance, to be provided by the City. Per a Memorandum of Understanding with the County, the City is required to separately track the costs of services provided in the Dougherty Valley Area, and submit claims for reimbursements for costs to the County.

The Low/Mod Income Housing Set-Aside Special Revenue Fund has been set up to account for the 20% set aside of property taxes to be used for low and moderate income housing.

The Capital Improvement Capital Projects Fund is used to account for expenditures for major infrastructure improvements of roads, sidewalks, City facilities, including parks, as well as for the procurement of major pieces of equipment.

The Redevelopment Tax Allocation 2006 Debt Service Fund is used to account for debt service activity relating to the 2006 Tax Allocation Revenue Bonds.

In addition, the City reports the following fund types:

Proprietary Fund Type

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments on a cost-reimbursement basis. The City has six internal service funds – The investment fund is for investment management, the equipment replacement fund is for recording the equipment and depreciation thereon, the information systems replacement fund is for recording computer equipment, the insurance liability fund is used to provide for the general liability and other claims against the City, the healthcare fund is used for payment of medical, dental, vision premiums and claims, and the building maintenance fund is used for the cost of maintaining City buildings.

Fiduciary Fund Types

OPEB Trust Fund is used to account for assets held on behalf of the City of San Ramon employees eligible to receive Other Post Employment Benefits (OPEB) upon retirement from the City.

Agency Funds – are used to account for assets held by the City as an agent for individuals, private organizations, and/or - other governments, in accordance with the conditions of the agreements. Agency funds are purely custodial and thus do not involve measurement of results of operations. The City has seven agency funds – Fostoria Assessment District Fund, Cree Court Assessment District Fund, SCCJEPA Trust Fund, Tri-Valley Transportation Trust Fund, Helping Hands Program, Tri-Valley TBID Fund and DV Performing Arts Theater Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then use unrestricted resources as needed.

(d) Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

For purposes of the statement of cash flows of the proprietary funds, all cash and investments with an original maturity of 90 days or less are considered to be cash and cash equivalents. The City pools its investment funds for maximum return.

Investments are included within the financial statement classifications of "Cash and investments" and "Cash and investments – restricted" and are stated at fair value.

The City has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools," which require governmental entities to report certain investments at fair value in the financial statements and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has adjusted certain investments to fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

3. Capital Assets

Capital assets, which include land, machinery, and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (roads, bridges, etc.), are reported in the statement of net assets. Capital assets are defined by the City as all land and buildings; vehicles, and equipment with an initial individual cost of more than $5,000; and improvements and infrastructure assets with costs of more than $100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

Depreciation is recorded on a straight-line basis over the useful life of the assets as follows:

Buildings and improvements	25 to 50 years
Vehicles and equipment	3 to 10 years
Parks improvements	25 years
Infrastructure assets	10 to 100 years

GASB Statement No. 34 requires the City to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, sidewalks, curbs and gutters, park improvements, traffic signals, etc.

4. Long-term Obligations

In the government-wide statements long-term obligations are recorded as liabilities in the statement of net assets and are also shown in the proprietary fund statements.

5. Employee Compensated Absences

City employees may receive from 12 to 22 days vacation time each year, depending upon length of service. An employee may accumulate earned vacation time up to a maximum of two years' worth of accrued vacation leave. Upon termination, employees are paid the full value of their unused vacation and compensatory time at their existing salary. City employees may accrue 12 days of sick leave each year. Upon termination, employees are paid 25-50 percent depending on length of service, of the value of their unused sick leave balance at their existing salary. There is no fixed payment schedule for employee compensated absences.

6. Property Taxes

Property taxes are assessed, collected and allocated by the County of Contra Costa.

The duties of assessing and collecting property taxes are performed by the County of Contra Costa Assessor and Tax Collector, respectively. Under the County's "Teeter Plan," the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date.

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year.

7. Claims and Judgments

When it is probable that a claim liability has been incurred, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2009, in the opinion of the City Attorney, the City had no material claims, which require loss provisions in the financial statements. Small claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through the Municipal Pooling Authority (the MPA), which is described at Note (4)(f)1. The MPA is a public entity risk pool, which is accounted for under the provisions of GASB Statement No. 10. Claim losses recorded in the MPA include both current claims and Incurred But Not Reported claims (IBNR). Deposits to the MPA are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience result in a refund of deposits from the MPA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

8. Allocation of Interest Income Among Funds

The City pools all nonrestricted cash for investment purchases and allocates interest income based on month-end cash balances. Funds that have restricted cash record interest income in the respective fund.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgetary Accounting

The City Council adopts an Annual Budget, in accordance with generally accepted accounting principles, no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May of each year, the City Manager submits to the City Council a proposed budget for the next following fiscal year. Copies are made available to the public, the press, and staff members.

2. A series of Council work sessions are held at which the recommended budget is reviewed in detail and the departments (as requested) provide additional information.

3. After review by the City Council, a public hearing is conducted for the purpose of receiving public input on the recommended operating and capital budgets, the Redevelopment Agency budget, the Master Fee Schedule, and the Gann Appropriation Limit.

4. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted, in late June, by the City Council through passage of appropriate resolutions.

5. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review. Expenditures may not exceed budgeted appropriations at the fund level.

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2009, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

(b) Expenditures in Excess of Appropriations

The City had the following funds with expenditures in excess of appropriations for the year ended June 30, 2009:

Major funds:	
Low Mod Income Housing Set Aside Special Revenue Fund	$568,411
Capital Improvements Capital Projects Fund	125,425

Nonmajor funds:	
Police Services Donation Special Revenue Fund	2,285
Redevelopment Special Revenue Fund	26,927
RDA Capital Projects Fund	1,145,557

(3) DETAILED NOTES ON ALL FUNDS

(a) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	$	85,443,244
Cash and investments - restricted		33,404,237
Fiduciary funds:		
Cash and investments		4,463,358
Cash and investments held by trustee		5,616,178
Total cash and investments	$	128,927,017

Cash and investments as of June 30, 2009 consist of the following:

Petty cash	$	10,175
Deposits with financial institutions		2,255,119
Investments		126,661,723
Total cash and investments	$	128,927,017

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the *investment types* that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address *interest rate risk*, *credit risk*, and *concentration of credit risk*. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy; nor does the table address the investment of funds set aside for the payment of retiree health care benefits which are governed by a separate less restrictive section of the California Government Code.

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
Federal Agency Securities	5 years	None	None
Municipal Bonds	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commerical Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	30 days	None	None
Medium-Term Corporate Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	10%	None
Money Market Mutual Funds	5 years	15%	None

* Excluding amounts held by bond trustee and funds invested for the payment of retiree health care benefits.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the *investment types* that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address *interest rate risk*, *credit risk*, and *concentration of credit risk*.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Obligations	None	None	None	
Federal Securities	None	None	None	
Federal Agency Obligations	3 years	None	None	AAA
Commerical Paper	270 days	None	None	A-1, AAA
Medium-Term Corporate Notes	5 years	None	None	
Banker's Acceptances	366 days	None	None	A-1
Mortgage-backed Securities	None	None	None	
Money Market Funds	N/A	None	None	AAAm
Municipal Bonds	None	None	None	AAA
Local Agency Bonds	None	None	None	
Investment Agreements	30 years	None	None	
Local Agency Investment Fund (LAIF)	N/A	None	None	

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investment (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)				
Investment Type		12 Months Or Less	13 to 24 Months	25-60 Months	More than 60 months	Not Applicable
Corporate Notes	$ 9,320,809	$ 1,507,170	$ 7,813,639	$ -	$ -	$ -
Federal Agency Securities	51,549,728	21,910,144	21,186,519	8,453,065	-	-
Municipal Bonds	147,114	-	-	-	147,114	-
U.S. Treasury Notes	14,571,646	3,386,480	10,112,976	1,072,190	-	-
Money Market Funds	39,651,277	39,651,277	-		-	-
Local Agency Investment Fund (LAIF)	437,899	437,899	-	-	-	-
Held by bond trustee:						
Money Market Funds	2,966,602	2,966,602	-	-	-	-
Federal Agency Securities	2,400,470	923,907	-	1,476,563	-	-
Held by trustee*:						
Money Market Funds	1,253,787	1,253,787				
Equity Mutual Funds	4,362,391	-	-	-	-	4,362,391
	$ 126,661,723	$ 72,037,266	$ 39,113,134	$ 11,001,818	$ 147,114	$ 4,362,391

*Trust Fund for OPEB obligation.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End AAA	AA+	AA	A+	Not Rated
Corporate Notes	$ 9,320,809	AA	$ -	$ 3,303,445	$ 2,470,464	$ 1,507,170	$ 2,039,730	$ -
Federal Agency Securities	51,549,728	AA	-	51,549,728	-	-	-	-
Municipal Bonds	147,114	AA	-	-				147,114
U.S. Treasury Notes	14,571,646	N/A	14,571,646	-	-	-	-	-
Money Market Funds	39,651,277	AAA	-	39,651,277	-	-	-	-
Local Agency Investment Fund (LAIF)	437,899	N/A	-	-	-	-	-	437,899
Held by bond trustee:								
Money Market Funds	2,966,602	AAA	-	2,966,602	-	-	-	-
Federal Agency Securities	2,400,470	AAA	-	- 2,400,470	-	-	-	-
Held by trustee*:								
Money market funds	1,253,787		-	-	-	-	-	1,253,787
Equity mutual funds	4,362,391		4,362,391	-	-	-	-	-
	$ 126,661,723		$ 18,934,037	$ 99,871,522	$ 2,470,464	$ 1,507,170	$ 2,039,730	$ 1,838,800

* Trust Fund for OPEB Obligation

Concentration of Credit Risk

The investment policy of the City of San Ramon contains no limitations on the amount that can be invested 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, and external investment pools) that represent 5% or more of *total City investments* are as follows:

Issuer	Investment Type	Amount
Federal Home Loan Bank Bonds	Federal Agency Securities	$ 11,788,308
Federal Home Loan Mortgage Corporation	Federal Agency Securities	16,706,358
Federal National Mortgage Association	Federal Agency Securities	19,909,125

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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 that are in the possession of another party. The California Government Code and the City's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2009 $2,055,118 of the City's deposits with financial institutions in excess of Federal Depository Insurance Limits were held in collateralized amounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The book value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2009 was $25.2 billion. LAIF is a part of the California Pooled Money Investment Act (PMIA), which at June 30, 2009 had a balance of $50.7 billion. Of that amount, 14.71% was invested in medium-term and short-term structured notes and asset backed securities. The average maturity of PMIA investments was 235 days as of June 30, 2009.

(b) Interfund Transactions

Interfund Balances

The purpose of the interfund receivables and payables is to make short-term loans from the General Fund to various funds. These interfund loans are to provide for operating cash flow.

Receivable Fund	Payable Fund	Amount
General Fund	Dougherty Valley Special Revenue Fund	$ 1,037,238
	Redevelopment Tax Allocation 2006 Debt Service Fund	76,198
	Nonmajor Governmental Funds	73,296
	Total	$ 1,186,732

Interfund Transfers

Interfund transfers for the year ended June 30, 2009 consisted of the following:

	Transfer to							
	General Fund	Dougherty Valley Special Revenue Fund	Low/Mod Income Housing Set-Aside Special Revenue Fund	Capital Improvements Capital Projects Fund	Redevelopment Tax Allocation 2006 Debt Service Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Transfer from:								
General Fund	$ -	$ 4,475,223	$ -	$ 1,300,000	$ -	$ 3,714,959	$ 2,715,881	$ 12,206,063
Special Revenue Funds:								
Dougherty Valley	-	-	-	-	-	-	204,951	204,951
Low/Mod Income Housing Set-Aside	-	-	-	250,000	1,066,940	533,998	-	1,850,938
Capital Projects Fund:								
Capital Improvement	896,847	-	-	-	-	1,441,533	-	2,338,380
Debt Service Fund:								
Redevelopment Tax Allocation 2006	-	-	1,188,423	-	-	8,799,338	-	9,987,761
Nonmajor Governmental Funds	3,107,588	4,932	-	11,787,327	1,714,373	10,521,463	-	27,135,683
Internal Service Funds	70,000	-	-	697,261	-	4,071	94,205	865,537
Total	$ 4,074,435	$ 4,480,155	$ 1,188,423	$ 14,034,588	$ 2,781,313	$ 25,015,362	$ 3,015,037	$ 54,589,313

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or grant matching requirements, and (3) fund capital improvement projects.

(c) Notes Receivable

Notes receivable activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Villa San Ramon Phase II	$ 100,000	$ -	$ (100,000)	$ -
Greystone Homes, Inc.	9,925	-	-	9,925
Bollinger Crest Apt. Investor, LLC	214,237	-	(5,697)	208,540
American Baptist Homes	4,311,601	1,188,399	-	5,500,000
REHAB Loan Program	140,000	174,084	(21,200)	292,884
Sunset Development	-	7,285,000	-	7,285,000
Total notes receivable	$ 4,775,763	$ 8,647,483	$ (126,897)	$ 13,296,349

1. Villa San Ramon Phase II Loans

In August 2001, the Agency loaned Villa San Ramon Limited Partnership the amount of $100,000 to aid in the financing of the construction of Phase II. The agreement specified that the loan will be repaid in 10 years, with interest only payments commencing after five years. The loan was fully paid off on September 25, 2008.

2. Greystone Homes, Inc.

In January 1996, the Agency and the City entered into an Affordable Housing Agreement with Greystone Homes, Inc. The agreement provides for various restrictions on the project to facilitate the affordability of housing units to qualifying low and moderate-income residents. The agreement calls for the reduction of the purchase price of affordable units by $5,000. Upon initial sale of each affordable unit, the homebuyer will execute a promissory note to the Agency for $9,925, accruing annually compounded interest at 3 percent for a term not to exceed 30 years. The homebuyer agrees to repay the note upon sale or transfer of the affordable unit. For each note, $4,925 represents the deferred payment of the San Ramon Valley Boulevard Widening Fee to the City. The amount of notes outstanding as of June 30, 2009 was $9,925.

3. Bollinger Crest Apartment Investors, LLC

In March 1998, the Agency entered into an Affordable Housing Agreement with Bollinger Crest Apartment Investors, LLC. The agreement provides for various restrictions on the project to facilitate the rental of housing units to qualifying low and moderate-income residents. The agreement calls for a subsidy grant of $266,000 from the Agency to the 65 unit housing project along with a deferment of development fees amounting to $40,000. The grant was recorded as an expenditure of housing funds. The deferred fees are expected to become payable to the Agency at the expiration of the term of the agreement which is 15 years.

In September 1998, the agreement was amended to include two loans which total $225,000. The loans were made to finance the cost of construction improvements on land that is partially Agency owned. The loans of $125,000 and $100,000 accrue interest of 2.5 percent per year and are payable in installments of $10,000 and $8,000, respectively. As of June 30, 2009, the outstanding principal balances on the loans were $93,778 and $74,762, and the amount of development fees deferred was $40,000.

4. American Baptist Homes

In April 2007, the Agency approved a loan to American Baptist Homes in the amount of $5,500,000 for the development and improvement of real property for the purpose of developing 105 units of multifamily housing for seniors to very low income and low income households in the City of San Ramon. The $5,500,000 includes a $750,000 loan from the State of California to the Agency which was then loaned by the Agency to

American Baptist Homes. The loan is due and payable in full no later than fifty-five (55) years from the Completion Date. The outstanding balance as of June 30, 2009 was $5,500,000. See Note (3)(e)9.

5. Rehab Loan Program

In November 2007, the RDA implemented a Home Rehabilitation Loan Program to fund existing Home Rehabilitation Grants and the Exterior Enhancement Rebate Program for fiscal year 2007-2008. The Housing Rehabilitation Loan Program proposes a $35,000 deferred loan be made available to medium, low, very low and extremely low income households at 3% interest. The loan would accrue interest for 30 years and be due upon sale, transfer, or refinance of the property. It is anticipated that repayments will start in year four of the program. Recycled funds will be used to fund future housing rehabilitation loans. During fiscal year 2008-09, five new loans were issued to low income households for a total of $174,084 and $21,200 was returned for unused funds. The outstanding balance as of June 30, 2009 was $292,884.

6. Sunset Development

On July 1, 2008 the City and Sunset Development entered into a Mutual Release Agreement which states the City relinquishes its option to commence construction on the 7.56 acre parcel and thereby allows Sunset Development to exercise its option to purchase the property from the City, (which is part of the Bishop Ranch Agreement discussed in Note 4.f.3(b)), in the amount of $8,285,000. On July 2, 2008 the City sold the 7.56 acre parcel to Sunset Development. The City received $1,000,000 in cash and the remaining amount was converted to a note with a maturity date of December 31, 2012. Interest accrues at 6% annually and is paid quarterly. The outstanding balance as of June 30, 2009 was $7,285,000.

(d) Capital Assets

The following table presents the capital assets activity for the year ended June 30, 2009.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 50,291,165	$ 2,212,595	$ (7,089,039)	$ 45,414,721
Construction in progress	10,100,595	10,369,971	(645,956)	19,824,610
Total capital assets not being depreciated	60,391,760	12,582,566	(7,734,995)	65,239,331
Capital assets, being depreciated:				
Park improvements	42,678,586	577,707	-	43,256,293
Buildings and improvements	49,841,031	5,516,496	(349,823)	55,007,704
Machinery, furniture and equipment	8,593,246	979,612	(64,864)	9,507,994
Infrastructure:				
Pavement/roads	128,318,898	21,026,415	-	149,345,313
Curb and gutter	28,438,632	2,359,733	-	30,798,365
Sidewalks	37,392,801	5,111,631	-	42,504,432
Catch basins	8,051,861	1,007,348	-	9,059,209
Storm drains	46,850,244	11,325,834	-	58,176,078
V-Ditch	737,848	15,246	-	753,094
Street lights	19,354,493	3,754,900	-	23,109,393
Traffic signals	18,104,919	145,240	-	18,250,159
Bridge	6,131,918	7,377,773	-	13,509,691
Culvert	1,416,747	-	-	1,416,747
Retaining/soundwalls	3,646,947	309,320	-	3,956,267
Fencing	319,276	123,733	-	443,009
Landscaping	24,122,999	8,090,088	-	32,213,087
Total capital assets being depreciated	424,000,446	67,721,076	(414,687)	491,306,835
Less accumulated depreciation for:				
Park improvements	(10,708,467)	(1,741,254)	-	(12,449,721)
Buildings and improvements	(9,581,173)	(1,159,625)	120,998	(10,619,800)
Machinery, furniture and equipment	(6,071,314)	(871,318)	64,863	(6,877,769)
Infrastructure:				
Pavement/roads	(50,170,214)	(6,347,485)	-	(56,517,699)
Curb and gutter	(7,629,472)	(496,227)	-	(8,125,699)
Sidewalks	(17,632,303)	(1,184,183)	-	(18,816,486)
Catch basins	(2,048,487)	(184,504)	-	(2,232,991)
Storm drains	(13,668,284)	(649,220)	-	(14,317,504)
V-Ditch	(245,126)	(13,029)	-	(258,155)
Street lights	(8,680,150)	(770,313)	-	(9,450,463)
Traffic signals	(8,847,623)	(628,731)	-	(9,476,354)
Bridge	(1,663,122)	(270,194)	-	(1,933,316)
Culvert	(28,335)	(28,335)	-	(56,670)
Retaining/soundwalls	(145,878)	(158,251)	-	(304,129)
Fencing	(15,964)	(22,150)	-	(38,114)
Landscaping	(2,550,637)	(1,132,286)	-	(3,682,923)
Total accumulated depreciation	(139,686,549)	(15,657,105)	185,861	(155,157,793)
Total capital assets, being depreciated, net	284,313,897	52,063,971	(228,826)	336,149,042
Governmental activities capital assets, net	$ 344,705,657	$ 64,646,537	$ (7,963,821)	$ 401,388,373

Depreciation expense is charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	152,022
Community development		123,909
Police services		342,235
Public works		14,077,847
Parks and community services		959,877
Redevelopment		1,215
Total depreciation expense - governmental activities	$	15,657,105

(e) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax allocation bonds:					
1998 Tax Allocation Bonds	$ 22,490,000	$ -	$ (670,000)	$ 21,820,000	$ 705,000
2004 Tax Allocation Bonds	7,065,000	-	(330,000)	6,735,000	340,000
2006 Tax Allocation Bonds A	31,866,570	-	-	31,866,570	-
2006 Tax Allocation Bonds B	22,395,000	-	(485,000)	21,910,000	675,000
Premium on Debt	594,535	-	(21,233)	573,302	-
Revenue bonds:					
2005 ERAF Tax Revenue Bonds	395,000	-	(50,000)	345,000	50,000
2006 ERAF Tax Revenue Bonds	450,000	-	(45,000)	405,000	50,000
Certificates of Participation:					
1996 COPS #9 Refunding Issue	5,595,000	-	(215,000)	5,380,000	225,000
2001 COPS #10 Refunding Issue	10,310,000	-	(610,000)	9,700,000	630,000
2003 COPS #11 Refunding Issue	1,855,000	-	(155,000)	1,700,000	160,000
HELP Loan	750,000	-	-	750,000	-
Capital lease	90,068	-	(13,092)	76,976	13,806
Compensated absences	2,806,796	596,999	(260,409)	3,143,386	260,409
	$ 106,662,969	$ 596,999	$ (2,854,734)	$ 104,405,234	$ 3,109,215

1. 1998 Tax Allocation Bonds

On April 1, 1998, tax allocation revenue bonds in the amount of $26,920,000 were issued to partially advance refund the 1994 Tax Allocation Revenue Bonds, to repay the long-term advance from the City and to finance capital projects. Interest on the bonds accrues at 3.60 to 5.30 percent and is payable semiannually on February 1 and August 1. Principal is payable each February 1.

All tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2028. The total debt service amount for the bonds is $35.1 million. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2009 was $7.0 million in parity with the 2004 Tax Allocation Bonds and 2006 Tax Allocation Bonds Series A and B as against the total debt service payments of $1.8 million.

Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the tax allocation bonds. In addition, the bonds resolutions require retention of funds held by the fiscal agent prior to use for other than debt service.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the bonds.

Debt service payments on the 1998 Tax Allocation Revenue Bonds payable will be made from a nonmajor debt service fund. Annual debt service requirements to maturity are as follows:

Year Ending	1998 Tax Allocation Bonds		
June 30	Principal	Interest	Total
2010	$ 705,000	$ 1,145,475	$ 1,850,475
2011	735,000	1,112,340	1,847,340
2012	770,000	1,077,060	1,847,060
2013	810,000	1,039,330	1,849,330
2014	850,000	996,400	1,846,400
2015-2019	4,985,000	4,255,635	9,240,635
2020-2024	6,455,000	2,786,740	9,241,740
2025-2028	6,510,000	884,570	7,394,570
Total	$ 21,820,000	$ 13,297,550	$ 35,117,550

2. 2004 Tax Allocation Bonds

On July 21, 2004, tax allocation revenue bonds in the amount of $8,105,000 were issued to advance refund the remaining $7,710,000 balance of the 1994 Tax Allocation Revenue Bonds. Interest on the bonds accrues at 2.5 to 5.0 percent and is payable semiannually on February 1 and August 1. Principal is payable each February 1. Bonds maturing on or after August 1, 2004 are subject to call on any interest payment date at par plus a premium of up to two percent. Term bonds maturing February 1, 2024 are subject to mandatory sinking fund redemption at par commencing February 1, 2005. The Bonds are payable solely from the Agency's tax increment revenues.

The tax allocation bonds are secured and to be serviced from tax increment revenues. All tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2024. The total debt service amount for the bonds is $9.3 million. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2009 was $7.0 million in parity with the 1998 Tax Allocation Bond and the 2006 Tax Allocation Bonds Series A and B as against the total debt service payment of $.6 million.

Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the tax allocation bonds. In addition, the bond resolutions require retention of funds held by the fiscal agent prior to use for other than debt service.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the tax allocation bonds.

Debt service payments on the 2004 Tax Allocation Revenue Bonds payable will be made from a nonmajor debt service fund. Annual debt service requirements to maturity are as follows:

Year Ending	2004 Tax Allocation Bonds		
June 30	Principal	Interest	Total
2010	$ 340,000	$ 286,945	$ 626,945
2011	350,000	276,745	626,745
2012	360,000	263,795	623,795
2013	375,000	250,475	625,475
2014	390,000	236,600	626,600
2015-2019	2,195,000	932,015	3,127,015
2020-2024	2,725,000	404,010	3,129,010
Total	$ 6,735,000	$ 2,650,585	$ 9,385,585

3. 2006 Tax Allocation Revenue Bonds

On October 24, 2006, tax allocation revenue bonds, series A and B in the amount of $31,866,570 and $22,665,000, respectively, were issued to provide three separate loans to the Agency to finance projects of benefit to the City of San Ramon Redevelopment Project, to pay costs of issuance incurred in connection with the issuance of the bonds and to acquire reserve fund surety bonds for each series of the bonds. Interest on the bonds accrues at 5.00 to 5.95 percent and is payable semiannually on February 1 and August 1. Principal is payable each February 1.

The tax allocation bonds are secured and to be serviced from tax increment revenues. All tax increment revenues except dedicated housing tax increment allocation are the security for the bonds. These revenues have been pledged until the year 2038. The total debt service amount for the bonds is $119 million. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2009 was $7.0 million in parity with the 1998 Tax Allocation Bond and the 2004 Tax Allocation Bond as against the total debt service payment of $2.7 million.

Cash and investments in the custody of the fiscal agent are restricted by the bond resolutions for payment of principal and interest on the tax allocation bonds. In addition, the bond resolutions require retention of funds held by the fiscal agent prior to use for any other debt service.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the tax allocation bonds.

Debt service payments on the 2006 Tax Allocation Revenue Bonds payable will be made from the Redevelopment Tax Allocation 2006 Debt Service Fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30	2006 Tax Allocation Revenue Bonds Series A Principal	Interest	Total
2010	$ -	$ 976,750	$ 976,750
2011	-	976,750	976,750
2012	-	976,750	976,750
2013	-	976,750	976,750
2014	-	976,750	976,750
2015-2019	693,124	5,385,626	6,078,750
2020-2024	3,243,671	8,130,079	11,373,750
2025-2029	4,075,818	11,532,932	15,608,750
2030-2034	7,853,957	14,704,793	22,558,750
2035-2038	16,000,000	2,048,750	18,048,750
Total	$ 31,866,570	$ 46,685,930	$ 78,552,500

Year Ending June 30	2006 Tax Allocation Revenue Bonds Series B Principal	Interest	Total
2010	$ 675,000	$ 1,246,100	$ 1,921,100
2011	865,000	1,210,325	2,075,325
2012	1,035,000	1,164,913	2,199,913
2013	1,095,000	1,110,057	2,205,057
2014	1,150,000	1,051,475	2,201,475
2015-2019	5,565,000	4,246,750	9,811,750
2020-2024	1,260,000	3,269,543	4,529,543
2025-2029	2,490,000	2,777,950	5,267,950
2030-2034	3,820,000	1,883,305	5,703,305
2035-2038	3,955,000	605,115	4,560,115
Total	$ 21,910,000	$ 18,565,533	$ 40,475,533

4. 2005 ERAF Tax Revenue Bonds

In April 2005, the City issued bonds under the CRA/ERAF Loan Program to facilitate payment of 2004-05 ERAF property taxes. These bonds are called 2005 California Statewide Communities Development Authority Taxable Revenue Bonds, carry interest rates ranging from 3.87% to 5.01%, and are payable in 10 years per the debt service schedule as follows:

Year Ending June 30	2005 ERAF Tax Revenue Bonds Principal	Interest	Total
2010	$ 50,000	$ 16,665	$ 66,665
2011	55,000	14,370	69,370
2012	55,000	11,790	66,790
2013	60,000	9,167	69,167
2014	60,000	6,233	66,233
2015	65,000	3,257	68,257
Total	$ 345,000	$ 61,482	$ 406,482

5. 2006 ERAF Tax Revenue Bonds

In May 2006, the City issued bonds under the CRA/ERAF Loan Program to facilitate payment of 2005-06 ERAF property taxes. These bonds are called 2006 California Statewide Communities Development Authority Taxable Revenue Bonds, carry interest rates ranging from 5.28% to 5.67%, and are payable in 10 years per the debt service schedule as follows:

Year Ending June 30	2006 ERAF Tax Revenue Bonds Principal	Interest	Total
2010	$ 50,000	$ 22,565	$ 72,565
2011	50,000	19,845	69,845
2012	55,000	17,105	72,105
2013	55,000	14,064	69,064
2014	60,000	10,995	70,995
2015-2016	135,000	11,598	146,598
Total	$ 405,000	$ 96,172	$ 501,172

6. 1996 Certificates of Participation (COP #9)

On January 1, 1996, the City issued $7,555,000 of refunding certificates of participation to take advantage of lower prevailing interest rates. The proceeds were used to advance refund the 1994 San Ramon Central Park North Expansion Certificates of Participation. The proceeds were issued to expand the City of San Ramon Central Park by financing the acquisition of 13.8 acres of land. Interest on the bonds accrues at 3.55% to 5.00% and is payable semi-annually on August 1 and February 1. Principal is payable each August 1.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the certificates of participation.

Debt service payments on the 1996 Certificates of Participation will be made from a nonmajor debt service fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30	1996 COP #9 Refunding Principal	Interest	Total
2010	$ 225,000	$ 263,375	$ 488,375
2011	240,000	251,750	491,750
2012	250,000	239,500	489,500
2013	265,000	226,625	491,625
2014	275,000	213,125	488,125
2015-2019	1,605,000	838,625	2,443,625
2020-2024	2,050,000	383,750	2,433,750
2025	470,000	11,750	481,750
Total	$ 5,380,000	$ 2,428,500	$ 7,808,500

7. 2001 Certificates of Participation (COP #10)

On February 1, 2001, the City issued $13,970,000 of refunding certificates of participation. These certificates were issued to advance refund the 1991 Certificates of Participation to take advantage of substantially lower interest rates. The proceeds of the 1991 Certificates of Participation were issued to advance refund the 1986 and 1989 Certificates of Participation. The proceeds from the 1986 and 1989 Certificates of Participation were used to fund the City's Community Center, San Ramon Library, Central Park expansion, Crow Canyon interchange improvements, and to purchase City offices. Interest on the bonds accrues at 3.50% to 5.00% and is payable semi-annually on September 1 and March 1. Principal is payable each March 1.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the certificates of participation.

Debt service payments on the 2001 Certificates of Participation will be made from a nonmajor debt service fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30	2001 COP #10 Refunding Principal	Interest	Total
2010	$ 630,000	$ 450,580	$ 1,080,580
2011	655,000	425,380	1,080,380
2012	685,000	398,525	1,083,525
2013	715,000	369,755	1,084,755
2014	745,000	339,368	1,084,368
2015-2019	4,260,000	1,151,550	5,411,550
2020-2021	2,010,000	152,000	2,162,000
Total	$ 9,700,000	$ 3,287,158	$ 12,987,158

8. 2003 Certificates of Participation (COP #11)

On March 1, 2003, the City issued $2,580,000 of refunding certificates of participation. These certificates were issued to advance refund the City's 1993 Certificates of Participation to take advantage of the substantially lower prevailing interest rates. The 1993 Certificates of Participation of $3,000,000 was issued to refund a 1987 Certificate of Participation and restructure the debt for economic reasons. Interest on the certificates accrues at 2.50% to 4.40% and is payable semiannually on September 1 and March 1. Principal is payable each March 1.

The City is in compliance with the covenants contained in debt indentures, which require the establishment of certain specific accounts for the certificates of participation.

Debt service payments on the 2003 Certificates of Participation will be made from a nonmajor debt service fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30	2003 COP #11 Refunding Principal	Interest	Total
2010	$ 160,000	$ 69,054	$ 229,054
2011	165,000	63,454	228,454
2012	175,000	57,266	232,266
2013	180,000	50,266	230,266
2014	190,000	43,066	233,066
2015-2018	830,000	91,279	921,279
Total	$ 1,700,000	$ 374,385	$ 2,074,385

9. HELP Loan

In April 2007, the Agency received a Housing Enabled by Local Partnership ("HELP") loan from the California Housing Finance Agency ("CalHFA"). The loan carries an interest rate of 3%, with principal and interest due 10 years from the original date of the loan. The $750,000 was loaned by the Agency to American Baptist Homes as documented in Note (3)(c)4.

10. Capital Lease

On July 10, 2006, the City entered into an eight year lease agreement in the amount of $114,763 for the lease/purchase of an Elgin Air Sweeper. The total monthly payments are $1,464 including interest at 5.32%.

11. Employee Compensated Absences

The long-term compensated absences balance at June 30, 2009 is $3,143,386. The City's compensated absences policy is described in Note (1)(d)5. Based on historical trends, $260,409 of that amount is estimated to be used and/or paid out during fiscal year 2009-10. The liability will be paid from future resources primarily from the general fund.

(f) Fund Equity

Fund Balance Reserves

In the fund financial statements, the City has established reservations to segregate portions of fund balance which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use.

The City's major governmental funds reserves at June 30, 2009 are presented below, followed by explanations of the nature and purpose of each reserve.

	General Fund	Dougherty Valley Special Revenue Fund	Low/Mod Income Housing Set-Aside Special Revenue Fund	Redevelopment Tax Allocation 2006 Debt Service Fund	Nonmajor Governmental Funds
Reserved:					
Prepaid and deposits	$ 87,656	$ 360	$ 495	$ -	$ -
Inventory	12,369	-	-	-	-
Land held for resale	-	-	930,000	-	820,000
Housing set-aside	-	-	51,260	-	-
Housing - capital projects	-	-	-	-	4,915,912
Encumbrances	120,939	165,771	246,742	-	35,335
Debt service	-	-	-	27,841,203	7,095,356
Total Reserved	$ 220,964	$ 166,131	$ 1,228,497	$ 27,841,203	$ 12,866,603

Reserved for Prepaid and Deposits

These funds are reserved for prepaid items and deposits.

Reserved for Inventory

These funds are reserved for inventory.

Reserved for Land Held for Resale

These funds are reserved for sale of land.

Reserved for Housing Set-Aside

These funds are reserved for set-aside tax increment used for low and moderate income housing.

Reserved for Housing - Capital Projects

These funds are reserved for capital projects associated with the City.

Reserved for Encumbrances

These funds are reserved for future expenditures.

Reserved for Debt Service

These funds are reserved for restricted debt proceeds.

(4) OTHER INFORMATION

(a) Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Miscellaneous Plan of the City of San Ramon. The Miscellaneous Plan is 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. The City also contributes to the cost sharing multiple-employer public employee defined benefit pension plan for safety employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries of the Safety Police Plan of the City of San Ramon. A menu of benefit provisions as well as other requirements are established by State statues within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

(b) Funding Policy

Active plan members in the Miscellaneous Plan of the City are required to contribute 7% of their annual covered salary. For miscellaneous members, the City pays a 6% contribution for all permanent full-time and part-time positions and the employees contribute 1%. Active plan members in the safety plan of the City are required to contribute 9% of their annual covered salary. For safety employees, the City pays a 8% contribution for all permanent full-time and part-time positions and the employees contribute 1%. Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the Entry Age Actuarial Cost Method. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administrations. The required employer contribution rate for fiscal year ended June 30, 2009 was 15.697% for miscellaneous employees and 19.020% 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.

The funded status of the plan based on the June 30, 2008 actuarial valuation is as follows:

Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability % of Payroll
		Miscellaneous Plan			
$ 57,139,854	$ 41,841,265	$ 15,298,589	73.2%	$ 16,767,785	91.2%

The Schedule of Funding Progress presented as Required Supplementary Information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(c) Annual Pension Cost

For the fiscal year ended June 30, 2009 the City's annual pension cost of $5,878,475 for PERS was equal to the City's required and actual contributions. The required contribution for fiscal year ended June 30, 2009 was determined as part of the June 30, 2006 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% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous and safety members; and (c) 3.25% growth in payroll. Both (a) and (b) include an inflation component of 3.00%.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	Miscellaneous Plan		
6/30/2007	$ 2,873,807	100%	$ -
6/30/2008	3,989,118	100%	-
6/30/2009	4,144,194	100%	-
	Safety Plan		
6/30/2007	N/A	N/A	N/A
6/30/2008	$ 1,585,641	100%	$ -
6/30/2009	1,734,281	100%	-

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

(d) Post Employment Health Care Benefits

The City provides certain health care benefits for Dougherty Regional Fire Authority retirees as required under contract signed with PERS and the dissolution agreement of the Authority. The cost of retiree health care benefits is recognized as expenditure as premiums are paid. For the year ended June 30, 2009, those cost totaled $94,671. See Note (4)(e) for additional disclosures on the City retiree health care benefits.

(e) Post Employment Healthcare Plan

Plan Description: The City administers a single-employer defined benefit healthcare plan (the plan) which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City reports the financial activity of the plan as a trust fund, and no separate financial report is prepared.

Summary of Significant Accounting Policies: The Plan is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Investments are reported in the accompanying financial statements as fair value.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 4 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	42
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	253
Total	295

Funding Policy: The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by City Council. For fiscal year 2008-2009, the City contributed $1,253,157 to the plan and $201,990 for current premiums (100% of total premiums). Plan members receiving benefits contributed $23,054 (approximately 6.79% of total premiums) through their required contribution. The City pays up to the entire cost of health benefits for eligible retirees and their spouses until age 65 subject to the City's vesting schedule. After age 65, the City pays up to $350 per month for any health coverage, also subject to the vesting schedule.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset:

	June 30, 2009
Annual required contribution	$ 1,499,189
Interest on net OPEB obligation	(16,566)
Adjustment to annual required contribution	12,989
Annual OPEB cost (expense)	1,495,612
Contributions	1,432,093
(Decrease) in OPEB asset	(63,519)
Net OPEB asset, beginning of year	242,455
Net OPEB asset, end of year	$ 178,936

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB Obligation/ (Asset) for 2009 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
6/30/07	$ 658,454	166.1%	$ -
6/30/08	719,749	133.7%	(242,455)
6/30/09	1,495,612	97.3%	(178,396)

Funded Status and Progress. As of January 1, 2008, the most recent valuation date, the actuarial accrued liability for benefits was $9.7 million, and the actuarial value of assets was $4.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $5.1 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 47.6%. The covered payroll (annual payroll of active employees covered by plan) was $19.7 million, and the ratio of the UAAL to the covered payroll was 25.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions included a 7 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the City's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements of .75% per year to an ultimate rate of 5 percent after the fifth year. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3% per year.

(f) Risk Management

1. Description of Participation in the Municipal Pooling Authority

The City is exposed to various risks of less related to torts; theft or damage to, and destruction of assets; natural disasters; errors and omissions; injury to employees; and unemployment claims. The City is a member of the Municipal Pooling Authority (MPA). MPA is comprised of over 19 California member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the MPA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member city has a representative on the Board of Directors. The accounting methods used by the MPA are more fully described at Note 1(d)7.

The City pays an annual premium to the MPA for its Liability ($29 million coverage, $5,000 deductible), Fire and Property ($1 billion coverage, $5,000 deductible), Auto ($250,000 coverage; police $3,000 deductible; all others $2,000), Workers' Compensation ($50 million, zero deductible), boiler & machinery ($50 million, $5,000 deductible) and earthquake ($50 million, 10 percent deductible). The Agreement provides that the MPA will be self-sustaining through member premiums and assessments. The MPA purchases commercial insurance in excess of those amounts covered by the MPA's self-insurance pool.

Audited financial information can be obtained from the MPA at 1911 San Miguel Drive, Walnut Creek, CA 94596. A summary of the latest annual financial information as of and for the year ended June 30, 2009 is as follows:

	MPA
Total assets	$ 66,555,524
Total liabilities	$ 47,393,570
Total equity	$ 19,161,954
Total revenues	$ 20,154,703
Total expenditures/expenses	$ 20,098,759
Net increase (decrease) in net assets	$ 55,944

2. Summary Disclosure of Self-Insurance Losses

The City currently reports all of its risk management activities in its Insurance Liability Internal Service Fund. The City is self insured for its health benefits. Excess coverage for health benefits is provided by Hartford Life Insurance Company. Excess coverage for health insurance is provided by a commercial insurance policy after payment of large deductibles, referred to as self-insurance retention. Self-insurance and commercial coverage limits are as follows:

Type of coverage	Self-insurance	Commercial coverage
Health benefits	Up to $50,000 per person Up to $1,505,391 per group	$50,000 to $2,000,000 per occurrence

Amounts in excess of these limits are self-insured.

The unpaid claims liabilities include amounts for incurred but not reported (IBNR) claims. IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date. Claim liabilities are calculated considering recent claim settlement trends including frequency.

3. Development Agreements

(a) Home Depot OPA

In March 1995, the Agency and Home Depot signed an Owner Participation Agreement (OPA) under which Home Depot developed a twenty-six acre site on Crow Canyon Road. Development includes the construction of a 129,000 square foot Home Depot store and garden center, approximately 20,000 square feet of other retail space, thirty-six condominium units, and parking for over seven hundred vehicles.

Under the Agreement, the Agency passes through to Home Depot the Agency's portion of the incremental property taxes it receives as a result of Home Depot's development, as a reimbursement for grading costs incurred by Home Depot. The maximum which may be reimbursed over the term of the Agreement is $2,000,000. Annual reimbursements are limited to amounts actually received by the Agency and the Agreement terminates in fifteen years or when total reimbursements equal $2,000,000, whichever is sooner. Total reimbursements as of June 30, 2009 were $1,288,922.

(b) Bishop Ranch Agreement

In October 1987, the City entered into an annexation and development agreement with Sunset Development Company (et al.) relative to the development known as Bishop Ranch. The agreement was subsequently amended four different times (September 1991, September 1996, May 1998, and May 2001). The agreement and amendments outline provisions for the development of the 585-acre business park community known as Bishop Ranch. The development included the installation of numerous public improvements that serve both the project and adjoining areas of the City.

In the third amendment, the developer of Bishop Ranch agreed to dedicate 11.19 acres of land to the City when building permits are obtained for the fourth office building of the BR3 office project, or by June 30, 2001, whichever shall occur first. This transaction was consummated on June 29, 2001. The use of the property is restricted by the development agreement and limited to the development of public buildings. If the City elects to sell or transfer any or all of its interests in the property at any time before December 31, 2010, the developer has the right to purchase the property from the City for $5,000,000 (with a consumer price index escalation clause) plus the actual out-of-pocket costs incurred by the City in constructing improvements to the property. If the City does not commence construction of a civic center complex on the property by December 31, 2010, the developer has until July 1, 2011 to repurchase the property under the same terms as the pre December 31, 2010 right to purchase clause.

4. Bishop Ranch Tax Exchange Agreement with Contra Costa County

The City entered into a Master Property Tax Exchange Agreement with Contra Costa County in June of 1986. This agreement was amended in December of 1987 and made specific provisions for the sharing of tax revenues in the 585-acre business park known as Bishop Ranch. The agreement provided that the property tax revenue allocation to the City for parcels in the Bishop Ranch business park would be reduced by 50% of the total sales and transient occupancy taxes collected in the Bishop Ranch area. The agreement limits the amount of property tax revenues transferred to the County to the amount of property taxes allocable to the City for the Bishop Ranch Area. The amount of property taxes received by the Contra Costa County under the agreement for the Bishop Ranch area during the year was $1,391,507.

5. Dougherty Valley Development Memorandum of Understanding

On October 15, 1997, the City entered into a Memorandum of Understanding with Contra Costa County, Shapell Industries, and Windermere Partners related to the development of Dougherty Valley, an area on the eastern borders of the City. The Memorandum of Understanding is an instrument of compliance with a May 11, 1994 settlement agreement. Under the Memorandum of Understanding, the City will be annexing land that will include up to approximately 11,000 housing units. Contra Costa County has established a County Service Area assessment district in Dougherty Valley that is intended to pay for a variety of municipal services including police protection, street and park maintenance. The City will be providing service in the area and under the agreement will be reimbursed for a portion of those services from the County Service Area Assessment. Under the agreement, the City is required to separately track the costs of services in the Dougherty Valley Area, and submit claims for reimbursements for costs from the County. On December 13, 2005, the City Council approved the formal reimbursement agreement.

6. Assessment Districts Bond Issues

The Fostoria Parkway Assessment District issued special assessment bonds for the purpose of public improvements under the Municipal Improvement Acts of 1911 and 1913. These special assessment bonds were refinanced and refunded under the 1984 Refunding Act in July 2005. Neither the faith, credit, not taxing power of the City is pledged to the repayment of the bonds. The City is only acting as an agent for the property owners and bondholders in collecting and forwarding the special assessment. Accordingly, the unretired principal at June 30, 2009 of $396,700 has not been recorded as a long-term liability in the statement of net assets.

The Cree Court Assessment District has issued debt to finance infrastructure improvements and facilities within its boundaries. The City is the collecting and paying agent for the debt issued by this District, but has no direct or contingent liability or moral obligation for the payment of this debt. Accordingly, the unretired principal at June 30, 2009 of $147,114 has not been recorded as a long-term liability in the statement of net assets.

7. Contingencies and Commitments

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. In the opinion of management and legal counsel, the ultimate liability for these legal actions and claims will not have a material adverse effect on the City's basic financial statements.

The City participates in Federal and State grant programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expected such amounts, if any, to be immaterial.

8. Subsequent Event

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of $2.05 billion will be made over two years, $1.7 billion in fiscal year 2009-2010 and $350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift is approximately $2,889,859 in fiscal year 2009-2010 and $594,198 in fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to AB 26 4x, the Agency plans to reduce Agency expenditures.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate AB 26 4x, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed its lawsuit on October 20, 2009. The lawsuit asserts that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserts impairment of contract and gift of public funds arguments. While the State made adjustments in AB 26 4x to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN RAMON
Required Supplementary Information
PERS Schedule of Funding Progress
June 30, 2009

$ Amount in Thousands

Miscellaneous Plan

Actuarial Valuation Date	Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded Liability/ (Excess Assets) [(a)-(b)]	Funded Status [(b)/(a)]	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll {[(a)-(b)]/(c)}
6/30/06	$40,669	$ 30,295	$ 10,374	74.5%	$ 12,428	83.5%
6/30/07	49,457	35,757	13,700	72.3%	15,680	87.4%
6/30/08	57,140	41,841	15,299	73.2%	16,768	91.2%

CITY OF SAN RAMON
Required Supplementary Information
OPEB Schedule of Funding Progress and
Schedule of Employer Contributions
June 30, 2009

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
6/30/05	$ 3,000,000	$ 5,671,820	$ 2,671,820	52.9%	$ 12,610,000	21.2%
1/01/07	3,800,700	6,322,781	2,522,081	60.1%	13,973,000	18.1%
1/01/08	4,599,036	9,669,389	5,070,353	47.6%	19,735,830	25.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2007	$ 658,454	166.1%
2008	719,749	133.7%
2009	1,253,157	95.5%

CITY OF SAN RAMON
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance from final budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 29,426,835	$ 29,426,835	$ 34,818,027	$ 5,391,192
Licenses and permits	1,271,110	1,271,110	833,617	(437,493)
Intergovernmental sources	651,167	651,167	472,257	(178,910)
Developer fees	26,000	26,000	21,289	(4,711)
Charges for services	7,095,375	7,095,375	5,297,842	(1,797,533)
Fines and forfeitures	503,950	503,950	480,935	(23,015)
Use of money and property	880,000	880,000	2,265,751	1,385,751
Miscellaneous	1,230,664	1,230,664	1,946,558	715,894
Total revenues	41,085,101	41,085,101	46,136,276	5,051,175
Expenditures:				
Current:				
General government	5,704,272	5,718,065	5,249,193	468,872
Community development	3,665,690	3,776,951	3,051,920	725,031
Redevelopment activities	351,248	314,143	263,141	51,002
Police services	9,565,745	9,701,413	9,745,710	(44,297)
Public works	11,149,418	11,231,202	10,893,133	338,069
Parks and community service	8,554,089	8,637,924	7,813,864	824,060
Total expenditures	38,990,462	39,379,698	37,016,961	2,362,737
Excess of revenues over expenditures	2,094,639	1,705,403	9,119,315	7,413,912
Other financing sources (uses):				
Transfers in	3,600,165	3,678,933	4,074,435	395,502
Transfers out	(6,401,829)	(12,059,329)	(12,206,063)	(146,734)
Total other financing sources (uses)	(2,801,664)	(8,380,396)	(8,131,628)	248,768
Net change in fund balance	(707,025)	(6,674,993)	987,687	7,662,680
Fund balance, beginning of year	36,272,886	36,272,886	36,272,886	-
Fund balance, end of year	$ 35,565,861	$ 29,597,893	$ 37,260,573	$ 7,662,680

See Accompanying Note to Required Supplementary Information.

CITY OF SAN RAMON
Budgetary Comparison Schedule
Dougherty Valley Special Revenue Fund
Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance from final budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental sources	$ 10,078,538	$ 10,078,538	$ 6,527,671	$ (3,550,867)
Miscellaneous	-	-	1,894	1,894
Total revenues	10,078,538	10,078,538	6,529,565	(3,548,973)
Expenditures:				
Police services	5,219,754	5,292,895	5,303,359	(10,464)
Public works	7,302,529	7,314,227	5,930,274	1,383,953
Total expenditures	12,522,283	12,607,122	11,233,633	1,373,489
(Deficiency) of revenues (under) expenditures	(2,443,745)	(2,528,584)	(4,704,068)	(2,175,484)
Other financing sources (uses):				
Transfers in	2,443,745	4,448,677	4,480,155	31,478
Transfers out	-	-	(204,951)	(204,951)
Total other financing sources (uses)	2,443,745	4,448,677	4,275,204	(173,473)
Net change in fund balance	-	1,920,093	(428,864)	(2,348,957)
Fund balance, beginning of year	428,864	428,864	428,864	-
Fund (deficit), end of year	$ 428,864	$ 2,348,957	$ -	$ (2,348,957)

See Accompanying Note to Required Supplementary Information.

CITY OF SAN RAMON
Budgetary Comparison Schedule
Low/Mod Income Housing Set-Aside Special Revenue Fund
Year Ended June 30, 2009

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:				
Taxes	$ 1,628,065	$ 1,628,065	$ 1,767,879	$ 139,814
Use of money and property	24,000	24,000	35,105	11,105
Miscellaneous	24,000	24,000	111,260	87,260
Total revenues	1,676,065	1,676,065	1,914,244	238,179
Expenditures:				
Current:				
Redevelopment activities	1,696,502	1,764,986	2,333,397	(568,411)
(Deficiency) of revenues (under) expenditures	(20,437)	(88,921)	(419,153)	(330,232)
Other financing sources (uses):				
Transfers in	-	1,188,424	1,188,423	(1)
Transfers out	(1,300,938)	(1,850,938)	(1,850,938)	-
Total other financing sources (uses)	(1,300,938)	(662,514)	(662,515)	(1)
Net change in fund balance	(1,321,375)	(751,435)	(1,081,668)	(330,233)
Fund balance, beginning of year	2,310,165	2,310,165	2,310,165	-
Fund balance, end of year	$ 988,790	$ 1,558,730	$ 1,228,497	$ (330,233)

See Accompanying Note to Required Supplementary Information.

CITY OF SAN RAMON
Note to Required Supplementary Information
June 30, 2009

(1) BUDGETS AND BUDGETARY ACCOUNTING

The City Council adopts an Annual Budget, in accordance with generally accepted accounting principles, no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1 - During May of each year, the City Manager submits to the City Council a proposed budget for the next following fiscal year. Copies are made available to the public, the press, and staff members.

2 - A series of Council work sessions are held at which the recommended budget is reviewed in detail and the departments (as requested) provide additional information.

3 - After review by the City Council, a public hearing is conducted for the purpose of receiving public input on the recommended operating and capital budgets, the Redevelopment Agency budget, the Master Fee Schedule, and the Gann Appropriation Limit.

4 - Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted, in late June, by the City Council through passage of appropriate resolutions.

5 - Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.

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SUPPLEMENTARY INFORMATION

CITY OF SAN RAMON
Budgetary Comparison Schedule
Capital Improvement Capital Projects Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental sources	$ 930,750	$ 1,558,806	$ 628,056
Use of money and property	350,000	896,847	546,847
Miscellaneous	472,145	-	(472,145)
Total revenues	1,752,895	2,455,653	702,758
Expenditures:			
Capital outlay	13,995,955	14,121,380	(125,425)
(Deficiency) of revenues (under) expenditures	(12,243,060)	(11,665,727)	577,333
Other financing sources (uses):			
Transfers in	14,034,588	14,034,588	-
Transfers out	(316,000)	(2,338,380)	(2,022,380)
Total other financing sources (uses)	13,718,588	11,696,208	(2,022,380)
Net change in fund balance	1,475,528	30,481	(1,445,047)
Fund balance, beginning of year	15,973,609	15,973,609	-
Fund balance, end of year	$ 17,449,137	$ 16,004,090	$ (1,445,047)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Redevelopment Tax Allocation 2006 Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 1,000,000	$ 901,283	$ (98,717)
Expenditures:			
Debt service:			
Principal payments	485,000	485,000	-
Interest and fees	2,296,313	2,277,942	18,371
Total expenditures	2,781,313	2,762,942	18,371
(Deficiency) of revenues (under) expenditures	(1,781,313)	(1,861,659)	(80,346)
Other financing sources (uses):			
Transfers in	2,781,313	2,781,313	-
Transfers out	(10,578,094)	(9,987,761)	590,333
Total other financing sources (uses)	(7,796,781)	(7,206,448)	590,333
Net change in fund balance	(9,578,094)	(9,068,107)	509,987
Fund balance, beginning of year	36,909,310	36,909,310	-
Fund balance, end of year	$ 27,331,216	$ 27,841,203	$ 509,987

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DESCRIPTIONS OF NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue which, by law or administrative action, is designed to finance particular projects and activities in the City's Capital Improvement Program. These funds are Planning Cost Recovery Fund, Development Mitigation Funds, Gas Tax Fund, Park Development Fund, Crow Canyon Project Fund, SCCJEPA Fund, Street Maintenance/Improvement Fund, Traffic Improvement Fund, Tri-Valley Transportation Fund.

The City has several special revenue funds which are funded by special assessments collected annually to pay for specific operating programs. These funds are Citywide Lighting and Landscaping Funds, Special Landscaping Zones Fund, Canyon Park Fund, Village Center Common Area Fund, Solid Waste Fund, Geologic Hazard Abatement District (GHAD) Fund, Measure J Traffix Program Fund, Non-Point Drainage District Fund.

The City has set up separate special revenue funds for recording transactions for special projects and programs. These are the Street Smarts Fund, the TDM Programs Fund, the Police Services Donation Fund, and Project Participation Fund.

The City has set up the Redevelopment Fund for recording the transactions of the San Ramon Redevelopment Agency. The financial resources for the Redevelopment Agency are provided by the City of San Ramon, property tax increment revenue, issuance of tax allocation and lease revenue bonds, long term notes, and proceeds from sale/lease of real property.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the payment of principal and interest on long term debt of the City and related entities.

The COP #9 Fund is used to account for debt service activity relating to the 1996 Certificates of Participation.

The COP #10 Fund is used to account for debt service activity relating to the 2001 Certificates of Participation.

The COP #11 Fund is used to account for debt service activity relating to the 2003 Certificates of Participation.

The Redevelopment Tax Allocation Debt Service Fund is used to account for debt service activity relating to the 2004 Tax Allocation Revenue Bonds and the 1998 Tax Allocation Revenue Bonds.

The ERAF Tax Bond Fund is used to account for debt service activity relating to the 2005 ERAF Taxable Revenue Bonds and the 2006 ERAF Taxable Revenue Bonds.

CAPITAL PROJECTS FUND

The City has also set up the Redevelopment Capital Projects Fund for recording major project developmental activities undertaken by the San Ramon Redevelopment Agency.

CITY OF SAN RAMON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds			
	Planning Cost Recovery	Development Mitigation	Gas Tax	Park Development
Assets:				
Cash and investments	$ -	$ 1,448,249	$ 1,244,221	$ 192,237
Cash and investments - restricted	-	-	-	-
Receivables:				
Accounts	-	5,372	84,104	176,000
Notes	-	-	-	-
Interest	-	6,118	8,640	1,336
Land held for resale	-	-	-	-
Total assets	$ -	$ 1,459,739	$ 1,336,965	$ 369,573
Liabilities and fund balances:				
Liabilities:				
Account payable	$ -	$ -	$ -	$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deposits payable	-	-	-	24,421
Total liabilities	-	-	-	24,421
Fund balances:				
Reserved for:				
Land held for resale	-	-	-	-
Housing-capital projects	-	-	-	-
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	1,459,739	1,336,965	345,152
Total fund balances	-	1,459,739	1,336,965	345,152
Total liabilities and fund balances	$ -	$ 1,459,739	$ 1,336,965	$ 369,573

Special Revenue Funds					
Crow Canyon Project	SCCJEPA Fund	Street Maintenance/ Improvement	Traffic Improvement	Tri-Valley Transportation	Citywide Lighting and Landscaping
$ 371,129	$ 3,176,085	$ 1,321,468	$ 171,402	$ 3,917	$ 643,255
-	-	-	-	-	-
-	-	127,312	-	-	7,136
-	-	4,925	-	-	-
2,582	22,005	-	-	27	4,475
-	-	-	-	-	-
$ 373,711	$ 3,198,090	$ 1,453,705	$ 171,402	$ 3,944	$ 654,866
$ -	$ -	$ -	$ -	$ -	$ 115,353
-	-	-	-	-	13,687
-	-	-	-	-	-
-	-	4,925	-	-	-
-	-	-	-	-	-
-	-	4,925	-	-	129,040
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,687
-	-	-	-	-	-
373,711	3,198,090	1,448,780	171,402	3,944	523,139
373,711	3,198,090	1,448,780	171,402	3,944	525,826
$ 373,711	$ 3,198,090	$ 1,453,705	$ 171,402	$ 3,944	$ 654,866

(Continued)

CITY OF SAN RAMON
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds			
	Special Landscaping Zones	Canyon Park	Village Center Common Area	Solid Waste
Assets:				
Cash and investments	$ 1,688,669	$ 204,788	$ 5,440	$ 70,912
Cash and investments - restricted	-	-	-	-
Receivables:				
Accounts	-	-	3,003	15,201
Notes	-	-	-	-
Interest	10,855	1,422	-	-
Land held for resale	-	-	-	-
Total assets	$ 1,699,524	$ 206,210	$ 8,443	$ 86,113
Liabilities and fund balances:				
Liabilities:				
Account payable	$ 93,379	$ 7,219	$ 2,797	$ 393
Accrued payroll	23,307	408	-	3,295
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	116,686	7,627	2,797	3,688
Fund balances:				
Reserved for:				
Land held for resale	-	-	-	-
Housing-capital projects	-	-	-	-
Encumbrances	31,131	-	-	-
Debt service	-	-	5,646	-
Unreserved, reported in:				
Special revenue funds	1,551,707	198,583	-	82,425
Total fund balances	1,582,838	198,583	5,646	82,425
Total liabilities and fund balances	$ 1,699,524	$ 206,210	$ 8,443	$ 86,113

Special Revenue Funds

GHAD	Measure J Traffix	Non-Point Drainage District	Street Smarts	TDM Programs	Police Services Donation
$ 3,099,594	$ 15,000	$ 711,645	$ 61,033	$ -	$ 113,305
-	-	-	-	-	-
-	12,500	16,539	-	197,820	-
-	-	-	-	-	-
21,524	-	4,979	424	-	787
-	-	-	-	-	-
$ 3,121,118	$ 27,500	$ 733,163	$ 61,457	$ 197,820	$ 114,092
$ 16,862	$ 15,000	$ 11,824	$ 4,458	$ 115,365	$ -
13,650	-	46,348	-	9,159	-
-	-	-	-	73,296	-
-	-	-	-	-	-
-	-	-	-	-	56,603
30,512	15,000	58,172	4,458	197,820	56,603
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,090,606	12,500	674,991	56,999	-	57,489
3,090,606	12,500	674,991	56,999	-	57,489
$ 3,121,118	$ 27,500	$ 733,163	$ 61,457	$ 197,820	$ 114,092

(Continued)

CITY OF SAN RAMON
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds		Debt Service Funds	
	Project Participation	Redevelopment	COP #9	COP #10
Assets:				
Cash and investments	$ 749,805	$ 157,122	$ 111,329	$ 274,322
Cash and investments - restricted	-	-	522,006	1,075,480
Receivables:				
Accounts	-	39,622	-	-
Notes	-	-	-	-
Interest	5,217	14,842	773	1,905
Land held for resale	-	-	-	-
Total assets	$ 755,022	$ 211,586	$ 634,108	$ 1,351,707
Liabilities and fund balances:				
Liabilities:				
Account payable	$ -	$ 39,937	$ -	$ -
Accrued payroll	-	57,682	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deposits payable	-	74,345	-	-
Total liabilities	-	171,964	-	-
Fund balances:				
Reserved for:				
Land held for resale	-	-	-	-
Housing-capital projects	-	-	-	-
Encumbrances	-	1,517	-	-
Debt service	-	-	634,108	1,351,707
Unreserved, reported in:				
Special revenue funds	755,022	38,105	-	-
Total fund balances	755,022	39,622	634,108	1,351,707
Total liabilities and fund balances	$ 755,022	$ 211,586	$ 634,108	$ 1,351,707

	Debt Service Funds			Capital Projects Fund	
	COP #11	RDA Tax Allocation	Redevelopment ERAF	RDA Capital Projects	Total Nonmajor Governmental Funds
	$ 62,790	$ 1,262,315	$ 2	$ 5,001,232	$ 22,161,266
	233,107	3,536,479	-	-	5,367,072
	-	-	-	-	684,609
	-	-	-	-	4,925
	436	8,766	-	34,729	151,842
	-	-	-	820,000	820,000
	$ 296,333	$ 4,807,560	$ 2	$ 5,855,961	$ 29,189,714
	$ -	$ -	$ -	$ 33,912	$ 456,499
	-	-	-	7,815	175,351
	-	-	-	-	73,296
	-	-	-	-	4,925
	-	-	-	78,322	233,691
	-	-	-	120,049	943,762
	-	-	-	820,000	820,000
	-	-	-	4,915,912	4,915,912
	-	-	-	-	35,335
	296,333	4,807,560	2	-	7,095,356
	-	-	-	-	15,379,349
	296,333	4,807,560	2	5,735,912	28,245,952
	$ 296,333	$ 4,807,560	$ 2	$ 5,855,961	$ 29,189,714

CITY OF SAN RAMON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue Funds			
	Planning Cost Recovery	Development Mitigation	Gas Tax	Park Development
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental sources	-	-	958,694	176,000
Developer fees	-	42,579	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	34,484	35,811	8,171
Special district assessments	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	77,063	994,505	184,171
Expenditures:				
Community development	-	-	-	-
Redevelopment activities	-	-	-	-
Police service	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	77,063	994,505	184,171
Other financing sources (uses):				
Transfers in	300,000	186,089	-	-
Transfers out	(300,000)	(151,266)	(1,086,196)	(126,327)
Total other financing sources (uses)	-	34,823	(1,086,196)	(126,327)
Net changes in fund balances	-	111,886	(91,691)	57,844
Fund balances, beginning of year	-	1,347,853	1,428,656	287,308
Fund balances, end of year	$ -	$ 1,459,739	$ 1,336,965	$ 345,152

Special Revenue Funds					
Crow Canyon Project	SCCJEPA Fund	Street Maintenance/ Improvement	Traffic Improvement	Tri-Valley Transportation	Citywide Lighting and Landscaping
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	2,064,299	-	-	7,996
-	1,025,483	-	7,543	1,868	-
-	-	-	-	-	-
-	-	-	-	-	-
26,068	127,707	3,682	404	1,745	15,513
-	-	-	-	-	1,978,472
-	-	-	-	-	-
26,068	1,153,190	2,067,981	7,947	3,613	2,001,981
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,214,106
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,214,106
26,068	1,153,190	2,067,981	7,947	3,613	787,875
-	7,126	1,546,888	74,600	-	-
(300,000)	(7,780,447)	(2,180,004)	(48,087)	(67,000)	(552,260)
(300,000)	(7,773,321)	(633,116)	26,513	(67,000)	(552,260)
(273,932)	(6,620,131)	1,434,865	34,460	(63,387)	235,615
647,643	9,818,221	13,915	136,942	67,331	290,211
$ 373,711	$ 3,198,090	$ 1,448,780	$ 171,402	$ 3,944	$ 525,826

(Continued)

CITY OF SAN RAMON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue Funds			
	Special Landscaping Zones	Canyon Park	Village Center Common Area	Solid Waste
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	105
Intergovernmental sources	-	-	-	15,225
Developer fees	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	67,244	8,402	-	-
Special district assessments	1,224,300	29,117	-	-
Miscellaneous	-	-	9,009	134,500
Total revenues	1,291,544	37,519	9,009	149,830
Expenditures:				
Community development	-	-	-	-
Redevelopment activities	-	-	-	-
Police service	-	-	-	-
Public works	1,197,019	15,763	7,436	67,405
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	1,197,019	15,763	7,436	67,405
Excess (deficiency) of revenues over (under) expenditures	94,525	21,756	1,573	82,425
Other financing sources (uses):				
Transfers in	340,525	-	4,073	-
Transfers out	(186,620)	(5,302)	-	-
Total other financing sources (uses)	153,905	(5,302)	4,073	-
Net changes in fund balances	248,430	16,454	5,646	82,425
Fund balances, beginning of year	1,334,408	182,129	-	-
Fund balances, end of year	$ 1,582,838	$ 198,583	$ 5,646	$ 82,425

Special Revenue Funds					
GHAD	**Measure J Traffix**	**Non-Point Drainage District**	**Street Smarts**	**TDM Programs**	**Police Services Donation**
$ -	$ -	$ -	$ -	$ -	$ -
2,520	-	-	-	-	-
-	37,500	-	-	429,916	-
496	-	-	-	-	-
4,800	-	650	-	-	-
-	-	-	-	-	19,880
122,487	-	20,908	2,501	-	5,675
996,319	-	1,139,261	-	-	-
19,926	-	6,000	37,342	-	4,447
1,146,548	37,500	1,166,819	39,843	429,916	30,002
-	37,500	-	64,659	438,896	-
-	-	-	-	-	-
-	-	-	-	-	2,285
283,049	-	1,077,642	-	-	-
-	-	-	-	-	-
	-		-	-	-
-	-	-			
-	-	-	-	-	-
283,049	37,500	1,077,642	64,659	438,896	2,285
863,499	-	89,177	(24,816)	(8,980)	27,717
-	12,500	-	35,000	-	-
(35,907)	-	(107,256)	-	-	(13,700)
(35,907)	12,500	(107,256)	35,000	-	(13,700)
827,592	12,500	(18,079)	10,184	(8,980)	14,017
2,263,014	-	693,070	46,815	8,980	43,472
$ 3,090,606	$ 12,500	$ 674,991	$ 56,999	$ -	$ 57,489

(Continued)

CITY OF SAN RAMON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Special Revenue Funds		Debt Service Funds	
	Project Participation	Redevelopment	COP #9	COP #10
Revenues:				
Taxes	$ -	$ 7,071,517	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental sources	-	-	-	-
Developer fees	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	50,123	19,110	43,269	52,973
Special district assessments	-	-	-	-
Miscellaneous	82,215	296	-	-
Total revenues	132,338	7,090,923	43,269	52,973
Expenditures:				
Community development	-	-	-	-
Redevelopment activities	-	3,028,050	-	-
Police services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	
Principal			215,000	610,000
Interest and fees	-	-	278,452	478,881
Total expenditures	-	3,028,050	493,452	1,088,881
Excess (deficiency) of revenues over (under) expenditures	132,338	4,062,873	(450,183)	(1,035,908)
Other financing sources (uses):				
Transfers in	-	7,335,016	493,775	1,088,980
Transfers out	(200,000)	(11,574,049)	-	-
Total other financing sources (uses)	(200,000)	(4,239,033)	493,775	1,088,980
Net changes in fund balances	(67,662)	(176,160)	43,592	53,072
Fund balances, beginning of year	822,684	215,782	590,516	1,298,635
Fund balances, end of year	$ 755,022	$ 39,622	$ 634,108	$ 1,351,707

	Debt Service Funds			Capital Projects Fund	
	COP #11	RDA Tax Allocation	Redevelopment ERAF	RDA Capital Projects	Total Nonmajor Governmental Funds
	$ -	$ -	$ -	$ -	$ 7,071,517
	-	-	-	-	2,625
	-	-	-	-	3,689,630
	-	-	-	-	1,077,969
	-	-	-	-	5,450
	-	-	-	-	19,880
	9,541	241,582	-	233,461	1,130,861
	-	-	-	-	5,367,469
	-	-	-	-	293,735
	9,541	241,582	-	233,461	18,659,136
	-	-	-	-	541,055
	-	-	-	-	3,028,050
	-	-	-	-	2,285
	-	-	-	-	3,862,420
	-	-	-	5,834,488	5,834,488
	155,000	1,000,000	95,000	-	2,075,000
	77,440	1,662,764	45,988	-	2,543,525
	232,440	2,662,764	140,988	5,834,488	17,886,823
	(222,899)	(2,421,182)	(140,988)	(5,601,027)	772,313
	234,704	4,666,840	140,990	8,548,256	25,015,362
	-	(2,000,000)	-	(421,262)	(27,135,683)
	234,704	2,666,840	140,990	8,126,994	(2,120,321)
	11,805	245,658	2	2,525,967	(1,348,008)
	284,528	4,561,902	-	3,209,945	29,593,960
	$ 296,333	$ 4,807,560	$ 2	$ 5,735,912	$ 28,245,952

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Planning Cost Recovery Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Other financing sources (uses):			
Transfers in	$ 300,000	$ 300,000	$ -
Transfers out	(300,000)	(300,000)	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Development Mitigation Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Developer fees	$ 60,059	$ 42,579	$ (17,480)
Use of money and property	-	34,484	34,484
Total revenues	60,059	77,063	17,004
Other financing sources (uses):			
Transfers in	-	186,089	186,089
Transfers out	(151,266)	(151,266)	-
Total other financing sources (uses)	(151,266)	34,823	186,089
Net change in fund balance	(91,207)	111,886	203,093
Fund balance, beginning of year	1,347,853	1,347,853	-
Fund balance, end of year	$ 1,256,646	$ 1,459,739	$ 203,093

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Gas Tax Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental sources	$ 1,030,894	$ 958,694	$ (72,200)
Use of money and property	-	35,811	35,811
Total revenues	1,030,894	994,505	(36,389)
Other financing (uses):			
Transfers out	(1,086,196)	(1,086,196)	-
Net change in fund balance	(55,302)	(91,691)	(36,389)
Fund balance, beginning of year	1,428,656	1,428,656	-
Fund balance, end of year	$ 1,373,354	$ 1,336,965	$ (36,389)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Park Development Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental	$ -	$ 176,000	$ 176,000
Use of money and property	-	8,171	8,171
Total revenues	-	184,171	184,171
Other financing (uses):			
Transfers out	(126,327)	(126,327)	-
Net change in fund balance	(126,327)	57,844	184,171
Fund balance, beginning of year	287,308	287,308	-
Fund balance, end of year	$ 160,981	$ 345,152	$ 184,171

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Crow Canyon Project Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 26,068	$ 26,068
Other financing (uses):			
Transfers out	(300,000)	(300,000)	-
Net change in fund balance	(300,000)	(273,932)	26,068
Fund balance, beginning of year	647,643	647,643	-
Fund balance, end of year	$ 347,643	$ 373,711	$ 26,068

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor SCCJEPA Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variane from final budget Positive (Negative)
Revenues:			
Developer fees	$ 1,477,174	$ 1,025,483	$ (451,691)
Use of money and property	-	127,707	127,707
Total revenues	1,477,174	1,153,190	(323,984)
Other financing sources (uses):			
Transfers in	-	7,126	7,126
Transfers out	(7,780,447)	(7,780,447)	-
Total other financing sources (uses)	(7,780,447)	(7,773,321)	7,126
Net change in fund balance	(6,303,273)	(6,620,131)	(316,858)
Fund balance, beginning of year	9,818,221	9,818,221	-
Fund balance, end of year	$ 3,514,948	$ 3,198,090	$ (316,858)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Street Maintenance / Improvement Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental sources	$ 2,180,004	$ 2,064,299	$ (115,705)
Use of money and property	-	3,682	3,682
Total revenues	2,180,004	2,067,981	(112,023)
Other financing sources (uses):			
Transfers in	-	1,546,888	1,546,888
Transfers out	(2,180,004)	(2,180,004)	-
Total other financing sources (uses)	(2,180,004)	(633,116)	1,546,888
Net change in fund balance	-	1,434,865	1,434,865
Fund balance, beginning of year	13,915	13,915	-
Fund balance, end of year	$ 13,915	$ 1,448,780	$ 1,434,865

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Traffic Improvement Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Developer fees	$ 34,700	$ 7,543	$ (27,157)
Use of money and property	-	404	404
Miscellaneous	325,780	-	(325,780)
Total revenues	360,480	7,947	(352,533)
Other financing sources (uses):			
Transfers in	-	74,600	74,600
Transfers out	(48,087)	(48,087)	-
Total other financing sources (uses)	(48,087)	26,513	74,600
Net change in fund balance	312,393	34,460	(277,933)
Fund balance, beginning of year	136,942	136,942	-
Fund balance, end of year	$ 449,335	$ 171,402	$ (277,933)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Tri-Valley Transportation Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Developer fees	$ 85,040	$ 1,868	$ (83,172)
Use of money and property	-	1,745	1,745
Total revenues	85,040	3,613	(81,427)
Other financing (uses):			
Transfers out	(67,000)	(67,000)	-
Net change in fund balance	18,040	(63,387)	(81,427)
Fund balance, beginning of year	67,331	67,331	-
Fund balance, end of year	$ 85,371	$ 3,944	$ (81,427)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Citywide Lighting and Landscaping District Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental	$ -	$ 7,996	$ 7,996
Use of money and property	-	15,513	15,513
Special district assessments	2,011,200	1,978,472	(32,728)
Total revenues	2,011,200	2,001,981	(9,219)
Expenditures:			
Current:			
Public works	1,274,964	1,214,106	60,858
Excess of revenues over expenditures	736,236	787,875	51,639
Other financing (uses):			
Transfers out	(552,260)	(552,260)	-
Net change in fund balance	183,976	235,615	51,639
Fund balance, beginning of year	290,211	290,211	-
Fund balance, end of year	$ 474,187	$ 525,826	$ 51,639

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Special Landscaping Zones Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 67,244	$ 67,244
Special district assessments	1,357,019	1,224,300	(132,719)
Total revenues	1,357,019	1,291,544	(65,475)
Expenditures:			
Current:			
Public works	1,480,045	1,197,019	283,026
Excess (deficiency) of revenues over (under) expenditures	(123,026)	94,525	217,551
Other financing sources (uses):			
Transfers in	340,525	340,525	-
Transfers out	(191,965)	(186,620)	5,345
Total other financing sources (uses)	148,560	153,905	5,345
Net change in fund balance	25,534	248,430	222,896
Fund balance, beginning of year	1,334,408	1,334,408	-
Fund balance, end of year	$ 1,359,942	$ 1,582,838	$ 222,896

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Canyon Park Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 8,402	$ 8,402
Special district assessments	29,824	29,117	(707)
Total revenues	29,824	37,519	7,695
Expenditures:			
Current:			
Public works	29,105	15,763	13,342
Excess of revenues over expenditures	719	21,756	21,037
Other financing (uses):			
Transfers out	(5,302)	(5,302)	-
Net change in fund balance	(4,583)	16,454	21,037
Fund balance, beginning of year	182,129	182,129	-
Fund balance, end of year	$ 177,546	$ 198,583	$ 21,037

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Village Center Common Area Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Miscellaneous	$ 6,187	$ 9,009	$ 2,822
Expenditures:			
Public works	10,260	7,436	2,824
Excess (deficiency) of revenues over (under) expenditures	(4,073)	1,573	5,646
Other financing sources:			
Transfers in	4,073	4,073	-
Net change in fund balance	-	5,646	5,646
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ 5,646	$ 5,646

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Solid Waste Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Licenses and permits	$ -	$ 105	$ 105
Intergovernmental sources	14,122	15,225	1,103
Miscellaneous	147,959	134,500	(13,459)
Total revenues	162,081	149,830	(12,251)
Expenditures:			
Public works	144,953	67,405	77,548
Net change in fund balance	17,128	82,425	65,297
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ 17,128	$ 82,425	$ 65,297

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor GHAD Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Licenses and permits	$ 3,500	$ 2,520	$ (980)
Developer fees	-	496	496
Charges for services	3,500	4,800	1,300
Use of money and property	40,000	122,487	82,487
Special district assessments	980,212	996,319	16,107
Miscellaneous	17,832	19,926	2,094
Total revenues	1,045,044	1,146,548	101,504
Expenditures:			
Current:			
Public works	486,775	283,049	203,726
Excess of revenues over expenditures	558,269	863,499	305,230
Other financing (uses):			
Transfers out	(35,907)	(35,907)	-
Net change in fund balance	522,362	827,592	305,230
Fund balance, beginning of year	2,263,014	2,263,014	-
Fund balance, end of year	$ 2,785,376	$ 3,090,606	$ 305,230

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Measure J Traffix Program Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental sources	$ 37,500	$ 37,500	$ -
Expenditures:			
Community development	50,000	37,500	12,500
Excess (deficiency) of revenues over (under) expenditures	(12,500)	-	12,500
Other financing sources:			
Transfers in	12,500	12,500	-
Net change in fund balance	-	12,500	12,500
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ 12,500	$ 12,500

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Non-Point Drainage District Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Charges for services	$ -	$ 650	$ 650
Use of money and property	20,000	20,908	908
Special district assessments	1,077,090	1,139,261	62,171
Miscellaneous	-	6,000	6,000
Total revenues	1,097,090	1,166,819	69,729
Expenditures:			
Current:			
Public works	1,303,508	1,077,642	225,866
Excess (deficiency) of revenues over (under) expenditures	(206,418)	89,177	295,595
Other financing (uses):			
Transfers out	(107,256)	(107,256)	-
Net change in fund balance	(313,674)	(18,079)	295,595
Fund balance, beginning of year	693,070	693,070	-
Fund balance, end of year	$ 379,396	$ 674,991	$ 295,595

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Street Smarts Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 2,501	$ 2,501
Miscellaneous	30,000	37,342	7,342
Total revenues	30,000	39,843	9,843
Expenditures:			
Current:			
Community development	92,600	64,659	27,941
(Deficiency) of revenues (under) expenditures	(62,600)	(24,816)	37,784
Other financing sources:			
Transfers in	35,000	35,000	-
Net change in fund balance	(27,600)	10,184	37,784
Fund balance, beginning of year	46,815	46,815	-
Fund balance, end of year	$ 19,215	$ 56,999	$ 37,784

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor TDM Programs Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Intergovernmental sources	$ 599,137	$ 429,916	$ (169,221)
Expenditures:			
Current:			
Community development	608,118	438,896	169,222
Net change in fund balance	(8,981)	(8,980)	1
Fund balance, beginning of year	8,980	8,980	-
Fund balance (deficit), end of year	$ (1)	$ -	$ 1

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Police Services Donation Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ -	$ 19,880	$ 19,880
Use of money and property	-	5,675	5,675
Miscellaneous	-	4,447	4,447
Total revenues	-	30,002	30,002
Expenditures:			
Police services	-	2,285	(2,285)
Excess of revenues over expenditures	-	27,717	27,717
Other financing (uses):			
Transfers out	(13,700)	(13,700)	-
Net change in fund balance	(13,700)	14,017	27,717
Fund balance, beginning of year	43,472	43,472	-
Fund balance, end of year	$ 29,772	$ 57,489	$ 27,717

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Project Participation Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 50,123	$ 50,123
Miscellaneous	-	82,215	82,215
Total revenues	-	132,338	132,338
Other financing (uses):			
Transfers out	(200,000)	(200,000)	-
Net change in fund balance	(200,000)	(67,662)	132,338
Fund balance, beginning of year	822,684	822,684	-
Fund balance, end of year	$ 622,684	$ 755,022	$ 132,338

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Redevelopment Special Revenue Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Taxes	$ 6,541,882	$ 7,071,517	$ 529,635
Use of money and property	-	19,110	19,110
Miscellaneous	-	296	296
Total revenues	6,541,882	7,090,923	549,041
Expenditures:			
Current:			
Redevelopment activities	3,001,123	3,028,050	(26,927)
Excess of revenues over expenditures	3,540,759	4,062,873	522,114
Other financing sources (uses):			
Transfers in	7,877,256	7,335,016	(542,240)
Transfers out	(11,574,049)	(11,574,049)	
Total other financing sources (uses)	(3,696,793)	(4,239,033)	(542,240)
Net change in fund balance	(156,034)	(176,160)	(20,126)
Fund balance, beginning of year	215,782	215,782	-
Fund balance (deficit), end of year	$ 59,748	$ 39,622	$ (20,126)

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor COP #9 Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 15,000	$ 43,269	$ 28,269
Expenditures:			
Debt service:			
Principal	215,000	215,000	-
Interest and fees	278,775	278,452	323
Total expenditures	493,775	493,452	323
(Deficiency) of revenues (under) expenditures	(478,775)	(450,183)	28,592
Other financing sources:			
Transfers in	493,775	493,775	-
Net change in fund balance	15,000	43,592	28,592
Fund balance, beginning of year	590,516	590,516	-
Fund balance, end of year	$ 605,516	$ 634,108	$ 28,592

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor COP #10 Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 40,000	$ 52,973	$ 12,973
Expenditures:			
Debt service:			
Principal	610,000	610,000	-
Interest and fees	478,980	478,881	99
Total expenditures	1,088,980	1,088,881	99
(Deficiency) of revenues (under) expenditures	(1,048,980)	(1,035,908)	13,072
Other financing sources:			
Transfers in	1,088,980	1,088,980	-
Net change in fund balance	40,000	53,072	13,072
Fund balance, beginning of year	1,298,635	1,298,635	-
Fund balance, end of year	$ 1,338,635	$ 1,351,707	$ 13,072

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor COP #11 Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 10,000	$ 9,541	$ (459)
Expenditures:			
Debt service:			
Principal	155,000	155,000	-
Interest and fees	79,704	77,440	2,264
Total expenditures	234,704	232,440	2,264
(Deficiency) of revenues (under) expenditures	(224,704)	(222,899)	1,805
Other financing sources:			
Transfers in	234,704	234,704	-
Net change in fund balance	10,000	11,805	1,805
Fund balance, beginning of year	284,528	284,528	-
Fund balance, end of year	$ 294,528	$ 296,333	$ 1,805

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor RDA Tax Allocation Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 130,000	$ 241,582	$ 111,582
Expenditures:			
Debt service:			
Principal	1,000,000	1,000,000	-
Interest and fees	1,666,840	1,662,764	4,076
Total expenditures	2,666,840	2,662,764	4,076
(Deficiency) of revenues (under) expenditures	(2,536,840)	(2,421,182)	115,658
Other financing sources (uses):			
Transfers in	4,666,840	4,666,840	-
Transfers out	(2,180,000)	(2,000,000)	180,000
Total other financing sources (uses)	2,486,840	2,666,840	180,000
Net change in fund balance	(50,000)	245,658	295,658
Fund balance, beginning of year	4,561,902	4,561,902	-
Fund balance, end of year	$ 4,511,902	$ 4,807,560	$ 295,658

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor Redevelopment ERAF Debt Service Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Expenditures:			
Debt service:			
Principal retirement	$ 95,000	$ 95,000	$ -
Interest and fees	45,990	45,988	2
Total expenditures	140,990	140,988	2
Other financing sources:			
Transfers in	140,990	140,990	-
Net change in fund balance	-	2	2
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ 2	$ 2

CITY OF SAN RAMON
Budgetary Comparison Schedule
Nonmajor RDA Capital Projects Fund
Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance from final budget Positive (Negative)
Revenues:			
Use of money and property	$ 80,000	$ 233,461	$ 153,461
Expenditures:			
Capital outlay	4,688,931	5,834,488	(1,145,557)
(Deficiency) of revenues (under) expenditures	(4,608,931)	(5,601,027)	(992,096)
Other financing sources (uses):			
Transfers in	8,548,258	8,548,256	(2)
Transfers out	-	(421,262)	(421,262)
Total other financing sources (uses)	8,548,258	8,126,994	(421,264)
Net change in fund balance	3,939,327	2,525,967	(1,413,360)
Fund balance, beginning of year	3,209,945	3,209,945	-
Fund balance, end of year	$ 7,149,272	$ 5,735,912	$ (1,413,360)

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DESCRIPTIONS OF INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other governmental units on a cost-reimbursement basis (including depreciation).

The Investment Fund is used to account for the management of investments.

The Equipment Replacement Fund is used to account for replacement of major equipment and vehicles. Revenues are derived from allocated charges to the department's general fund.

The Information System Replacement Fund is used to account for replacement of computer related equipment.

The Insurance Liability Fund is used to administer the City employee's leave payouts, retiree medical benefits, general insurance, and safety programs with the goals of reducing insurance-related costs, maintain appropriate levels of coverage and to build contingent loss reserves.

The Healthcare Fund is used to account for City employee's healthcare premiums and claims.

The Building Maintenance Fund is used to account for the cost of maintaining City buildings.

CITY OF SAN RAMON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Investment Fund	Equipment Replacement Fund	Information System Replacement Fund
Assets:			
Current assets:			
Cash and cash equivalents	$ -	$ 2,043,810	$ 496,882
Accounts receivable	-	-	-
Interest receivable	-	14,192	3,450
Prepaid and deposits	-	-	-
	-	2,058,002	500,332
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	9,507,995	-
Less accumulated depreciation	-	(6,877,768)	-
Total capital assets, net	-	2,630,227	-
Total assets	-	4,688,229	500,332
Liabilities:			
Current liabilities:			
Accounts payable	14,240	44,810	10,497
Accrued payroll	2,993	-	-
Total liabilities	17,233	44,810	10,497
Net assets:			
Invested in capital assets	-	2,630,227	-
Unrestricted	(17,233)	2,013,192	489,835
Total net assets (deficit)	$ (17,233)	$ 4,643,419	$ 489,835

Insurance Liability Fund	Healthcare Fund	Building Maintenance Fund	Total Internal Service Funds
$ 2,552,969	$ 2,131,099	$ 1,202,696	$ 8,427,456
10,165	49,403	-	59,568
17,852	14,798	8,268	58,560
-	94	-	94
2,580,986	2,195,394	1,210,964	8,545,678
-	-	-	9,507,995
-	-	-	(6,877,768)
-	-	-	2,630,227
2,580,986	2,195,394	1,210,964	11,175,905
637	56,384	-	126,568
-	-	-	2,993
637	56,384	-	129,561
-	-	-	2,630,227
2,580,349	2,139,010	1,210,964	8,416,117
$ 2,580,349	$ 2,139,010	$ 1,210,964	$ 11,046,344

CITY OF SAN RAMON
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
Year Ended June 30, 2009

	Investment Fund	Equipment Replacement Fund	Information System Replacement Fund
Operating revenues:			
Charges for services	$ -	$ 650,855	$ 260,784
Operating expenses:			
Insurance expense	-	-	-
Services and supplies	47,706	-	105,714
Maintenance	-	13,027	-
Depreciation	-	871,318	-
Total operating expenses	47,706	884,345	105,714
Operating income (loss)	(47,706)	(233,490)	155,070
Nonoperating revenues:			
Interest	30,473	87,460	19,810
Intergovernmental	-	-	-
Gain on disposal of capital asset	-	12,454	-
Total nonoperating revenues	30,473	99,914	19,810
Income (loss) before transfers	(17,233)	(133,576)	174,880
Transfers in	-	539,412	-
Transfers out	-	-	(164,203)
Total transfers	-	539,412	(164,203)
Change in net assets	(17,233)	405,836	10,677
Net assets, beginning of year	-	4,237,583	479,158
Net assets (deficit), end of year	$ (17,233)	$ 4,643,419	$ 489,835

Insurance Liability Fund	Healthcare Fund	Building Maintenance Fund	Total Internal Service Funds
$ 1,438,872	$ 4,780,374	$ 12,000	$ 7,142,885
1,445,214	3,084,970	-	4,530,184
-	1,701,569	-	1,854,989
-	-	-	13,027
-	-	-	871,318
1,445,214	4,786,539	-	7,269,518
(6,342)	(6,165)	12,000	(126,633)
78,940	81,274	34,363	332,320
50,530	-	-	50,530
-	-	-	12,454
129,470	81,274	34,363	395,304
123,128	75,109	46,363	268,671
525,625	1,000,000	950,000	3,015,037
-	-	(701,334)	(865,537)
525,625	1,000,000	248,666	2,149,500
648,753	1,075,109	295,029	2,418,171
1,931,596	1,063,901	915,935	8,628,173
$ 2,580,349	$ 2,139,010	$ 1,210,964	$ 11,046,344

CITY OF SAN RAMON
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2009

	Investment Fund	Equipment Replacement Fund	Information System Replacement Fund
Cash flows from operating activities:			
Payments from customers	$ -	$ 652,223	$ 262,347
Payments to suppliers	(47,597)	(13,787)	(183,108)
Net cash provided by (used for) operating activities	(47,597)	638,436	79,239
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(979,607)	-
Proceeds from sale of capital assets	-	12,454	-
Net cash (used for) capital and related financing activities	-	(967,153)	-
Cash flows from noncapital financing activities:			
Intergovernmental	-	-	-
Transfers from other funds	-	539,412	-
Transfers to other funds	-	-	(164,204)
Net cash provided by (used for) noncapital financing activities	-	539,412	(164,204)
Cash flows from investing activities:			
Interest	30,473	87,460	19,810
Net cash provided by investing activities	30,473	87,460	19,810
Net increase (decrease) in cash and cash equivalents	(17,124)	298,155	(65,155)
Cash and cash equivalents, beginning of year	17,124	1,745,655	562,037
Cash and cash equivalents, end of year	$ -	$ 2,043,810	$ 496,882
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (47,706)	$ (233,490)	$ 155,070
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	871,318	-
(Increase) decrease in accounts receivable	-	1,368	1,562
Increase and decrease in prepaid and deposits	-	-	-
Increase (decrease) in accounts payable	(1,221)	(760)	(77,393)
Increase (decrease) in salaries and benefits payable	1,330	-	-
Net cash provided by (used for) operating activities	$ (47,597)	$ 638,436	$ 79,239

Insurance Liability Fund	Healthcare Fund	Building Maintenance Fund	Total Internal Service Funds
$ 1,445,864	$ 4,729,674	$ 11,415	$ 7,101,523
(1,476,341)	(4,929,871)	-	(6,650,704)
(30,477)	(200,197)	11,415	450,819
-	-	-	(979,607)
-	-	-	12,454
-	-	-	(967,153)
50,530	-	-	50,530
525,625	1,000,000	950,000	3,015,037
-	-	(701,334)	(865,538)
576,155	1,000,000	248,666	2,200,029
78,940	81,274	34,363	332,320
78,940	81,274	34,363	332,320
624,618	881,077	294,444	2,016,015
1,928,351	1,250,022	908,252	6,411,441
$ 2,552,969	$ 2,131,099	$ 1,202,696	$ 8,427,456
$ (6,342)	$ (6,165)	$ 12,000	$ (126,633)
-	-	-	871,318
6,992	(50,700)	(585)	(41,363)
-	527	-	527
(29,886)	(143,859)	-	(253,119)
(1,241)	-	-	89
$ (30,477)	$ (200,197)	$ 11,415	$ 450,819

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DESCRIPTIONS OF AGENCY FUNDS

Agency Funds account for assets held by the governmental unit in the capacity of agent for individuals, governmental entities, and non-public organizations.

The Agency Funds used to account for monies held by the City in a fiduciary capacity are as follows:

The Fostoria Assessment District Fund is used to account for the special assessment bonds issued for the purpose of public improvements by the Fostoria Parkway Assessment District.

The Cree Court Assessment District Fund is used to account for the debt issued to finance infrastructure improvements and facilities within its boundaries.

The SCCJEPA Trust Fund and the Tri-Valley Transportation (TVTC) Trust Fund are the other funds used to account for activities for which the City is acting only as an agent.

The Helping Hands Program is used to account for donations for Hurricane Katrina victims.

The Tri-Valley TBID Fund is used to account for the collection of Tri-Valley Tourism Business Improvement District assessment on lodging businesses for which the City is acting only as an agent.

The DV Performing Arts Theater Fund is used to account for funds related to cultural and theater arts.

CITY OF SAN RAMON
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2009

	Fostoria Assessment District Fund	Cree Court Assessment District Fund	SCCJEPA Trust Fund	TVTC Trust Fund
Assets:				
Cash and investments	$ 109,213	$ 64,187	$ 102	$ 4,228,730
Interest receivable	564	375	1	29,364
Total assets	$ 109,777	$ 64,562	$ 103	$ 4,258,094
Liabilities:				
Due to bondholders	$ 109,777	$ 64,562	$ -	$ -
Due to other governments	-	-	103	4,258,094
Total liabilities	$ 109,777	$ 64,562	$ 103	$ 4,258,094

Helping Hands Program	Tri-Valley TBID Fund	DV Performing Arts Theater	Total
$ 1,773	$ 28,443	$ 30,910	$ 4,463,358
12	-	-	30,316
$ 1,785	$ 28,443	$ 30,910	$ 4,493,674
$ -	$ -	$ -	$ 174,339
1,785	28,443	30,910	4,319,335
$ 1,785	$ 28,443	$ 30,910	$ 4,493,674

CITY OF SAN RAMON
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Fostoria Assessment District				
Assets:				
Cash and investments	$ 101,865	$ 7,348	$ -	$ 109,213
Interest receivable	659	-	(95)	564
Total assets	$ 102,524	$ 7,348	$ (95)	$ 109,777
Liabilities:				
Due to bondholders	$ 102,524	$ 7,348	$ (95)	$ 109,777
Cree Court Assessment District				
Assets:				
Cash and investments	$ 61,464	$ 2,723	$ -	$ 64,187
Interest receivable	1,746	-	(1,371)	375
Total assets	$ 63,210	$ 2,723	$ (1,371)	$ 64,562
Liabilities:				
Due to bondholders	$ 63,210	$ 2,723	$ (1,371)	$ 64,562
SCCJEPA Trust Fund				
Assets:				
Cash and investments	$ 91	$ 11	$ -	$ 102
Interest receivable	1	-	-	1
Total assets	$ 92	$ 11	$ -	$ 103
Liabilities:				
Due to other governments	$ 92	$ 11	$ -	$ 103

(Continued)

CITY OF SAN RAMON
Statement of Changes in Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
TVTC Trust Fund				
Assets:				
Cash and investments	$ 9,880,958	$ -	$ (5,652,228)	$ 4,228,730
Interest receivable	88,108	-	(58,744)	29,364
Total assets	$ 9,969,066	$ -	$ (5,710,972)	$ 4,258,094
Liabilities:				
Due to other governments	$ 9,969,066	$ -	$ (5,710,972)	$ 4,258,094
Helping Hands Program				
Assets:				
Cash and investments	$ 1,693	$ 80	$ -	$ 1,773
Interest receivable	15	-	(3)	12
Total assets	$ 1,708	$ 80	$ (3)	$ 1,785
Liabilities:				
Due to other governments	$ 1,708	$ 80	$ (3)	$ 1,785
Tri-Valley TBID				
Assets:				
Cash and investments	$ 36,166	$ -	$ (7,723)	$ 28,443
Accounts receivable	12,640	-	(12,640)	-
Total assets	$ 48,806	$ -	$ (20,363)	$ 28,443
Liabilities:				
Due to other governments	$ 48,806	$ -	$ (20,363)	$ 28,443

(Continued)

CITY OF SAN RAMON
Statement of Changes in Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
DV Performing Arts Theater				
Assets:				
Cash and investments	$ -	$ 30,910	$ -	$ 30,910
Total assets	$ -	$ 30,910	$ -	$ 30,910
Liabilities:				
Due to other governments	$ -	$ 30,910	$ -	$ 30,910

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Total Agency Funds				
Assets:				
Cash and investments	$ 10,082,237	$ 41,072	$ (5,659,951)	$ 4,463,358
Accounts receivable	12,640	-	(12,640)	-
Interest receivable	90,529	-	(60,213)	30,316
Total assets	$ 10,185,406	$ 41,072	$ (5,732,804)	$ 4,493,674
Liabilities:				
Due to bondholders	$ 165,734	$ 10,071	$ (1,466)	$ 174,339
Due to other governments	10,019,672	31,001	(5,731,338)	4,319,335
Total liabilities	$ 10,185,406	$ 41,072	$ (5,732,804)	$ 4,493,674

APPENDIX D

DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT AND LOCAL AGENCY TRUST AGREEMENT

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DEFINITION OF CERTAIN TERMS AND SUMMARY OF TRUST AGREEMENT AND LOCAL AGENCY TRUST AGREEMENT

The following summary discussion of selected features of the Trust Agreement and the Local Agency Trust Agreement are made subject to all of the provisions of such documents and to the discussion of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of the Trust Agreement and the Local Agency Trust Agreement, copies of which are available upon request from Wells Fargo Bank, National Association, Corporate Trust Services, 707 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017.

TRUST AGREEMENT DEFINITIONS

"Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as amended) and all laws amendatory thereto or supplemental thereto.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount of the Bonds referred to.

"Authority" means the California Statewide Communities Development Authority, or its successors and assigns.

"Authorized Authority Representative" means any member of the Commission of the Authority.

"Authorized Denominations" means $5,000 principal amount or any integral multiple thereof

"Bond Fund" means the Bond Fund established pursuant to the Trust Agreement.

"Bonds" means the 2010 Series A Bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with thereto.

"Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

"Certificate of the Authority" means an instrument in writing signed by an Authorized Authority Representative or such officer's designee, or by any other officer of the Authority duly authorized by the Commission of the Authority in writing to the Trustee for that purpose. If and to the extent required by the provisions of the Trust Agreement, each Certificate of the Authority shall include the statements provided for therein.

"Closing Date" means the date on which the Bonds are delivered to the Original Purchaser of the Bonds.

"Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Authority, initially being Los Angeles, California. The Trustee may designate in writing to the Authority and the Holder such other office or agency from time to time for purposes of registration, transfer, exchange, payment or redemption of Bonds.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the Bonds or Obligations, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Bonds or Obligations, premiums for bond insurance, if any, and any other cost, charge or fee in connection with the original execution and delivery of the Bonds or Obligations.

"Costs of Issuance Fund" means the Costs of Issuance Fund established in the Trust Agreement.

"Defeasance Securities" means:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation); and

(2) Obligations of or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States, including (without limitation):

- U.S. Treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration
- General Services Administration
- Guaranteed Title XI financing
- Government National Mortgage Association (GNMA)
- State and Local Government Series

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"Holder" means any person who shall be the registered owner of any Outstanding Bond.

"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 or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

(a) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;

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

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

"Interest Account" means the account by that name established in the Trust Agreement.

"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2010.

"Local Agency" means the City of San Ramon, California and its successors and assigns.

"Local Agency Obligations" or "Obligations" means the taxable pension obligation bonds issued by the Local Agency in the aggregate principal amount described in the Trust Agreement.

"Local Agency Trust Agreement" means the trust agreement, dated as of January 1, 2010, by and between the Local Agency and Wells Fargo Bank, National Association, as trustee, pursuant to which the Obligations are issued, as such may be supplemented or amended from time to time.

"Local Agency Trustee" means the trustee under the Local Agency Trust Agreement.

"Maturity Date" means the maturity date of the Bonds.

"Original Purchaser of the Bonds" means the original purchaser of the Bonds designated in the Trust Agreement.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except:

- Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

- Bonds paid or deemed to have been paid within the meaning of provided for in the Trust Agreement; and

- Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

"Permitted Investments" means any of the following:

(1) Defeasance Securities;

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

▪ Export-Import Bank
▪ Rural Economic Community Development Administration
▪ U.S. Maritime Administration
▪ Small Business Administration
▪ U.S. Department of Housing & Urban Development (PHA's)
▪ Federal Housing Administration
▪ Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)

- Obligations of the Resolution Funding Corporation (REFCORP)

- Senior debt obligations of the Federal Home Loan Bank System

- Senior debt obligations of other Government Sponsored Agencies;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and which mature not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank):

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and S&P or any successors thereto; or

(B) (i) which are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such interest and principal and redemption premiums, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premiums, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(9) The Local Agency Investment Fund (as that term is defined in Section 16429.1 of the Government Code of the State, as such Section may be amended or recodified from time to time);

(10) Investment Trust of California, doing business as CalTRUST; and

(11) Other forms of investments (including repurchase agreements) approved in writing to the Local Agency.

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation or Citigroup Global Markets Inc. or Barclay's Capital, Inc.;

(b) As to certificates of deposit and bankers' acceptances, the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above, the value thereof established by prior agreement between the Authority and the Trustee.

"Principal Account" means the account by that name established in the Trust Agreement.

"Principal Payment Date" means a date on which principal is due on the Bonds as set forth in the Trust Agreement.

"Proceeds Fund" means the fund by that name established pursuant to the Trust Agreement.

"Record Date" means the fifteenth day of the month preceding each Interest Payment Date.

"State" means the State of California.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Trust Agreement or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is specifically authorized thereunder.

"System" means the California Public Employees' Retirement System.

"Term Bonds" means Bonds which are payable on or before their specified Maturity Dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified Maturity Dates.

"Trust Agreement" means the Trust Agreement, dated as of January 1, 2010, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

"Trustee" means Wells Fargo Bank, National Association, or its successors or assigns or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

"Written Request of the Authority" means an instrument in writing signed by an Authorized Authority Representative or such officer's designee, or by any other officer of the Authority duly authorized by the Commission of the Authority in writing to the Trustee for that purpose.

SUMMARY OF THE TRUST AGREEMENT

Establishment of Funds and Deposit of Proceeds of Bonds

The Trustee shall establish and maintain under the Trust Agreement, in trust, the Costs of Issuance Fund, the Proceeds Fund, the Bond Fund, the Interest Account and the Principal Account. The proceeds received from the sale of the Bonds are to be deposited in the Costs of Issuance Fund and the Proceeds Fund.

Use of Money in the Costs of Issuance Fund and the Proceeds Fund

(a) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee, to pay the Costs of Issuance of Bonds and Obligations upon receipt of (i) a Request of an Authorized Authority Representative, which Request shall be sequentially numbered, stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund and (ii) an original invoice or invoices or evidence of the Local Agency's, Authority's or Original Purchaser's payment of an invoice when such requisition is in reimbursement thereof. On the 180th day following closing, amounts, if any, remaining in the Costs of Issuance Fund (and not required to pay identified Costs of Issuance) shall be transferred to the CSAC Finance Corporation Administration Fund for the benefit of the California State Association of Counties and the League of California Cities.

(b) All moneys in the Proceeds Fund shall be credited to the Local Agency initially in amounts set forth in the Trust Agreement. Moneys in the Proceeds Fund shall be disbursed on the Closing Date for the 2010 Series A Bonds to the Pension System and in the amounts set forth in the Trust Agreement relating to the Local Agency, pursuant to a Request of an Authorized Authority Representative.

Use of Money in the Bond Fund

The Trustee shall deposit the money contained in the Bond Fund at the following respective times in the following respective accounts (each of which is established pursuant to the Trust Agreement) in the manner and priority thereinafter provided, and the money in each of such funds shall be disbursed only for the purposes and uses thereinafter authorized:

(a) Interest Account. The Trustee shall deposit, on each Interest Payment Date in the Interest Account, that amount of money representing the interest due and payable on the Bonds on such date; and such money shall be used by the Trustee solely for the purpose of paying interest on the Bonds on such date.

(b) Principal Account. The Trustee, on the Principal Payment Date, shall deposit in the Principal Account that amount of money representing the principal becoming due and payable on the Bonds on such Principal Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds on the Principal Payment Date.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each series and maturity, designated as the "____ Sinking Account" (the "Sinking Account"), inserting therein the series and maturity (if more than one such account is established for such series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Trust Agreement; provided that, at any time prior to giving such notice of such redemption, the Trustee may upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase for cancellation of Term Bonds of such series and maturity 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 Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such series and maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

Moneys held in the Bond Fund, the Principal Account or the Interest Account on each Interest Payment Date after the payment by the Trustee of all of the principal of and interest on the Bonds shall be (i) returned by the Trustee to the Local Agency (other than when the Local Agency is in default in the payment of the principal of and interest on its Obligation) in an amount equal to the proportion of the amount initially received from the Local Agency and deposited in the Bond Fund over all amounts received from the Local Agency and deposited in the Bond Fund multiplied by the remaining balance in the Bond Fund, or (ii) applied by the Trustee as otherwise directed by the Authority.

Investments

Any money held by the Trustee at any time in any Fund created under the Trust Agreement shall, to the fullest extent practicable, be invested as directed in writing by an Authorized Authority Representative in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. In the absence of any written direction from the Authority, the Trustee shall invest any money held in any Fund created under the Trust Agreement in Permitted Investments identified in clause (6) of the definition thereof which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement thereunder. The amounts held in the Proceeds Fund will be accounted for the Local Agency. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may at its sole discretion, for the purpose of any such investment, commingle any of the money held by it under the Trust Agreement. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund, account or subaccount from which such investment was made.

Punctual Payment and Performance

The Authority will punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued under the Trust Agreement in strict conformity with the terms thereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained therein and in the Bonds.

Additional Debt

The Authority expressly reserves the right to enter into one or more other agreements or Indentures for any of its purposes, and reserves the right to issue other obligations for such purposes.

The Trustee

Wells Fargo Bank, National Association shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided therein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment at the Corporate Trust Office of the Trustee with the rights and obligations provided therein. The Authority agrees that it will at all times maintain a Trustee having a corporate trust office in Los Angeles or San Francisco, California.

The Authority may at any time, unless there exists any Event of Default as defined in the Trust Agreement, remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars ($75,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Trust Agreement.

The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied duties or obligations shall be read into the Trust Agreement. The Trustee shall, during the existence of any Event of Default (that has not been cured), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Amendment of the Trust Agreement

The Trust Agreement and the rights and obligations of the Authority and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in Aggregate Principal Amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, or extend the time of payment on any Bond without the express written consent of the Holder of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment.

The Trust Agreement and the rights and obligations of the Authority and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes:

(a) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved therein to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement and in any Supplemental Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary and not inconsistent therewith;

(c) to modify, amend or add to the provisions therein or in any Supplemental Trust Agreement to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statutes thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or similar statute; or

(d) to modify, amend or supplement the Trust Agreement and any Supplemental Trust Agreement in any manner that does not materially adversely affect the interest of Holders of Bonds.

The Trustee shall not be required to enter into or consent to any Supplemental trust agreement which, in the sole judgment of the Trustee, may adversely affect the rights, obligations, powers, privileges, indemnities and immunities provided the Trustee therein.

Amendment by Mutual Consent

The provisions of the Trust Agreement shall not prevent any Holder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Action on Default

If any default in the payment of principal of or interest on an Obligation or any other "Event of Default" defined in the Local Agency Trust Agreement shall occur and be continuing, then such default shall constitute an "Event of Default" under the Trust Agreement, 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 Bonds at the time Outstanding shall, upon notice in writing to the Local Agency, exercise the remedies provided to the owner of the Obligation then in default or under the Local

Agency Trust Agreement pursuant to which it was issued which are necessary or desirable to collect the principal of the Obligation and the interest thereon to maturity.

Non-Waiver

A waiver by the Trustee of any default under the Trust Agreement or breach of any obligation thereunder shall not affect any subsequent default thereunder or any subsequent breach of an obligation thereunder or impair any rights or remedies on any such subsequent default thereunder or on any such subsequent breach of an obligation thereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default thereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default thereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Authority or the Local Agency, the Authority, the Trustee and the Local Agency 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 conferred in the Trust Agreement upon or reserved therein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given thereunder or now or thereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

Discharge of Bonds

(a) If the Authority 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 therein, and shall pay or provide for the payment of all fees and expenses of the Trustee, then all agreements, covenants and other obligations of the Authority to the Holders of such Bonds thereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant thereto 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 prior to 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 (1) in case any of such Bonds are to be redeemed on any date prior to their Maturity Date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Authority or 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 the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the

Maturity Date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the Maturity Date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

LOCAL AGENCY TRUST AGREEMENT DEFINITIONS

"Accreted Value" means, with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Local Agency Bond, plus interest accrued thereon from its date compounded on each Interest Payment Date (through and including the maturity date of such Bond) at the "original issue yield" for such Local Agency Bond; provided, that the Accreted Value on any date other than an Interest Payment Date shall be calculated by straight line interpolation of the Accreted Values as of the immediately preceding and succeeding Interest Payment Date. The term "original issue yield" means, with respect to any particular Local Agency Bond, the yield to maturity of such Local Agency Bond from the initial date of delivery thereof calculated on the basis of semiannual compounding on each Interest Payment Date.

"Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California.

"Additional Local Agency Bonds" means all Bonds of the Local Agency authorized by and at any time Outstanding pursuant to the Local Agency Trust Agreement and executed, issued and delivered in accordance therewith.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount or Accreted Value of the Local Agency Bonds referred to.

"Auction Rate Securities" means all Local Agency Bonds issued in such mode prior to their fixed rate conversion date, if any.

"Authorized Representatives" means the authorized representatives of the Local Agency pursuant to the Local Agency Trust Agreement.

"Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee is authorized by law to remain closed.

"Capital Appreciation Local Agency Bonds" means Local Agency Bonds the interest on which is payable at maturity and compounded on each Interest Payment Date through and including the maturity dates thereof as specified in the Accreted Value Table for such Local Agency Bonds attached to the Local Agency Trust Agreement as or in a similar exhibit to a Supplemental Local Agency Trust Agreement.

"Certificate of the Local Agency" means an instrument in writing signed by any one of the Authorized Representatives of the Local Agency or such officer's designee, or by any other officer of the Local Agency duly authorized by the legislative branch of the Local Agency in writing to the Trustee for that purpose. If and to the extent required by the provisions of the Local Agency Trust Agreement each Certificate of the Local Agency shall include the statements provided for in the Local Agency Trust Agreement.

"Closing Date" means the date on which the Local Agency Bonds are delivered to the Authority.

"Corporate Trust Office" means such corporate trust office of the Local Agency Trustee as may be designated from time to time by written notice from the Trustee to the Local Agency, initially being Los Angeles, California. The Local Agency Trustee may designate in writing to the Local Agency and the Holder such other office or agency from time to time for purposes of registration, transfer, exchange, payment or redemption of Local Agency Bonds.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Local Agency and related to the Local Agency Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and expenses of the underwriter, fees and charges for preparation, execution and safekeeping of the Local Agency Bonds, premiums for bond insurance, if any, and any other cost, charge or fee in connection with the original execution and delivery of the Local Agency Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund established in Local Agency Trust Agreement.

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

"Fixed Rate" means a rate of interest that does not change during a specific term, without adjustment, resetting or variation due to the effects of marketing, remarketing or indices.

"Holder" means any person who shall be the registered owner of any Outstanding Local Agency Bond.

"Index Local Agency Bonds" means those Local Agency Bonds which bear interest at an Index Rate.

"Index Rate" means the interest rate on Index Bonds established according to LIBOR, as provided in the Local Agency Trust Agreement.

"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 or a comparable successor, appointed and paid by the Local Agency, and who, or each of whom:

(a) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Local Agency;

(b) does not have a substantial financial interest, direct or indirect, in the operations of the Local Agency; and

(c) is not connected with the Local Agency as a member, officer or employee of the Local Agency, but who may be regularly retained to audit the accounting records of and make reports thereon to the Local Agency.

"Interest Account" means the account by that name established in the Local Agency Trust Agreement.

"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2010, which are the dates upon which interest is due on the Local Agency Bonds (or, with respect to Capital Appreciation Local Agency Bonds, compounded), or such other date designated in a Supplemental Local Agency Trust Agreement.

"LIBOR" on any date of determination for any Auction Rate Period, means:

(i) subject to clause (ii) below, (A) for any Standard Auction Rate Period or any Special Auction Rate period of fewer than 49 days, the offered rate for deposits in U.S. dollars for a one-month period which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a London Business Day, then on the next preceding London Business day (the "calculation date") and (b) for any Special Auction Rate period of (i) 49 or more but fewer than 70 days, such rates for deposits in U.S. dollars for a two-month period; (ii) 70 or more but fewer than 85 days, the arithmetic average of such rates for deposits in U.S. dollars for two-and three-month periods; (iii) 85 or more but fewer than 120 days, such rate for deposits in U.S. dollars for a three-month period; (iv) 120 or more but fewer than 148 days, the arithmetic average of such rates for deposits in U.S. dollars for three- and six-month periods; (v) 148 or more but fewer than 180 days, such rate for deposits in U.S. dollars for a six-month period; (vi) 180 or more but fewer than 225 days, the arithmetic average of such rates for deposits in U.S. dollars for six- and nine-month periods; (vii) 225 or more but fewer than 290 days, such rate for deposits in U.S. dollars for a nine-month period; (viii) 290 or more but fewer than 325 days, the arithmetic average of such rates for deposits in U.S. dollars for nine-month and one-year periods; and (ix) 325 days or more, such rate for deposits in U.S. dollars for a one-year period; or

(ii) if, on any calculation date, no rate appears on Telerate Page 3750 as specified in clause (i) above, the arithmetic average of the offered quotations of four major banks in the London interbank market, selected by the Market Agent for deposits in U.S. dollars for the respective periods specified in clause (i) above to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such calculation date and in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time, unless fewer than two such quotations are provided, in which case, the arithmetic average of the rates quoted at approximately 11:00 a.m., New York time, on the date next preceding such calculation date by three major banks in the City of New York, selected by the Market Agent, for loans in U.S. dollars to leading European banks in a principal amount of not less than $1,000,000 that is representative of a single transaction in such market at such time.

"Local Agency" means the Local Agency participating in the issuance of the Local Agency Bonds.

"Local Agency Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California.

"Local Agency Bonds" means the 2010 Series A Local Agency Bonds and all Additional Local Agency Bonds.

"Local Agency Bond Fund" means the Local Agency Bond Fund established pursuant to the Local Agency Trust Agreement.

"Local Agency Trust Agreement" means the Trust Agreement, dated as of January 1, 2010, between the Local Agency and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Local Agency Trust Agreements executed pursuant to the provisions of the Local Agency Trust Agreement.

"Local Agency Trustee" means Wells Fargo Bank, National Association, or any other association or corporation which may at any time be substituted in its place as provided in the Local Agency Trust Agreement.

"Maturity Amount" means the Accreted Value of any Capital Appreciation Bond on its maturity date.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Local Agency.

"Original Purchaser of the Local Agency Bonds" means the original purchaser of the Local Agency Bonds designated in the Local Agency Trust Agreement.

"Outstanding," when used as of any particular time with reference to Local Agency Bonds, means (subject to the provisions of the Local Agency Trust Agreement) all Local Agency Bonds except:

(a) Local Agency Bonds theretofore cancelled by the Local Agency Trustee or surrendered to the Local Agency Trustee for cancellation;

(b) Local Agency Bonds paid or deemed to have been paid within the meaning of the Local Agency Trust Agreement; and

(c) Local Agency Bonds in lieu of or in substitution for which other Local Agency Bonds shall have been executed, issued and delivered by the Local Agency pursuant to the Local Agency Trust Agreement.

"Permitted Investments" means any of the following:

(1) Defeasance Securities;

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)

- Obligations of the Resolution Funding Corporation (REFCORP)

- Senior debt obligations of the Federal Home Loan Bank System

- Senior debt obligations of other Government Sponsored Agencies;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks (including the Trustee and its affiliates) which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and which mature not more than three hundred sixty (360) calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank):

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than two hundred seventy (270) calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;

(7) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's and S&P or any successors thereto; or

(B) (i) which are fully secured as to interest and principal and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (2) of the definition of Defeasance Securities, which escrow may be applied only to the payment of such interest and principal and redemption premiums, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premiums, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

(9) The Local Agency Investment Fund (as that term is defined in Section 16429.1 of the Government Code of the State, as such Section may be amended or recodified from time to time);

(10) Investment Trust of California, doing business as CalTRUST; and

(11) Other forms of investments (including repurchase agreements) approved in writing by the Local Agency.

The value of the above investments shall be determined as follows:

(a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation or Citigroup Global Markets Inc. or Barclays Capital, Inc.;

(b) As to certificates of deposit and bankers' acceptances, the face amount thereof, plus accrued interest thereon; and

(c) As to any investment not specified above, the value thereof established by prior agreement between the Authority and the Trustee.

"Principal Account" means the account by that name established in the Local Agency Trust Agreement.

"Principal Payment Date" means a date on which principal is due on the Local Agency Bonds as set forth in the Local Agency Trust Agreement.

"Qualified Swap Agreement" or "Swap Agreement" means (i) any ISDA Master Swap Agreement, by and between the Local Agency and a Qualified Swap Provider, which includes Schedule A thereto and the applicable Commitment, (a) that is entered into by the Local Agency with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (b) which provides that the Local Agency shall pay to such entity an amount based on the interest accruing at a Fixed Rate on an amount equal to the principal amount of Outstanding Local Agency Bonds covered by such Swap Agreement, if any, and that such entity shall pay to the Local Agency an amount based on the interest accruing on a principal amount equal to the then-Outstanding principal amount of the affected Local Agency Bonds, at a variable rate of interest computed according to a formula set forth in the Swap Agreement (which need not be the same formula by which the Auction Rate, if applicable, is calculated) or that one shall pay to the other any net amount due under such arrangement; and (c) which has been designated in writing to the Local Agency Trustee in a Certificate of the Local Agency as a Qualified Swap Agreement with respect to the affected Local Agency Bonds.

"Qualified Swap Provider" means with respect to the counterparty under any other Swap Agreement meeting the requirements of the definition thereof, a financial institution approved by the Local Agency, and (A) the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the related Qualified Swap Agreement by at least one Rating Agency as described in clause (i) below and by at least one other Rating Agency as described in clause (ii) below: (i) at least "Aa3" by Moody's or "AA-" by S&P or Fitch and (ii) not lower than "A2" by Moody's or "A" by S&P or Fitch"; or (B) the obligations of which under the particular Qualified Swap Agreement and any Swap Policy related thereto are unconditionally guaranteed by a bank or non-bank financial institution, the long-term, unsecured and unsubordinated obligations of which are rated at the time of execution of the

Qualified Swap Agreement by at least one Rating Agency as described in clause (i) above and by at least one other rating agency as described in clause (ii) above.

"Rating Agencies" means Moody's Investors Service, Inc. and Standard & Poor's Corporation, or, in the event that Moody's Investors Service, Inc. or Standard & Poor's Corporation no longer maintains a rating on the Local Agency Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Local Agency Bonds, but, in each instance, only so long as Moody's Investors Service, Inc., Standard & Poor's Corporation or other nationally recognized rating agency then maintains a rating on the Local Agency Bonds.

"Record Date" means the fifteenth day of the month preceding each Interest Payment Date, or such other date designated in a Supplemental Local Agency Trust Agreement.

"Retirement Law" means the Public Employees' Retirement Law commencing with Section 20000 of the Government Code of the State of California, as amended.

"Serial Local Agency Bonds" means Local Agency Bonds for which no sinking fund payments are provided.

"State" means the State of California.

"Surplus Account" means the account by that name established in the Local Agency Trust Agreement.

"Supplemental Local Agency Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Local Agency and the Local Agency Trustee amendatory thereof or supplemental to the Local Agency Trust Agreement; but only if and to the extent that such Supplemental Local Agency Trust Agreement is specifically authorized under the Local Agency Trust Agreement.

"Swap Payments" means any of the periodic payments due from the Local Agency pursuant to the terms of a Qualified Swap Agreement.

"System" means the California Public Employees' Retirement System.

"Term Local Agency Bonds" means Local Agency Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Local Agency Bonds on or before their specified maturity dates.

"Written Request of the Local Agency" means an instrument in writing signed by any one of the Authorized Representatives of the Local Agency or such officer's designee, or by any other officer of the Local Agency duly authorized by the legislative branch of the Local Agency in writing to the Local Agency Trustee for that purpose.

SUMMARY OF THE LOCAL AGENCY TRUST AGREEMENT

Local Agency Bond Fund; Deposits to Local Agency Bond Fund

(a) In order to meet the Local Agency's obligations under the Retirement Law, the Local Agency shall deposit or cause to be deposited with the Local Agency Trustee on or before August 1 of each Fiscal Year (or such other date as provided in a Supplemental Trust Agreement) the amount which, together with moneys transferred pursuant to the Local Agency Trust Agreement, is sufficient to pay the Local Agency's debt service obligations on the Local Agency Bonds payable during such Fiscal Year.

In establishing the amounts of the Local Agency's obligations on the Local Agency Bonds to be prepaid in each Fiscal Year, (i) (A) the debt service for Auction Rate Securities with an Auction Rate Period of less than 360 Rate Period Days shall be prepaid at the actual average interest rate for the immediately preceding Fiscal Year plus 200 basis points (2.00%), and if such information is not available for the full immediately preceding Fiscal Year, then the debt service for such Auction Rate Securities shall be prepaid at the average one-month LIBOR plus 200 basis points (2.00%) for the immediately preceding Fiscal Year; the debt service for Index Local Agency Bonds not subject to a Qualified Swap Agreement shall be prepaid at the average one-month LIBOR in effect during the immediately preceding Fiscal Year, plus 200 basis points (2.00%), or (B) the debt service for Auction Rate Securities with an Auction Rate Period of 360 Rate Period Days or longer not subject to a Qualified Swap Agreement shall be prepaid at the actual interest rate in effect for such Auction Rate Securities; and (ii) the debt service for all other Local Agency Bonds then Outstanding shall be prepaid at (A) the rate prescribed under the applicable Qualified Swap Agreement, if any, for Auction Rate Securities and Index Local Agency Bonds subject to a Qualified Swap Agreement, and (B) the actual interest rate in effect for Fixed Rate Local Agency Bonds.

(b) All amounts payable by the Local Agency under the Local Agency Trust Agreement shall be promptly deposited by the Local Agency Trustee upon receipt thereof in a special fund designated as the "Local Agency Bond Fund" which fund is created and shall be held in trust by the Local Agency Trustee.

Allocation of Moneys in Local Agency Bond Fund

On or before each Interest Payment Date or date fixed for redemption of Local Agency Bonds, the Local Agency Trustee shall transfer from the Local Agency Bond Fund, in immediately available funds, for deposit into the following respective accounts (each of which is created and which the Local Agency Trustee shall maintain in trust separate and distinct from the other funds and accounts established under the Local Agency Trust Agreement), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of funds sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

(a) Interest Account,

(b) Principal Account, and

(c) Surplus Account.

All money in each of such accounts shall be held in trust by the Local Agency Trustee and shall be applied, used and withdrawn only for the purposes authorized in this section.

(a) Interest Account. On or before each Interest Payment Date, the Local Agency Trustee shall set aside from the Local Agency Bond Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Local Agency Bonds on such Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Agency Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Local Agency Trustee solely for the purpose of paying the interest on the Local Agency Bonds as it shall become due and payable (including accrued interest on any Local Agency Bonds purchased or redeemed prior to maturity).

(b) Principal Account. On or before each Principal Payment Date, the Local Agency Trustee shall set aside from the Local Agency Bond Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date into the respective sinking fund accounts for all Outstanding Term Local Agency Bonds and the principal amount or Accreted Value of all Outstanding Serial Local Agency Bonds maturing on such Principal Payment Date.

No deposit need be made in the Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Local Agency Bonds maturing by their terms on such Principal Payment Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Local Agency Bonds.

The Local Agency Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Local Agency Bonds of each series and maturity, designated as the "____ Sinking Account" (the "Sinking Account"), inserting therein the series and maturity (if more than one such account is established for such series) designation of such Local Agency Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Local Agency Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Local Agency Bonds of the series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Local Agency Trust Agreement; provided that, at any time prior to giving such notice of such redemption, the Local Agency Trustee may upon the Written Request of the Local Agency, apply moneys in such Sinking Account to the purchase for cancellation of Term Local Agency Bonds of such series and maturity 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 Account), as may be directed by the Local Agency, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Local Agency Bonds upon redemption by application of such Mandatory Sinking Account Payment. If, during the twelve-month period immediately preceding said mandatory sinking account payment date, the Local Agency Trustee has purchased Term Local Agency Bonds of such series and maturity with moneys in such Sinking Account, such Local Agency Bonds so purchased shall be applied, to the extent of the full principal amount or Accreted Value thereof, as applicable, to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Local Agency Trustee solely for the purpose of paying the principal or Accreted Value of the Local Agency Bonds, as applicable, as they shall become due and payable, whether at maturity or redemption, except that any money in any sinking fund account shall be used and withdrawn by the Local Agency Trustee only to purchase or to redeem or to pay Term Local Agency Bonds for which such sinking fund account was created.

(c) Surplus Account. On the Business Day following the last Interest Payment Date of each Fiscal Year, or on such other date as provided in a Supplemental Trust Agreement, any moneys remaining in the Local Agency Bond Fund shall be deposited by the Local Agency Trustee in the Surplus Account. So long as no Event of Default has occurred and is continuing, moneys deposited in the Surplus Account shall be transferred by the Local Agency Trustee to or upon the order of the Local Agency, as specified in a Written Request of the Local Agency.

Deposit and Investments of Money in Accounts and Funds

All money held by the Local Agency Trustee in any of the accounts or funds established pursuant to the Local Agency Trust Agreement shall be invested in Permitted Investments at the Written Request of the Local Agency. If no Written Request of the Local Agency is received, the Local Agency Trustee shall invest funds held by it in Permitted Investments described in clause 6 of the definition thereof. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Local Agency Trust Agreement. All interest, profits and other income received from any money so invested shall be deposited in the Local Agency Bond Fund. The Local Agency Trustee shall have no liability or responsibility for any loss resulting from any investment made or sold in accordance with the provisions of the Local Agency Trust Agreement, except for any loss due to the negligence or willful misconduct of the Local Agency Trustee. The Local Agency Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charge therefor.

Additional Local Agency Bonds

The Local Agency may at any time issue Additional Local Agency Bonds on a parity with the Local Agency Bonds, but only subject to the following specific conditions, which are made conditions precedent to the issuance of any such Additional Local Agency Bonds:

(a) The Local Agency shall be in compliance with all agreements and covenants contained in the Local Agency Trust Agreement.

(b) The issuance of such Additional Local Agency Bonds shall have been authorized pursuant to the Act and shall have been provided for by a Supplemental Local Agency Trust Agreement which shall specify the following:

(1) The purpose for which such Additional Local Agency Bonds are to be issued; provided that such Additional Local Agency Bonds shall be applied solely for (i) the purpose of satisfying any obligation of the Local Agency to make payments to the System pursuant to the Retirement Law relating to pension benefits accruing to the System's members, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Local Agency Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) Whether such Local Agency Bonds are current interest fixed rate bonds, listed securities, index bonds, auction rate securities, variable rate bonds, tender option bonds, capital appreciation bonds or bonds bearing interest at such other interest rate modes as may be set forth in a Supplemental Local Agency Trust Agreement;

(3) The authorized principal amount and designation of such Additional Local Agency Bonds;

(4) The date and the maturity dates of and the sinking fund payment dates, if any, for such Additional Local Agency Bonds;

(5) The interest payment dates for such Additional Local Agency Bonds;

(6) The denomination or denominations of and method of numbering such Additional Local Agency Bonds;

(7) The redemption premiums, if any, and the redemption terms, if any, for such Additional Local Agency Bonds;

(8) The amount, if any, to be deposited from the proceeds of sale of such Additional Local Agency Bonds in the Interest Account hereinafter referred to; and

(9) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent with the Local Agency Trust Agreement.

<u>Procedure for the Issuance of Additional Local Agency Bonds</u>

At any time after the sale of any Additional Local Agency Bonds in accordance with the Act, the Local Agency shall execute such Additional Local Agency Bonds for issuance under the Local Agency Trust Agreement and shall deliver them to the Trustee, and thereupon such Additional Local Agency Bonds shall be delivered by the Trustee to the purchaser thereof upon the Written Request of the Local Agency, but only upon receipt by the Local Agency Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Local Agency Bonds by the Local Agency Trustee:

(a) An executed copy of the Supplemental Trust Agreement authorizing the issuance of such Additional Local Agency Bonds;

(b) A Written Request of the Local Agency as to the delivery of such Additional Local Agency Bonds;

(c) An Opinion of Counsel to the effect that (1) the Local Agency has executed and delivered the Supplemental Local Agency Trust Agreement, and the Supplemental Local Agency Trust Agreement is valid and binding upon the Local Agency and (2) such Additional Local Agency Bonds are valid and binding obligations of the Local Agency;

(d) A Certificate of the Local Agency stating that all requirements of the Local Agency Trust Agreement have been complied with and containing any other such statements as may be reasonably necessary to show compliance with the conditions for the issuance of such Additional Local Agency Bonds contained in the Local Agency Trust Agreement;

(e) Such further documents, money or securities as are required by the provisions of the Supplemental Local Agency Trust Agreement providing for the issuance of such Additional Local Agency Bonds.

Additional Debt

The Local Agency expressly reserves the right to enter into one or more other agreements or indentures for any of its purposes, and reserves the right to issue other obligations for such purposes.

The Local Agency Trustee

Wells Fargo Bank, National Association shall serve as the Local Agency Trustee for the Local Agency Bonds for the purpose of receiving all money which the Local Agency is required to deposit with the Local Agency Trustee under the Local Agency Trust Agreement and for the purpose of allocating, applying and using such money as provided therein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Local Agency Bonds presented for payment at the Corporate Trust Office of the Local Agency Trustee with the rights and obligations provided in the Local Agency Trust Agreement. The Local Agency agrees that it will at all times maintain a Local Agency Trustee having a corporate trust office in Los Angeles or San Francisco, California.

The Local Agency may at any time, unless there exists any event of default as defined in the Local Agency Trust Agreement, remove the Local Agency Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars ($50,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Local Agency Trustee may at any time resign by giving written notice of such resignation to the Local Agency and by mailing to the Holders notice of such resignation. Upon receiving such notice of resignation, the Local Agency shall promptly appoint a successor Local Agency Trustee by an instrument in writing. Any removal or resignation of a Local Agency Trustee and appointment of a successor Local Agency Trustee shall become effective only upon the acceptance of appointment by the successor Local Agency Trustee. If, within thirty (30) days after notice of the removal or resignation of the Local Agency Trustee no successor Local Agency Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Local Agency Trustee may petition any court of competent jurisdiction for the appointment of a successor Local Agency Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Local Agency Trustee having the qualifications required by the Local Agency Trust Agreement.

The Local Agency Trustee shall, prior to an event of default, and after the curing of all events of default that may have occurred, perform such duties and only such duties as are specifically set forth in the Local Agency Trust Agreement and no implied duties or obligations shall be read into the Local Agency Trust Agreement. The Local Agency Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by the Local Agency Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Compensation and Indemnification of Local Agency Trustee

The Local Agency covenants to pay to the Local Agency Trustee from time to time, and the Local Agency Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties under the Local Agency Trust Agreement of the Local Agency Trustee, and the Local Agency will pay or reimburse the Local Agency Trustee upon its request for all expenses, disbursements and advances incurred or made by the Local Agency Trustee in accordance with any of the provisions of the Local Agency Trust Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct, including the negligence or willful misconduct of any of its officers, directors, agents or employees.

Amendment of the Local Agency Trust Agreement

The Local Agency Trust Agreement and the rights and obligations of the Local Agency and of the Holders may be amended at any time by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in Aggregate Principal Amount of the Local Agency Bonds then Outstanding, exclusive of Local Agency Bonds disqualified as provided in the Local Agency Trust Agreement, are filed with the Local Agency Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, or extend the time of payment on any Bond without the express written consent of the Holder of such Bond, or (2) reduce the percentage of Local Agency Bonds required for the written consent to any such amendment.

The Local Agency Trust Agreement and the rights and obligations of the Local Agency and of the Holders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel, for any purpose that will not materially adversely affect the interests of the Holders, including (without limitation) for any one or more of the following purposes

(a) to add to the agreements and covenants required in the Local Agency Trust Agreement to be performed by the Local Agency other agreements and covenants thereafter to be performed by the Local Agency, to pledge or assign additional security for the Local Agency Bonds (or any portion thereof), or to surrender any right or power reserved in the Local Agency Trust Agreement to or conferred therein on the Local Agency;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Local Agency Trust Agreement and in any Supplemental Local Agency Trust Agreement or in regard to questions arising thereunder which the Local Agency may deem desirable or necessary and not inconsistent therewith;

(c) to provide for the issuance of any Additional Local Agency Bonds and to provide the terms of such Additional Local Agency Bonds, subject to the conditions and upon compliance with the procedure set forth in the Local Agency Trust Agreement (which shall be deemed not to adversely affect Holders);

(d) to modify, amend or add to the provisions in the Local Agency Trust Agreement or in any Supplemental Local Agency Trust Agreement to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statutes thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or similar statute;

(e) to modify, amend or add to the provisions in the Local Agency Trust Agreement or in any Supplemental Local Agency Trust Agreement pertaining to the terms or operations of interest on the Local Agency Bonds at a variable rate, as the Local Agency may deem necessary or desirable in order to conform to common market practices for such bonds; or

(f) to modify, amend or supplement the Local Agency Trust Agreement and any Supplemental Local Agency Trust Agreement in any manner that does not materially adversely affect the interest of Holders of Local Agency Bonds.

The Local Agency Trustee shall not be required to enter into or consent to any supplemental trust agreement which, in the sole judgment of the Local Agency Trustee, may adversely affect the rights, obligations, powers, privileges, indemnities and immunities provided the Local Agency Trustee in the Local Agency Trust Agreement.

Amendment by Mutual Consent

The provisions of this article shall not prevent any Holder from accepting any amendment as to the particular Local Agency Bonds held by him, provided that due notation thereof is made on such Local Agency Bonds.

Events of Default

If one or more of the following events (called “events of default” in the Local Agency Trust Agreement) shall happen, that is to say:

(a) if default shall be made by the Local Agency in the due and punctual payment of the interest on any Local Agency Bond when and as the same shall become due and payable;

(b) if default shall be made by the Local Agency in the due and punctual payment of the principal of or redemption premium, if any, on any Local Agency Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Local Agency in the performance of any of the agreements or covenants required in the Local Agency Trust Agreement to be performed by the Local Agency, and such default shall have continued for a period of sixty (60) days after the Local Agency shall have been given notice in writing of such default by the Local Agency Trustee or the Owners of not less than twenty-five (25%) in Aggregate Principal Amount of the Local Agency Bonds at the time Outstanding, specifying such default and requiring the same to be remedied, provided, however, if the default stated in the notice can be corrected, but not within the applicable period, the Local Agency Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Local Agency within the applicable period and diligently pursued until the default is corrected; or

(d) if the Local Agency 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 Local Agency 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 Local Agency or of the whole or any substantial part of its property;

Institution of Legal Proceedings by Local Agency Trustee

If one or more of the events of default shall happen and be continuing, the Local Agency Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in Aggregate Principal Amount of the Local Agency Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Holders of Local Agency Bonds under this Local Agency Trust Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power granted in the Local Agency Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Local Agency Trustee shall deem most effectual in support of any of its rights and duties under the Local Agency Trust Agreement.

Non-Waiver

Nothing in the Local Agency Trust Agreement or in the Local Agency Bonds shall affect or impair the obligation of the Local Agency, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Local Agency Bonds to the respective Holders of the Local Agency Bonds at the respective dates of maturity or upon prior redemption as provided in Local Agency Trust Agreement, 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 Local Agency Trust Agreement and in the Local Agency Bonds.

A waiver of any default or breach of duty or contract by the Local Agency Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Local Agency Trustee or any Holder to exercise any right or remedy accruing upon any 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 default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Local Agency Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Local Agency, the Trustee and any 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 Local Agency Trust Agreement conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Local Agency Trust Agreement or now or thereafter 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.

Discharge of Local Agency Bonds

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

(b) Any Outstanding Local Agency Bonds shall prior to 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 (1) in case any of such Local Agency Bonds are to be redeemed on any date prior to their maturity date, the Local Agency shall have given to the Local Agency Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Local Agency Trust Agreement, (2) there shall have been deposited with the Local Agency Trustee either (A) money in an amount which shall be sufficient or (B) Defeasance Securities which are not subject to redemption prior to maturity (including any such Defeasance Securities issued or held in book-entry form on the books of the Local Agency or 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 the Local Agency Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Local Agency Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Local Agency Bonds, and (3) in the event such Local Agency Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Local Agency shall have given the Local Agency Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Local Agency Bonds that the deposit required by clause (2) above has been made with the Local Agency Trustee and that such Local Agency Bonds are deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Local Agency Bonds.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

California Statewide Communities
Development Authority
Sacramento, California

Re: California Statewide Communities Development Authority Taxable Pension Obligation Bonds, 2010 Series A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California Statewide Communities Development Authority (the "Issuer") in connection with the issuance of $17,650,000 aggregate principal amount of California Statewide Communities Development Authority Taxable Pension Obligation Bonds, 2010 Series A (the "Bonds"), issued pursuant to the Trust Agreement, dated as of January 1, 2010 (the "Trust Agreement"), between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Trust Agreement provides that the Bonds are issued for the stated purpose of purchasing bonds (the "Local Agency Obligation") issued on the date hereof by the City of San Ramon (the "Local Agency"). 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, opinions of counsel to the Trustee and others, certificates of the Issuer, the Trustee 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, including but not limited to the default judgment rendered pursuant to California Code of Civil Procedure Sections 860 et. seq. concerning validity of the Local Agency Obligation, 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. 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. We call attention to the fact that the rights and obligations under the Bonds, the Local Agency Obligation and the Trust Agreement 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 joint powers authorities and cities 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 assets described in or as subject to the lien of the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement 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 Local Agency Obligation and payments with respect thereto, subject to the provisions of the Trust Agreement permitting the application thereof for or to the purposes and on the conditions and terms set forth in the Trust Agreement.

3. The Bonds are not a lien or charge upon the funds or property of the Issuer except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

4. Interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal or state 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

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX F CONCERNING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK AND ITS 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.

The Depository Trust Company ("DTC"), New York, NY, 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 security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market 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 Bonds. 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 the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 the 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 the 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 the 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 a maturity 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

THE AUTHORITY, THE LOCAL AGENCY OR THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

None of the Authority, the Local Agency or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest evidenced and represented by the Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. 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 information in this section concerning 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.

THE AUTHORITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT

PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS.

APPENDIX G

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

FORM OF LOCAL AGENCY CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of San Ramon (the "Local Agency"), dated as of January 1, 2010 in connection with the issuance of $17,650,000 California Statewide Communities Development Authority (the "Authority") Taxable Pension Obligation Bonds, 2010 Series A (the "Bonds"). The Bonds are being issued pursuant to the Trust Agreement, dated as of January 1, 2010 (including any supplements thereto, the "Trust Agreement"), by and between the California Statewide Communities Development Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Each Local Agency (as defined under the Trust Agreement) has entered into a Purchase Agreement, dated as of January 6, 2010 (the "Purchase Agreement") with the Authority. Pursuant to each Purchase Agreement, the Authority will purchase bonds issued by the respective Local Agency (the "Obligations"), which the Authority will use to secure the Bonds in part. The Local Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Local Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Local Agency and which has filed with the Local Agency a written acceptance of such designation.

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

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated, January 6, 2010.

"Participating Underwriters" shall mean the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" means the MSRB or any other information repository as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Local Agency shall, or shall cause the Dissemination Agent to, not later than the March 1 after the end of the Local Agency's fiscal year (provided that if the Local Agency's fiscal year changes to end a date other than June 30, not later than eight calendar months after the end of the Local Agency's fiscal year), commencing with the report for the fiscal year ending June 30, 2009, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the Local 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 Local Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than five (5) Business Days prior to said date, the Local Agency shall provide the Annual Report to the Dissemination Agent (if other than the Local Agency). If the Local Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Local Agency shall send a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the Name and contact of the Repository;

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

SECTION 4. Content of Annual Reports. The Local Agency's Annual Report shall contain or include by reference the audited financial statements of the Local 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 Local 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.

Any or all of the items listed in this section may be included by specific reference to other documents, including official statements of debt issues of the Local Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Local 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 Local Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations or its obligations in relation to the Bonds, if material:

1. principal and interest payment delinquencies; and

2. non-payment related defaults.

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

(c) If the Local Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Local Agency shall promptly file a notice of such occurrence with the Repositories.

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

SECTION 7. Dissemination Agent. The Local Agency hereby appoints Wells Fargo Bank, National Association to serve as the Dissemination Agent hereunder. The Local Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Local Agency pursuant to this Disclosure Certificate.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Local Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Local Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Local Agency shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Local Agency acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Local Agency, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Local Agency under such laws.

SECTION 9. Default. In the event of a failure of the Local Agency to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriters shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Local Agency satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Local Agency shall have refused to comply therewith within a reasonable time.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Local Agency agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Local Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Electronic Filing. Notices of Listed Events will be filed with the MSRB through its Electronic Municipal Market Access system, in the format and with identifying or other information as may be required by the SEC or the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Local Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived with the consent of the Authority, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Local Agency shall describe such amendment in the same manner as for a Listed Event under Section 5(c).

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Local Agency, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF SAN RAMON

By ______________________________
Authorized Officer

Acknowledged as to Duties as Dissemination Agent:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By ______________________________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party: **City of San Ramon**

Name of Bond Issue: California Statewide Communities Development Authority Pension Obligation Bonds (Pooled Financing Program), 2010 Series A

Date of Issuance: January 21, 2010

NOTICE IS HEREBY GIVEN that an Annual Report with respect to the above-named Bonds was not released by the Local Agency by the date required in the Continuing Disclosure Certificate. [The Local Agency anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

[Local Agency]

By __[form only; no signature required]____

FORM OF AUTHORITY CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the California Statewide Communities Development Authority (the "Authority"), dated as of January 1, 2010, in connection with the issuance of $17,650,000 California Statewide Communities Development Authority Taxable Pension Obligation Bonds, 2010 Series A (the "Bonds"). The Bonds are being issued pursuant to the Trust Agreement, dated as of January 1, 2010 (including any supplements thereto, the "Trust Agreement"), by and between the California Statewide Communities Development Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Local Agency (as defined under the Trust Agreement) has entered into a Purchase Agreement, dated as of January 6, 2010 (the "Purchase Agreement") with the Authority. Pursuant to the Purchase Agreement, the Authority will purchase bonds issued by the Local Agency (the "Obligations"), which the Authority will use to secure the Bonds in part. The Authority covenants and agrees as follows:

SECTION 1. <u>Purpose of the Disclosure Certificate.</u> This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. <u>Definitions.</u> In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

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

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" shall mean the Official Statement relating to the Bonds, dated January 6, 2010.

"Participating Underwriters" shall mean the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" means the MSRB or any other information repository as recognized from time to time by the Securities and Exchange Commission for the purposes referred to in the Rule.

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

"State" shall mean the State of California.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Authority 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 (the Bonds are being issued as taxable obligations under the Code);
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; and
11. release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall promptly file a notice of such occurrence with the Repository. 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 4. <u>Termination of Reporting Obligation</u>. The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Authority hereby appoints Wells Fargo Bank, National Association to serve as the Dissemination Agent hereunder. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate.

SECTION 6. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriters shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Authority satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Authority shall have refused to comply therewith within a reasonable time.

SECTION 7. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 8. Electronic Filing. Notices of Listed Events will be filed with the MSRB through its Electronic Municipal Market Access system, in the format and with identifying or other information as may be required by the SEC or the MSRB.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived with the consent of the Authority, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the same manner as for a Listed Event under Section 3(c).

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and

Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

By ______________________________________
Authorized Signatory

Acknowledged as to Duties as Dissemination Agent:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By ___________________________________
Authorized Officer