12-0465

NEW ISSUE—-BOOK-ENTRY ONLY
BANK QUALIFIED

RATINGS:
S&P: "AA-" (AGM Insured)
S&P: "A-" (Underlying)
(See "RATINGS" herein)

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment in determining the federal alternative minimum tax for certain corporations. The Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$8,000,000
Pleasant Hill Recreation & Park District
(Contra Costa County, California)
General Obligation Bonds,
Election of 2009, Series B (2012)

Dated: Date of Delivery **Due: August 1 as shown below**

The issuance of general obligation bonds in an aggregate amount not to exceed $28,000,000 by the Pleasant Hill Recreation & Park District (the "District") was authorized by an election of the registered voters of the District held on August 25, 2009, by approximately 76% of the registered voters who voted on the measure (the "Authorization"). In 2010, the District issued $20,000,000 of bonds pursuant to the Authorization. Pursuant to the laws of the State of California (the "State") and a resolution of the District, the District is issuing the second and final series of bonds under the Authorization, known as the Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012), in the principal amount of $8,000,000 (the "Bonds"). Proceeds of the Bonds will be used for the purpose of financing the expansion, improvement, acquisition, construction, equipping and renovation of facilities of the District. See "INTRODUCTION—Voter Authorization; Authority for Issuance; Purpose of Issue."

The Bonds represent the general obligation of the District. The District is empowered and obligated to cause to be levied *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal of the Bonds when due.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as the paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry System" herein.

The Bonds will be dated the date of their delivery, and will accrue interest from such date, which interest is payable semiannually on each February 1 and August 1, commencing February 1, 2013. The Bonds are issuable in denominations of $5,000 or any integral multiple thereof.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS—Redemption Provisions" herein.

The following firm served as financial advisor to the District on this financing:

NHA ADVISORS
Strategy. Innovation. Solutions.

MATURITY SCHEDULE

$3,715,000 Serial Bonds

CUSIP Prefix 728343†

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2013	$125,000	3.00%	0.50%	BN3	2023	$210,000	5.00%	2.55%c	BY9
2014	50,000	3.00	0.65	BP8	2024	220,000	5.00	2.70c	BZ6
2015	90,000	3.00	0.75	BQ6	2025	230,000	5.00	2.90c	CA0
2016	125,000	3.00	1.00	BR4	2026	240,000	5.00	3.10c	CB8
2017	160,000	4.00	1.20	BS2	2027	250,000	5.00	3.25c	CC6
2018	165,000	4.00	1.40	BT0	2028	260,000	5.00	3.40c	CD4
2019	175,000	4.00	1.70	BU7	2029	270,000	5.00	3.50c	CE2
2020	180,000	4.00	1.90	BV5	2030	280,000	5.00	3.60c	CF9
2021	190,000	4.00	2.10	BW3	2031	295,000	5.00	3.70c	CG7
2022	200,000	4.00	2.30	BX1					

$625,000 4.00% Term Bonds due August 1, 2033, Priced at 100%; CUSIP† 728343 CH5

$685,000 4.00% Term Bonds due August 1, 2035, Priced at 98.137%, to yield 4.125%; CUSIP† 728343 CJ1

$1,155,000 4.20% Term Bonds due August 1, 2038, Priced at 99.208%, to yield 4.25%; CUSIP† 728343 CK8

$1,820,000 4.25% Term Bonds due August 1, 2042, Priced at 98.320%, to yield 4.35%; CUSIP† 728343 CL6

c Priced to the August 1, 2022, par call date.

The Bonds were sold pursuant to competitive bidding on April 18, 2012, to Citigroup Global Markets Inc., at a true interest cost of 4.138524%.

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

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed on for the District by its counsel Mark Cornelius, Esq., Walnut Creek, California. The firm of Quint & Thimmig LLP, San Francisco, California, has also acted as disclosure counsel to the District. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about May 1, 2012.

Dated: April 18, 2012

PLEASANT HILL RECREATION & PARK DISTRICT
147 Gregory Lane
Pleasant Hill, California 94523
(925) 682-0896
http://www.pleasanthillrec.com

BOARD OF DIRECTORS

Dennis Donaghu, *Chair*
Bobby Glover, *Vice Chair*
Sherry M. Sterrett, *Secretary*
Sandra Bonato, *Member*
Cecile Shepard, *Member*

DISTRICT ADMINISTRATION

Robert B. Berggren, *General Manager*
Mark Blair, *Accounting Supervisor*
Susie Kubota, *Executive Secretary*
Korey Riley, *Aquatics Supervisor*
Lance Hurtado, *Recreation Supervisor*
Tina Young, *Recreation Superintendent*
Kendra Luke, *Senior Supervisor*
Carrie Miller, *Building Maintenance Superintendent*

PROFESSIONAL SERVICES

DISTRICT COUNSEL
Mark Cornelius, Esq.
Pleasant Hill, California

SPECIAL COUNSEL AND DISCLOSURE COUNSEL
Quint & Thimmig LLP
San Francisco, California

FINANCIAL ADVISOR
NHA Advisors
San Rafael, California

PAYING AGENT, TRANSFER AGENT, AUTHENTICATION AGENT
AND BOND REGISTRAR
U.S. Bank National Association
San Francisco, California

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter named on the cover page of this Official Statement.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Municipal Bond Insurer Disclaimer. Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Municipal Bond Insurance" and APPENDIX E—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

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$8,000,000
PLEASANT HILL RECREATION & PARK DISTRICT
(Contra Costa County, California)
General Obligation Bonds, Election of 2009, Series B (2012)

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover page and appendices hereto, provides information in connection with the sale of Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012), in the principal amount of 8,000,000 (the "Bonds").

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

The District

The Pleasant Hill Recreation & Park District (the "District") was established in 1951 by citizens who desired recreational opportunities and park facilities in their community. The District serves over 40,000 people within the community, an area about 20% larger than of the City of Pleasant Hill (the "City"). There are approximately 100,000 persons who participate in programs, visit District facilities, or volunteer on an annual basis. The District includes over 269 acres of park land including thirteen park sites, three pools, two community center facilities, a senior center complex, a cultural center, an historic site, trails and open space areas. During each year, the District offers over 2,300 enrichment classes, programs, activities, and sponsors numerous clubs and organizations. The District is governed by a Board of Directors consisting of five members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed General Manager. See "THE DISTRICT."

Sources of Payment for the Bonds

The Bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by Contra Costa County ("the County"). The Board of Supervisors of the County is empowered and are obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property in the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "THE BONDS—Security."

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its municipal bond insurance policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due. See "MUNICIPAL BOND INSURANCE" and APPENDIX E—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

Voter Authorization; Authority for Issuance; Purpose of Issue

The issuance of general obligation bonds in an aggregate amount not to exceed $28,000,000 by the District was authorized by an election of the registered voters of the District held on August 25, 2009, by approximately 76% of the registered voters who voted on the measure (the "Authorization"). In 2010, the District issued its $20,000,000 Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series A (2010) under the Authorization (the "Series A Bonds"). The Bonds represent the second and final series of bonds under the Authorization.

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of section 5790 *et seq*. of the California Public Resources Code. The Bonds are authorized to be issued pursuant to that certain resolution (the "Resolution"), adopted by the Board of Directors of the District (the "Board") on March 28, 2012.

The proceeds of the Bonds will be used by the District to provide safe parks and recreational facilities for children, families and seniors by upgrading or replacing the District's Teen Center, the outdated and undersized Senior Center, the deteriorating Community Center; and aging sports fields, restrooms and other facilities at parks throughout the community (the "Project").

Description of the Bonds

Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an "Interest Payment Date"), commencing February 1, 2013. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the cover page hereof.

Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

The Bonds maturing on or after August 1, 2023, may be redeemed before maturity at the option of the District from any source of funds, on August 1, 2022, or any date thereafter as a whole, or in part, at the principal amount thereof to be redeemed, without premium. See "THE BONDS—Optional Redemption." The Bonds maturing on August 1, 2033, August 1, 2035, August 1, 2038, and August 1, 2042, are subject to mandatory sinking fund redemption. See "THE BONDS—Mandatory Sinking Fund Redemption."

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS—Book-Entry-Only System" and APPENDIX D—"BOOK-ENTRY SYSTEM." In event that the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS—Registration, Transfer and Exchange of Bonds."

Tax Exemption

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment in determining the federal alternative minimum tax for certain corporations. The Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York on or about May 1, 2012.

Continuing Disclosure

The District will covenant for the benefit of the Bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, if material, in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of material events is summarized below under the caption APPENDIX C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available for inspection at the office of the Superintendent, Pleasant Hill Recreation & Park District, 147 Gregory Lane, Pleasant Hill, California 94523, telephone (925) 682-0896. The District may impose a charge for copying, mailing and handling.

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 matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Constitution and laws of the State, including the provisions of section 5790 *et seq*. of the California Public Resources Code.

Proceeds of the Bonds will be applied (i) to finance a portion of the costs of the Project, and (ii) to pay costs of issuance of the Bonds. See "SOURCES AND USES OF FUNDS."

Security

The Bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected pursuant to the Authorization. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Pleasant Hill Recreation & Park District General Obligation Bond Interest and Sinking Fund (the "Debt Service Fund"), which will be held and maintained by the County Treasurer-Tax Collector (the "Treasurer-Tax Collector") and which is required to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the Treasurer-Tax Collector will maintain the Debt Service Fund, the Bonds are a debt of the District, not the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County, through the Treasurer-Tax Collector, to the Paying Agent (as defined herein) which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds.

Interest with respect to the Bonds accrues from their date of delivery and is payable semiannually on February 1 and August 1 of each year commencing February 1, 2013. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2013, in which event it will bear interest from their date of delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the cover page hereof.

See the maturity schedule on the cover page hereof and "DEBT SERVICE SCHEDULE."

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX D—"BOOK-ENTRY SYSTEM."

Paying Agent

U.S. Bank National Association, San Francisco, California, will act as the transfer agent, bond registrar, authenticating agent and paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or of any other action premised on such notice.

The Paying Agent, the District, the County and the Underwriter (as defined herein) have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Payment

Payment of interest on any Bond on any Interest Payment Date will be made to the person appearing on the registration books of the Paying Agent as the owner thereof as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date (the "Record Date"), such interest to be paid by check mailed to such owner on the Interest Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The owner in an aggregate principal amount or maturity value of $1,000,000 or more may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

The principal, and redemption price, if any, payable on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute obligations of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Optional Redemption

The Bonds maturing on or before August 1, 2022, are not subject to optional redemption. The Bonds maturing on or after August 1, 2023, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, on August 1, 2022, or on any Interest Payment Date thereafter, as a whole, at par value, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption

The Bonds maturing on August 1, 2033, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1, 2032, an August 1, 2033, at a redemption price equal to the original principal amount thereof, together with interest to the date fixed for redemption, without premium. The principal amount of such Bonds to be so redeemed and the dates therefore and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Sinking Fund Installment
2032	$305,000
2033†	320,000

†Maturity.

The Bonds maturing on August 1, 2035, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1, 2034, an August 1, 2035, at a redemption price equal to the original principal amount thereof, together with interest to the date fixed for redemption, without premium. The principal amount of such Bonds to be so redeemed and the dates therefore and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Sinking Fund Installment
2034	$335,000
2035†	350,000

†Maturity.

The Bonds maturing on August 1, 2038, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2036, to and including August 1, 2038, at a redemption price equal to the original principal amount thereof, together with interest to the date fixed for redemption, without premium. The principal amount of such Bonds to be so redeemed and the dates therefore and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Sinking Fund Installment
2036	$365,000
2037	385,000
2038†	405,000

†Maturity.

The Bonds maturing on August 1, 2042, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2039, to and including August 1, 2042, at a redemption price equal to the original principal amount thereof, together with interest to the date fixed for redemption, without premium. The principal amount of such Bonds to be so redeemed and the dates therefore and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Sinking Fund Installment
2039	$425,000
2040	445,000
2041	465,000
2042†	485,000

†Maturity.

Notice of Redemption

The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Paying Agent for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds of more than one maturity, the Bonds to be redeemed shall be selected by the District evidenced by a Written Request filed with the Paying Agent or, absent such selection by the District, on a *pro rata* basis among the maturities subject to redemption; and in each case, the Paying Agent shall select the Bonds to be redeemed within any maturity by lot in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds

In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed shall be canceled and shall be destroyed by the Paying Agent.

Events of Default and Remedies

The following events shall be events of default under the Resolution:

(a) if default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District; or

(d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, 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 District or of the whole or any substantial part of its property.

Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) upon the happening of any event of default, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

Defeasance

Discharge of Resolution. Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem Bonds Outstanding; or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and the Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, the Resolution and other assets made under the Resolution and all covenants, agreements and other obligations of the District under the Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolution. In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of the Resolution shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Paying Agent. Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Resolution and shall be:

> (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
>
> (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Resolution or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolution. Notwithstanding any provisions of the Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed after the payment is due (whether at maturity or upon call for redemption as provided in the Resolution), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the District free from the trusts created by the Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Transfer and Exchange of Bonds; Registration

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

No transfers of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

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

No exchanges of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

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

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds:	
Principal Amount of Bonds	$8,000,000.00
Plus: Net Original Issue Premium	483,848.25
Less: Underwriter's Discount (1)	(267,848.25)
Total Sources of Funds	$8,216,000.00
Uses of Funds:	
Deposit to Project Fund	$8,000,000.00
Deposit to Debt Service Fund	96,000.00
Costs of Issuance (2)	120,000.00
Total Uses of Funds	$8,216,000.00

(1) Includes premium for the Policy and Underwriter's compensation.
(2) Includes Bond Counsel fees and expenses, Disclosure Counsel fees and expenses, Financial Advisor fees and expenses, rating agency fees and other miscellaneous expenses.

DEBT SERVICE SCHEDULES

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions).

Bond Year Ending (August 1)	Annual Principal Payment (1)	Annual Interest Payment (2)	Total Annual Debt Service
2013	$ 125,000	$ 431,887.50	$ 556,887.50
2014	50,000	341,760.00	391,760.00
2015	90,000	340,260.00	430,260.00
2016	125,000	337,560.00	462,560.00
2017	160,000	333,810.00	493,810.00
2018	165,000	327,410.00	492,410.00
2019	175,000	320,810.00	495,810.00
2020	180,000	313,810.00	493,810.00
2021	190,000	306,610.00	496,610.00
2022	200,000	299,010.00	499,010.00
2023	210,000	291,010.00	501,010.00
2024	220,000	280,510.00	500,510.00
2025	230,000	269,510.00	499,510.00
2026	240,000	258,010.00	498,010.00
2027	250,000	246,010.00	496,010.00
2028	260,000	233,510.00	493,510.00
2029	270,000	220,510.00	490,510.00
2030	280,000	207,010.00	487,010.00
2031	295,000	193,010.00	488,010.00
2032	305,000	178,260.00	483,260.00
2033	320,000	166,060.00	486,060.00
2034	335,000	153,260.00	488,260.00
2035	350,000	139,860.00	489,860.00
2036	365,000	125,860.00	490,860.00
2037	385,000	110,530.00	495,530.00
2038	405,000	94,360.00	499,360.00
2039	425,000	77,350.00	502,350.00
2040	445,000	59,287.50	504,287.50
2041	465,000	40,375.00	505,375.00
2042	485,000	20,612.50	505,612.50
Totals	$8,000,000	$6,717,832.50	$14,717,832.50

(1) Includes mandatory sinking fund installments.
(2) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2013.

The following table shows the aggregate debt service schedule with respect to the Series A Bonds and Bonds (assuming no optional redemptions).

Bond Year Ending (August 1)	Series A Bond Debt Service	Series B Bond Debt Service	Total Debt Service
2012	$1,030,512.50	—	$1,030,512.50
2013	1,068,025.00	$ 556,887.50	1,624,912.50
2014	1,285,825.00	391,760.00	1,677,585.00
2015	1,284,625.00	430,260.00	1,714,885.00
2016	1,287,025.00	462,560.00	1,749,585.00
2017	1,283,975.00	493,810.00	1,777,785.00
2018	1,285,625.00	492,410.00	1,778,035.00
2019	1,286,825.00	495,810.00	1,782,635.00
2020	1,285,200.00	493,810.00	1,779,010.00
2021	1,283,050.00	496,610.00	1,779,660.00
2022	1,282,850.00	499,010.00	1,781,860.00
2023	1,286,850.00	501,010.00	1,787,860.00
2024	1,284,850.00	500,510.00	1,785,360.00
2025	1,287,050.00	499,510.00	1,786,560.00
2026	1,287,300.00	498,010.00	1,785,310.00
2027	1,286,050.00	496,010.00	1,782,060.00
2028	1,283,300.00	493,510.00	1,776,810.00
2029	1,284,050.00	490,510.00	1,774,560.00
2030	1,283,050.00	487,010.00	1,770,060.00
2031	1,285,300.00	488,010.00	1,773,310.00
2032	1,282,935.00	483,260.00	1,766,195.00
2033	1,283,510.00	486,060.00	1,769,570.00
2034	1,286,750.00	488,260.00	1,775,010.00
2035	1,286,000.00	489,860.00	1,775,860.00
2036	1,283,000.00	490,860.00	1,773,860.00
2037	1,282,750.00	495,530.00	1,778,280.00
2038	1,285,000.00	499,360.00	1,784,360.00
2039	1,284,500.00	502,350.00	1,786,850.00
2040	1,286,250.00	504,287.50	1,790,537.50
2041	—	505,375.00	505,375.00
2042	—	505,612.50	505,612.50

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issued the Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX E—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. (“Holdings”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Capitalization of AGM

At December 31, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,107,919,136 and its total net unearned premium reserve was approximately $2,171,861,791, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at http://www.assuredguaranty.com, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (filed by AGL with the SEC on February 29, 2012).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE".

CONTRA COSTA COUNTY INVESTMENT POOL

This section provides a general description of the County investment policy, current portfolio holdings, and valuation procedures. The information has been adapted from material prepared by the County for inclusion in this Official Statement. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained from the office of the Treasurer-Tax Collector of the County, 625 Court Street, Room 100, Martinez, CA 94553, telephone: (925) 957-2850.

Funds held by the County in the Investment Pool (the "County Pool") are invested in accordance with the County's Statement of Investment Policy prepared by the County

Treasurer-Tax Collector (the "Treasurer") as authorized by section 53601 of the Government Code of California.

The County Pool represents moneys entrusted to the Treasurer by the County and schools and special districts within the County. State law requires that all moneys of the County, school districts, and certain special districts be held by the Treasurer.

Moneys deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. All income is distributed to participants based on the average daily balance.

The Treasurer's Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Funds on deposit with the Treasurer are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, no single investment of operating funds can exceed five years.

The book value of the Portfolio structure of the County Pool as of December 31, 2011, was as follows:

PORTFOLIO STATISTICS
Contra Costa County
As of December 31, 2011

	Par Value	Cost	Fair Value	Portfolio % of Cost
Managed by Treasurer's Office				
U.S. Treasuries (STRIPS, Bills, Notes)	$12,987,000.00	$13,127,835.76	$13,249,418.10	0.64%
U.S. Agencies	270,514,000.00	274,926,441.03	276,004,696.78	13.40
Money Market Instruments				
Bankers Acceptances	15,000,000.00	14,981,800.00	14,999,033.33	0.73
Repurchase Agreement	73,553,000.00	73,553,000.00	73,553,000.00	3.59
Commercial Paper	555,025,000.00	554,089,420.59	554,407,917.97	27.01
Negotiable Certificates of Deposit	382,775,000.00	382,776,863.12	382,874,482.88	18.66
Corporate Notes	107,505,000.00	108,926,064.51	109,051,107.05	5.31
Time Deposit	3,200.00	3,200.00	3,200.00	0.00
Subtotal	1,133,861,200.00	1,134,330,348.22	1,134,888,741.23	55.30
Total	1,417,362,200.00	1,422,384,625.01	1,424,142,856.11	69.34
Managed by Outside Contractors				
LAIF	419,695,254.19	419,695,254.19	419,695,254.19	20.46
Other	146,688,338.82	147,904,629.03	147,603,555.53	7.21
Total	566,383,593.01	567,599,883.22	567,298,809.72	27.67
Cash	61,231,921.65	61,231,921.65	61,231,921.65	2.99
Total Cash and Investments	$2,044,977,714.66	$2,051,216,429.88	$2,052,673,587.48	100.00%

The portfolio is in compliance with the County's Investment Policy. The investments in the County Pool are scheduled to mature at the times and in the amounts necessary to meet the County's expenditures and other scheduled withdrawals.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS—Security.") Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Proposition and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA, as amended, limits the amount of any *ad valorem* taxes on real property to 1% of the "full cash value," and provides that such tax will be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds or more of the votes cast on the proposition,. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year until new construction or a change of ownership occurs.

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

Legislation Implementing Article XIIIA

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

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims on tax increment, if any, and subject to changes in organizations, if any of affected jurisdictions, is allocate to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocate to such jurisdictions.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIIIB of the California Constitution

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations," was approved on November 6, 1979, thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB State and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including appropriations for debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit was originally to be based on certain Fiscal Year 1978-79 expenditures, and adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any consecutive two-year period exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In the event the District receives any proceeds of taxes in excess of the allowable limit in any fiscal year, the District may implement a statutory procedure to concurrently increase the District's appropriations limit and decrease the State's allowable limit, thus nullifying the need for any return.

Proposition 218

An initiative measure entitled "Right to Vote on Taxes Act," also known as Proposition 218 ("Proposition 218"), was approved by California voters at the November 5, 1996, state-wide general election, and became effective on November 6, 1996. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, and all references herein to Articles XIIIC and XIIID are references to the text as set forth in Proposition 218.

Among other things, Article XIIIC establishes that every tax imposed by a local government is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), and prohibits special purpose government agencies from levying general taxes.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution's prohibition against state or local laws "impairing the obligation of contracts." The Bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once the Bonds are issued, the taxes securing them would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the United States Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The interpretation and application of Proposition 218 and the United States Constitution's contracts clause will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives and Legislation

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County, the District or local districts to increase revenues or to increase appropriations.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for the taxing purposes of both the District and the County.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all property taxes for property falling within that county's taxing boundaries.

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment. Property on the secured roll with delinquent taxes is sold to the State on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the tax-collecting authority of the relevant county.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

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

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor of the County, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The table below shows the assessed valuation in the District for fiscal years 2007-08 to 2011-12.

HISTORIC ASSESSED VALUATIONS
Pleasant Hill Recreation & Park District

Fiscal Year	Local Secured	Utility	Unsecured	Total
2007-08	$5,567,348,738	0	$134,677,493	$5,702,026,231
2008-09	5,737,744,690	0	139,706,532	5,877,451,222
2009-10	5,687,369,410	0	151,038,243	5,838,407,653
2010-11	5,693,609,444	0	135,146,685	5,828,756,129
2011-12	5,601,442,841	0	135,251,159	5,736,694,000

Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical Tax Rate Area ("TRA") within the District from fiscal year 2007-08 to fiscal 2009-10.

DEFINITIONS AND SUMMARY OF AD VALOREM TAX RATES
Pleasant Hill Recreation & Park District

Typical Total Tax Rates (TRA 12-029 2011-12 Assessed Valuation: $5,736,694,000)

	2007-08	2008-09	2009-10	2010-11	2011-12
County-wide Rate (a)	1.0000	1.0000	1.0000	1.0000	1.0000
District				.0212	.0255
Bay Area Rapid Transit	.0076	.0090	.0057	.0031	.0041
East Bay Regional Park District	.0080	.0100	.0108	.0084	.0071
Mount Diablo Unified School District	.0424	.0455	.0493	.0600	.0612
Contra Costa Community College District	.0108	.0066	.0126	.0133	.0144
Total All Property Tax Rate	1.0688	1.0711	1.0784	1.1060	1.1123
Contra Costa County Water District	.0039	.0041	.0048	.0049	.0051
Total Land Only Tax Rate	.0039	.0041	.0048	.0049	.0051

Source: California Municipal Statistics, Inc.
(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIIIA and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following table reflects the historical secured tax levy and year-end delinquencies for the District.

SECURED TAX CHARGE AND DELINQUENCY
Pleasant Hill Recreation & Park District
1% General Fund Apportionment

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2005-06	$2,493,431.53	$ 46,969.76	1.88%
2006-07	2,736,625.35	93,006.82	3.40
2007-08	2,892,627.56	138,620.53	4.79
2008-09	2,949,081.40	117,815.58	3.99
2009-10	2,891,429.49	77,393.72	2.68
2010-11	2,873,298.93	49,344.74	1.72

Source: California Municipal Statistics, Inc.

SECURED TAX CHARGE AND DELINQUENCY
Pleasant Hill Recreation & Park District
General Obligation Bonds Levy

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2010-11	$1,192,135.95	$14,803.51	1.24%

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in section 4701 *et seq*. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on an cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities. Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to secured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2011-12, representing 17.79% of the total assessed valuation.

FISCAL YEAR 2011-12 LARGEST LOCAL SECURED TAXPAYERS
Pleasant Hill Recreation & Park District

	Property Owner	Primary Land Use	2011-12 Assessed Valuation	% of Total (1)
1.	CA-Treat Towers LP	Office Building	$112,114,466	2.00%
2.	CA-Station Landing Development Co.	Office Building	105,689,921	1.89
3.	SVF Oak Road Walnut Creek Corp.	Office Building	90,227,741	1.61
4.	Park Regency Partners	Apartments	86,834,547	1.55
5.	Loja Pleasant Hill LLC	Shopping Center	81,000,000	1.45
6.	PMI Plaza LLC	Office Building	66,507,941	1.19
7.	FW CA PH Shopping Center LLC	Shopping Center	62,727,182	1.12
8.	Ashford Walnut Creek LP	Hotel	43,558,260	0.78
9.	Lexford Properties LP	Apartments	37,874,058	0.68
10.	Grosvenor USA Limited	Shopping Center	36,392,590	0.65
11.	WM Villa Montanaro LLC	Apartments	35,974,141	0.64
12.	Grupe Real Estate Investors 29	Residential Properties	34,024,017	0.61
13.	Beaufort Partners LP	Shopping Center	31,826,769	0.57
14.	EQR Watson General Partnership	Residential Properties	31,157,644	0.56
15.	Ellinwood Office Partners LLC	Office Building	30,154,264	0.54
16.	Gallup & Whalen Santa Maria	Shopping Center	23,727,173	0.42
17.	Kenneth H. and Martha Hofmann	Office Building	23,415,592	0.42
18.	Stratford at Lafayette LLC	Assisted Living Facility	22,573,770	0.40
19.	ERP Operating Limited	Apartments	21,112,717	0.38
20.	HCP Pleasant LLC	Assisted Living Facility	19,519,964	0.35
			$996,412,757	17.79%

Source: California Municipal Statistics, Inc.
(1) 2011-12 Local Secured Assessed Valuation: $5,601,442,841.

THE DISTRICT

General Description

The District was formed January 22, 1951 under the laws of the California Public Resources Code, Division 5, Chapter 4, Section 5780, by citizens who desired recreational opportunities and park facilities in their community. The District is located in the geographical center of the County, 45 miles east of San Francisco and 22 miles east of Oakland.

The District serves over 40,000 people within the community, an area about 20% larger than of the City. There are approximately 100,000 persons who participate in programs, visit District facilities, or volunteer on an annual basis.

The District includes over 269 acres of park land including thirteen park sites, three pools, two community center facilities, a senior center complex, a cultural center, an historic site, trails and open space areas.

During each year, the District offers over 2,300 enrichment classes, programs, activities, and sponsors numerous clubs and organizations. Some of the major activities include the following: aquatic programs, cooking classes, adult and youth sports programs, dance classes, special events, excursions, fitness classes, special interest classes and many other types of classes and activities. Along with these activities, the District also sponsors over fifteen special clubs and organizations such as the Camera Club, Garden Club, Hiking Club, Las Juntas Artists, Tennis Club and others for public participation and enjoyment.

The District employs 26 full-time and 243 part-time employees.

Governance and Administration

The District is governed by a board of five directors who serve four-year, overlapping terms. The current members of the board and the current expiration date of their respective terms are as follows:

Name	Current Term Expiration
Dennis Donaghu, *Chair*	2012
Bobby Glover, *Vice Chair*	2014
Sherry M. Sterrett, *Secretary*	2012
Sandra Bonato, *Member*	2014
Cecile Shepard, *Member*	2014

The day-to-day operations are managed by a board-appointed *General Manager*, Robert B. Berggren. Mr. Berggren has been employed in this capacity with the District since 1987. He started with the District in 1976 as a Recreation Supervisor and thereafter served as Recreation Superintendent for eight years prior to his appointment as General Manager. Mr. Berggren received his bachelor's degree from the University of California Berkeley and his masters' degree in Public Administration from John F. Kennedy University. He has served in various capacities to the following community organizations: the Pleasant Hill Rotary, UC Berkeley Alumni Scholarships, Diablo Valley Community College, the Pleasant Hill Community Foundation, Contra Costa Special Districts Association and the California Parks and Recreation Society. Mr. Berggren has lived in the District for over forty years.

Other administrative District functions are handled by the following staff:

Robert B. Berggren, *General Manager*
Mark Blair, *Accounting Supervisor*
Susie Kubota, *Executive Secretary*
Korey Riley, *Aquatics Supervisor*
Lance Hurtado, *Recreation Supervisor*
Tina Young, *Recreation Superintendent*
Kendra Luke, *Senior Supervisor*
Carrie Miller, *Building Maintenance Superintendent*

Defined Benefit Pension Plan

Plan Description: The District contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statue and District ordinance.

Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 11.169% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost: For 2011, the District's annual pension cost of $362,993 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information for PERS is shown below:

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
6/30/2009	$389,609	100%	$ —
6/30/2010	394,101	100%	—
6/30/2011	362,993	100%	—

Risk Management

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District is a member of a program through which certain specified and limited self-insured general liability, property loss and automobile liability are administered by the California Association for Park and Recreation Insurance (CAPRI) and shared by its participating members.

Complete audited financial statements for CAPRI can be obtained from CAPRI's office at 6341 Auburn Boulevard, Suite A, Citrus Heights, CA 95621.

CAPRI provides comprehensive general liability coverage with a $10,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

CAPRI also provides public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act(s) which occur during the coverage period for which the coverage applies. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

All-Risk Property Loss coverage including Boiler & Machinery coverage is subject to a $2,000 deductible per occurrence payable by the District.

CAPRI provides flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

Contingencies

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

Part-Time and Seasonal Employee Retirement Plan

The District uses a FICA alternative (457) plan for the District's seasonal and part-time employees. This plan satisfies the requirements of Internal Revenue Code Section 3121, which requires the District to either include these employees under the Social Security System or a qualified pension plan. The District contributed $24,374 during the year ended June 30, 2011.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the ''Plan'') created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and permanent part-time employees, permits them to defer a portion of their salary until future years. Under this plan, participants are not taxed on the deferred portion of the compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an *ad valorem* tax levied for the payment thereof by the County. See "THE BONDS—Security."

District Budget

The following table shows the District's adopted and actual budgets for fiscal years 2009-10 and 2010-11 and its adopted budget for fiscal year 2011-12.

GENERAL FUND BUDGET
Fiscal Years 2009-10 to 2011-12
Pleasant Hill Recreation & Park District

	Final FY 2009-10	Final FY 2010-11	Board Approved FY 2011-12
Revenue			
Non Recreation	$3,411,600	$5,171,000	$2,905,000
Recreation Administration	3,500	3,500	2,500
Seniors	342,700	349,440	337,000
Winslow Center	11,000	14,500	21,000
Rodgers Ranch	—	—	4,500
Community Center	189,000	124,000	—
Adult activities	240,800	215,500	178,000
Athletics & Teens	567,100	—	—
Athletics	—	501,000	487,000
Teens	—	60,000	89,000
Pre-school Youth	526,750	448,670	438,500
Kidstop	284,000	270,000	280,000
Aquatics	318,150	354,500	349,000
Communications	—	—	—
Parks	—	—	658,200
Total	$5,894,600	$7,512,110	$5,749,700
Expenditures			
Non Recreation	$629,690	$274,000	$363,130
Recreation Administration	247,330	261,370	291,000
Seniors	659,170	646,380	591,720
Winslow Center	51,120	61,580	84,250
Community Center	800,560	696,650	467,530
School House	6,700	1,900	1,900
Rodgers Ranch	—	—	3,350
Adult activities	255,270	218,460	205,930
Athletics & Teens	686,350	—	—
Athletics	—	595,100	427,460
Teens	—	36,500	139,040
Pre-school Youth	412,850	374,640	343,410
Kidstop	233,760	223,340	261,280
Aquatics	671,370	641,890	645,160
Communications	144,250	137,890	154,680
Parks	410,750	513,430	1,235,490
Long Term Debt	259,900	263,700	263,700
Capital	503,900	2,730,230	270,000
Total	$5,972,970	$7,677,060	$5,749,030
Amount To(From) Fund Balance	($78,370)	($164,950)	$670

Source: Pleasant Hill Recreation & Park District

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the General Fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. Audited financial statements for the District for the fiscal year ended June 30, 2011, and prior fiscal years are on file with the District and available for public inspection at the office of the General Manager of the District, 147 Gregory Lane, Pleasant Hill, California, 94523, telephone number (925) 682-0896. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. The District's audited financial statements for the year ended June 30, 2011, are included in Appendix A hereto.

BALANCE SHEET
Governmental Funds
Pleasant Hill Recreation & Park District

	Fiscal Year Ended June 30,		
	2009	2010	2011
ASSETS			
Cash and investments	$1,653,658	954,465	873,206
Restricted cash	215,189	19,848,206	18,962,924
Accounts receivable	118,356	564,259	312,177
Due from other funds	709,540	1,017,090	980,042
Prepaid items	8,040	6,288	11,720
Total assets	$2,704,783	22,390,308	21,140,069
LIABILITIES			
Accounts payable	$ 507,392	528,653	585,687
Accrued payroll	73,686	8,113	10,729
Deferred revenue	491,414	480,431	449,637
Due to other funds	709,540	1,017,090	980,042
Other funds	13,694	28,091	11,984
Total liabilities	1,795,726	2,062,378	2,038,079
FUND BALANCES			
Restricted	—	19,563,078	18,748,378
Reserved for:			
Prepaid expenditures	8,040	6,288	11,720
The arts	10,663	10,961	
Debt service	215,189	215,189	
Project funding	100,000	100,000	149,498
Special revenue funds	—	—	389,803
Building fund	1,922	1,971	
Unassigned	—	—	(197,409)
Unreserved, undesignated	573,243	430,443	
Total fund balances	909,057	20,327,930	19,101,990
Total liabilities and fund balances	$2,704,783	22,390,308	21,140,069

Source: Pleasant Hill Recreation & Park District audited financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
Pleasant Hill Recreation & Park District

	Fiscal Year Ended June 30,		
	2009	2010	2011
REVENUES:			
Property taxes	$3,302,832	$3,306,170	$4,515,360
Non-recreation	312,162	481,868	132,462
Senior citizens	310,789	356,821	372,791
Winslow center	10,924	9,009	11,846
Community center rental	226,390	175,672	114,652
Adult activities	230,144	256,249	209,223
Athletics & teens	553,537	567,732	602,346
Preschool, youth & special	531,725	550,691	457,442
Child care	295,540	288,314	296,743
Aquatics	294,448	331,498	357,121
Interest	33,737	37,024	93,897
Total revenues	6,102,228	6,361,048	7,163,883
EXPENDITURES:			
Administration	450,035	620,956	329,621
Recreation	290,820	281,469	297,058
Senior citizens	622,952	842,491	657,067
Winslow center	54,701	145,697	48,534
Community center rental	846,058	991,905	734,370
Adult activities	253,700	242,687	238,689
Athletics & teens	690,480	747,677	628,743
Preschool, youth & special	423,099	411,555	361,472
Child care	262,117	248,017	232,340
Aquatics	605,850	791,808	656,507
Communications	153,370	142,268	147,467
Parks	951,863	445,482	468,937
Maintenance	697,026	762,825	696,925
Capital outlay	—	—	1,882,410
Debt Service:	—	—	—
Principal	160,129	104,318	110,711
Interest	154,700	145,484	898,969
Total expenditures	6,616,900	6,924,639	8,389,820
Excess (deficit) of revenues over (under) expenditures	(514,672)	(563,591)	(1,225,937)
Fund balances, beginning of period	1,423,729	909,052	20,327,927
Fund balances, end of period	$ 909,057	$20,327,930	$19,101,990

Source: Pleasant Hill Recreation & Park District audited financial statements.

Revenue Sources

The District's Revenues are divided fairly evenly between property taxes and fees for services.

Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective March 1, 2012. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Pleasant Hill Recreation & Park District

2011-12 Assessed Valuation:	$5,736,694,000
Redevelopment Incremental Valuation:	1,144,833,773
Adjusted Assessed Valuation:	$4,591,860,227

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/12	
Bay Area Rapid Transit District	1.053%	$ 4,344,046	
Contra Costa Community College District	3.689	8,262,807	
Acalanes Union High School District	1.547	2,515,698	
Martinez Unified School District	0.164	82,982	
Mount Diablo Unified School District	16.285	50,658,573	
Lafayette School District	5.897	1,009,861	
Walnut Creek School District	0.024	7,751	
City of Lafayette	1.327	103,042	
Mount Diablo Unified School District Community Facilities District No. 1	16.285	8,578,1224	
East Bay Regional Park District	1.636	2,119,029	
Pleasant Hill Recreation and Park District	**100.**	**20,000,000**	(1)
City of Pleasant Hill Downtown Community Facilities District No. 1	100.	12,705,000	
Contra Costa County Community Facilities District No. 1991-1	51.953	1,033,865	
Contra Costa County 1915 Act Bonds (Estimate)	Various	64,622	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$111,485,400	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	3.672%	$11,728,511	
Contra Costa County Pension Obligations	3.672	14,682,125	
Contra Costa Community College District Certificates of Participation	3.689	34,123	
City of Pleasant Hill General Fund Obligations	99.688	3,608,706	
City of Walnut Creek General Fund Obligations	0.084	685	
Pleasant Hill Recreation and Park District Certificates of Participation	**100.**	**2,305,000**	
Contra Costa County Fire Protection District Pension Obligations	8.323	9,288,052	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$41,647,202	
Less: Contra Costa County obligations supported by revenue funds		4,452,304	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$37,194,898	
GROSS COMBINED TOTAL DEBT		$153,132,602	(2)
NET COMBINED TOTAL DEBT		$148,680,298	

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:	
Direct Debt ($20,000,000)	**0.35%**
Total Direct and Overlapping Tax and Assessment Debt	1.94%

Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ($22,305,000)	**0.49%**
Gross Combined Total Debt	3.33%
Net Combined Total Debt	3.24%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

Source: California Municipal Statistics, Inc.

District Debt

General Obligation Bonds. The Series A Bonds and the Series B Bonds to be issued are the only outstanding general obligation bonds of the District.

Certificates of Participation. In 1997, the $1,895,000 California Special Districts Association Finance Corporation Certificates of Participation (California Special Districts Finance Program), 1997 Series DD (the "1997 COPs"), were executed and delivered for the benefit of the District, to finance the acquisition of Pleasant Oaks Park. As of June 30, 2011, $1,360,000 principal amount of the 1997 COPs was outstanding.

In 1999, the $2,200,000 California Special Districts Association Finance Corporation Certificates of Participation (California Special Districts Finance Program), 1999 Series KK, of which $1,285,000 was allocable to the District (the "1999 COPs"), were executed and delivered for the benefit of the District, to finance the acquisition of land relating to the Community Center. As of June 30, 2011, $1,030,000 principal amount of the 1999 COPs was outstanding.

The following table sets forth scheduled lease payments for the 1997 COPs and the 1999 COPs.

Aggregate Annual Lease Payment Schedule
Pleasant Hill Recreation & Park District

Fiscal Year Ending June 30	1997 COPS	1999 COPs	Total
2012	$ 131,267.50	$ 88,870.00	$ 220,137.50
2013	133,215.00	87,130.00	220,345.00
2014	129,885.00	90,245.00	220,130.00
2015	131,555.00	88,215.00	219,770.00
2016	132,947.50	91,040.00	223,987.50
2017	129,062.50	88,720.00	217,782.50
2018	130,125.00	91,255.00	221,380.00
2019	130,906.26	88,645.00	219,551.26
2020	131,406.26	90,890.00	222,296.26
2021	131,625.00	87,990.00	219,615.00
2022	131,562.50	89,945.00	221,507.50
2023	131,218.76	91,610.00	222,828.76
2024	130,593.76	88,130.00	218,723.76
2025	129,687.50	89,505.00	219,192.50
2026	128,500.00	90,590.00	219,090.00
2027	132,031.26	91,385.00	223,416.26
2028	—	91,890.00	91,890.00
2029	—	87,250.00	87,250.00
2030	—	87,465.00	87,465.00
Total	$2,095,588.80	$1,700,770.00	$3,796,358.80

Source: The District

THE ECONOMY OF THE DISTRICT

While the economics of the City and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Introduction

The City was incorporated as a general law city in 1961. The City is located in the County across the San Francisco Bay approximately 35 miles northeast of San Francisco, 70 miles southwest of Sacramento and adjacent to and south of the City of Concord. The City contains approximately 8.65 square miles in total area.

The County is bounded by San Francisco Bay to the west, the San Pablo Bay and the Sacramento River delta to the north, and by Alameda County on the south. Ranges of hills effectively divide Contra Costa County into three distinct regions. The western portion, with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities—ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

Population

The table below summarizes population or the City and the County.

POPULATION
City of Pleasant Hill and Contra Costa County

Year	City of Pleasant Hill	Contra Costa County
2004	33,289	993,958
2005	32,982	1,001,216
2006	32,536	1,007,169
2007	32,421	1,015,672
2008	32,793	1,027,264
2009	32,963	1,038,390
2010	33,139	1,047,948
2011	33,279	1,056,064

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 & 2010 Census Count (as of January 1). Sacramento, California, September 2011. The 1980, 1990 and 2000 totals are U.S. Census figures

Employment

The following table summarizes historical employment and unemployment in Contra Costa County.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Contra Costa County
Annual Averages, 2007-2011

	2007	2008	2009	2010	2011
Civilian Labor Force (1)					
Employment	495,400	496,400	*	465,100	469,600
Unemployment (2)	24,300	32,700	*	58,200	54,500
Total	519,700	529,200	n/a	523,300	524,100
Unemployment Rate (3)	4.7%	6.2%	*	11.1%	10.4%

Source: California Employment Development Department, based on March 2011 benchmark.
(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures in this table.
* Not reported.

The following table summarizes the historical numbers of workers in Contra Costa County, by industry.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
Contra Costa County
2006-2010

	2006	2007	2008	2009	2010
Total, All Industries	344,500	346,800	339,500	321,800	312,400
Farm	700	700	700	800	800
Non-Farm:	343,800	346,000	338,800	321,000	311,600
Goods Producing	50,400	49,700	46,500	39,900	36,500
Mining and Logging	—-	—-	—-	—	—-
Construction	—	—-	—-	—	—-
Manufacturing	20,200	20,600	20,700	18,700	18,100
Service Providing	293,400	296,300	292,300	281,100	275,100
Trade, Transportation & Utilities	61,500	62,300	61,200	57,300	55,500
Wholesale Trade	9,100	9,100	8,700	7,700	7,600
Retail Trade	44,000	44,400	43,600	41,200	40,100
Information	13,400	13,000	11,800	10,400	9,800
Financial Activities	32,100	29,100	26,600	25,700	25,500
Professional & Business Services	50,600	49,400	49,300	45,900	43,700
Educational & Health Services	42,700	44,600	45,600	47,700	48,600
Leisure & Hospitality	32,400	33,200	32,800	31,200	31,500
Other Services	12,200	12,500	12,400	11,700	11,600
Government	48,900	52,200	52,600	51,300	48,900

Source: California Employment Development Department, based on March 2011 benchmark.
(1) Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

Major Employers

The twenty-five largest employers in the County are as follows:

CONTRA COSTA COUNTY
Largest Employers

Company	Product/Service	City
Bayer Health Care Phrmctcls	Laboratories-Pharmaceutical (Mfrs)	Richmond
Bio-Rad Laboratories Inc	Biological Products (Mfrs)	Hercules
C&H Sugar Co Inc	Sugar Refiners (Mfrs)	Crockett
California State Auto Assn	Automobile Club	Walnut Creek
Chevron Corp	Petroleum Products (Mfrs)	San Ramon
Chevron Global Downstream LLC	Marketing Programs & Services	San Ramon
Concord Naval Weapons Station	Federal Government-National Security	Concord
Contra-Costa Regional Med Ctr	Hospitals	Martinez
Department of Vetrans Affairs	Clinics	Martinez
Doctor's Medical Ctr	Hospitals	San Pablo
John Muir Health Physical Rhb	Physical Therapists	Concord
John Muir Medical Ctr	Hospitals	Concord
Kaiser Permanente	Hospitals	Walnut Creek
Kaiser Permanente Martinez	Clinics	Martinez
Muirlab	Laboratories-Medical	Walnut Creek
Nordstrom	Department Stores	Walnut Creek
PMI Group Inc	Insurance-Bonds	Walnut Creek
Richmond City Offices	Government Offices-City, Village & Twp	Richmond
San Ramon Regional Medical Ctr	Hospitals	San Ramon
Shell Oil Prod	Oil Refiners (Mfrs)	Martinez
St. Mary's College of California	Schools-Universities & Colleges Academic	Moraga
Sutter Delta Medical Ctr	Hospitals	Antioch
Tesoro Golden Eagle Refinery	Oil Refiners (Mfrs)	Pacheco
USS-POSCO Industries	Steel Mills (Mfrs)	Pittsburg
Va Outpatient Clinic	Surgical Centers	Martinez

Source: America's Labor Market Information System (ALMIS) Employer Database, 2012 1st Edition. Employer information is provided by infoUSA, Omaha, NE, 800/555-5211. Copyright 2011.

Construction Activity

The following tables reflect the five-year history of building permit valuation for the City and the County:

BUILDING PERMITS AND VALUATION
City of Pleasant Hill
(Dollars in Thousands)

	2006	2007	2008	2009	2010
Permit Valuation:					
New Single-family	$ 909	$ 2,227	$ 476	$ 0	$ 468
New Multi-family	0	0	0	0	0
Res. Alterations/Additions	7,613	11,694	7,423	4,504	5,589
Total Residential	8,522	13,921	7,900	4,504	6,057
Total Nonresidential	7,246	12,409	28,311	5,234	4,533
Total All Building	$15,768	$26,331	$36,211	$9,738	$10,590
New Dwelling Units:					
Single Family	3	6	1	0	2
Multiple Family	0	0	0	0	0
Total	3	6	1	0	2

Sources: Construction Industry Research Board: "Building Permit Summary."
Note: Totals may not add due to independent rounding.

BUILDING PERMITS AND VALUATION
Contra Costa County
(Dollars in Thousands)

	2006	2007	2008	2009	2010
Permit Valuation:					
New Single-family	$ 986,694	$ 832,053	$ 300,089	$300,363	237,458
New Multi-family	157,972	94,505	132,825	34,119	106,555
Res. Alterations/Additions	307,153	290,108	29,023	170,150	209,044
Total Residential	1,451,818	1,216,666	661,937	504,632	553,058
Total Nonresidential	412,500	491,315	459,933	314,301	285,417
Total All Building	$1,864,318	$1,707,980	$1,121,869	$818,934	838,475
New Dwelling Units:					
Single Family	3,310	2,698	985	1,038	809
Multiple Family	1,178	909	909	163	890
Total	4,488	3,607	1,894	1,201	1,699

Sources: Construction Industry Research Board: "Building Permit Summary."
Note: Totals may not add due to independent rounding.

Commercial Activity

Taxable sales in the City and County are shown below.

TAXABLE SALES, 2004-2008
City of Pleasant Hill
(Dollars in Thousands)

	Taxable Sales ($000)				
	2004	2005	2006	2007	2008
Retail Stores					
Apparel stores	$ 21,528	$ 29,272	$ 36,441	$ 37,022	$ 33,311
General merchandise stores	112,395	115,482	111,655	107,589	100,343
Food stores	25,141	25,134	25,539	29,097	30,218
Eating and drinking places	66,774	69,839	74,514	77,875	81,745
Home furnishings and appliances	90,424	67,538	73,212	70,799	90,077
Building materials	12,515	15,142	12,790	13,197	11,720
Motor vehicles and parts	8,454	6,866	10,326	10,886	11,608
Service stations	62,187	78,757	96,412	95,463	82,559
Other retail stores	172,207	168,174	168,325	156,336	112,281
Retail Stores Totals	571,625	576,204	609,214	598,264	553,862
All Other Outlets	45,579	46,096	56,235	58,263	86,456
Total All Outlets	$617,204	$622,300	$665,449	$656,887	$640,318

Source: California Board of Equalization.
Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Starting 2007, Specialty Stores Group is included in "Other Retail Stores" Group.
(2) Starting 2007, Service Stations is reported separately from "Automotive."
(3) Totals may not add up due to independent rounding.

	2009 (3)
Retail Store and Food Services	
Motor Vehicle and Parts Dealers	$10,192
Home Furnishings and Appliance Stores	106,545
Bldg. Matrl. and Garden Equip. and Supplies	18,261
Food and Beverage Stores	32,094
Gasoline Stations	44,146
Clothing and Clothing Accessories Stores	31,221
General Merchandise Stores	75,746
Food Service and Drinking Places	79,825
Other Retail Group	79,132
Total Retail and Food Services	477,163
All Other Outlets	80,325
Total All Outlets (4)	$557,487

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Starting 2007, Specialty Stores Group is included in All Other Retail Stores Group.
(2) Starting 2007, Service Stations are reported separately from "Automotive."
(3) Starting in 2009, categories were revised from prior years. Most recent annual data available.
(4) Totals may not add up due to independent rounding.

TAXABLE SALES, 2004-2009
Contra Costa County
(Dollars in thousands)

	Taxable Sales ($000)				
	2004	2005	2006	2007	2008
Retail Stores					
Apparel Stores	$ 411,121	$ 451,401	$ 462,451	$ 470,507	$ 528,456
General Merchandise	1,794,677	1,840,754	1,882,310	1,878,711	1,753,124
Specialty Stores (1)	1,313,316	1,339,013	1,353,099	(1)	(1)
Food Stores	596,922	607,168	607,062	616,296	594,275
Eating and Drinking	994,733	1,049,124	1,098,793	1,125,644	1,134,412
Household Group	492,686	483,977	468,008	427,995	471,620
Building Material Group	1,080,813	1,092,471	1,027,731	944,683	747,773
Automotive Group	2,730,407	2,901,766	3,061,806	1,812,785	1,406,932
Service Stations (2)	(2)	(2)	(2)	1,351,405	1,514,897
All Other Retail Stores	282,690	306,410	314,647	1,481,678	1,332,819
Retail Stores Totals	9,697,365	10,072,084	10,275,907	10,109,704	9,484,307
Business & Personal Services	506,336	524,750	567,375	555,793	533,701
All Other Outlets	2,786,837	2,883,241	3,024,379	340,618	3,289,673
Total All Outlets	$12,990,538	$13,480,075	$13,867,661	$14,086,295	$13,307,681

Source: California Board of Equalization.
(1) Starting in 2007, category included in "Other retail stores."
(2) Starting in 2007, category broken out from "Automotive Group."

	2009 (3)
Retail Store and Food Services	
Motor Vehicle and Parts Dealers	$1,184,803
Furniture and Home Furnishings Stores	225,331
Electronic and Appliance Stores	385,742
Bldg. Matrl. and Garden Equip. and Supplies	711,475
Food and Beverage Stores	657,337
Health and Personal Care Stores	264,279
Gasoline Stations (2)	1,151,058
Clothing and Clothing Accessories Stores	642,813
Sporting Goods, Hobby, Book & Music Stores	314,924
General Merchandise Stores	1,380,111
Miscellaneous Store Retailers (1)	397,297
Nonstore Retailers	47,224
Food Service and Drinking Places	1,111,182
Retail and Food Services Totals	8,473,578
All Other Outlets	3,409,471
Total All Outlets (4)	$11,883,049

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Starting 2007, Specialty Stores Group is included in All Other Retail Stores Group.
(2) Starting 2007, Service Stations are reported separately from “Automotive.”
(3) Starting in 2009, categories were revised from prior years. Most recent annual data available.
(4) Totals may not add up due to independent rounding.

Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State and the nation for the years 2006 through 2010.

EFFECTIVE BUYING INCOME
City, County, State and United States

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2006	City of Pleasant Hill	$ 1,010,722	$59,772
	County of Contra Costa	28,611,520	58,497
	California	764,120,962	46,275
	United States	6,107,092,244	41,255
2007	City of Pleasant Hill	$ 1,050,870	$62,802
	County of Contra Costa	30,138,295	61,123
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Pleasant Hill	$ 1,072,690	$63,240
	County of Contra Costa	30,737,690	61,903
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Pleasant Hill	$,105,420	$65,367
	County of Contra Costa	31,197,703	64,213
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Pleasant Hill	$ 1,066,803	$62,260
	County of Contra Costa	30,049,698	61,031
	California	801,393,028	47,177
	United States	6,365,020,076	41,368

Source: "Survey of Buying Power," Sales and Marketing Management (2004); Nielsen Claritas, Inc. (2005-2010). In 2005, Sales and Marketing Management ceased publishing the "Survey of Buying Power" report; however, subsequent years' data has been obtained from Nielsen Claritas, Inc., who had previously prepared the data each year for the "Survey of Buying Power."

LEGAL OPINION

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Quint & Thimmig LLP, San Francisco, California, Bond Counsel for the District. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond. Certain legal matters will also be passed upon for the District by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. Certain legal matters will also be passed upon for the District by Mark Cornelius, Esq., Walnut Creek, California, District Counsel. The fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX B—"FORM OF OPINION OF BOND COUNSEL."

FINANCIAL ADVISOR

The City has retained NHA Advisors, San Rafael, California, as financial advisor (the "Financial Advisor") in connection with the authorization and delivery of the Bonds. The fees of the Financial Advisor are contingent upon the sale and delivery of the Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 270 days following the end of the District's fiscal year (which date would be March 30 following the current end of the District's fiscal year on June 30), commencing with the report for the 2011-12 fiscal year, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB"). The notices of material events will be filed by the District with the MSRB. The specific nature of the information to be made available and to be contained in the notices of material events is summarized below under the caption APPENDIX C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or contesting the District's ability to issue and retire the Bonds.

RATINGS

Standard & Poor's Ratings Services ("S&P") has assigned the rating of "AA-" to the Bonds, based upon the issuance of the Policy by AGM. S&P has also assigned the underlying rating of "A-" to the Bonds. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P at the following address: 55 Water Street, New York, New York 10041. Generally, a rating agency bases it rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

UNDERWRITING

The Bonds are being purchased by the Citigroup Global Markets Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $8,216,000.00_ (being equal to the aggregate principal amount of the Bonds ($8,000,000.00), plus original issue premium ($483,848.25), less $247,848.25 retained by the Underwriter to pay the premium for the Policy ($120,000.00) and the Underwriter's compensation ($147,848.25). The Underwriter has agreed to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by counsel and certain other conditions.

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

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution, the Continuing Disclosure Certificate of the District, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District Board.

PLEASANT HILL RECREATION & PARK DISTRICT

By /s/ Robert B. Berggren
General Manager

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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PLEASANT HILL RECREATION AND PARK DISTRICT

PLEASANT HILL, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2011

TABLE OF CONTENTS

Pleasant Hill Recreation and Park District

BOARD OF DIRECTORS

June 30, 2011

NAME	TITLE
Sandra Bonato	Chair
Dennis Donaghu	Vice Chair
Bobby Glover	Secretary
Cecile Shepard	Member
Sherry Sterrett	Member

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pleasant Hill Recreation and Park District
Pleasant Hill, California

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Hill Recreation and Park District as of and for the fiscal year ended June 30, 2011. These basic financial statements are the responsibility of Pleasant Hill Recreation and Park District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Hill Recreation and Park District as of June 30, 2011, and the results of its operations for the fiscal year then ended in conformity with U.S. generally accepted accounting principles, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

The management's discussion and analysis (pages 3-7) and the required supplementary information (pages 30-31), as listed in the table of contents, are not a required part of the basic financial statements but comprise supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described further in Note 11 B to the financial statements, the accompanying financial statements reflect certain changes in the reporting of fund types and fund balance classifications for governmental funds due to the implementation of Governmental Accounting Standards Board Statement No. 54.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 3, 2012

1000 FOURTH STREET, SUITE 400 SAN RAFAEL, CA 94901 TEL (415) 457-1215 FAX (415) 457-6735 www.rjrcpa.com

Pleasant Hill Recreation and Park District's (the "District") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements which tell how basic services were financed in the short term, as well as what remains for future spending.

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets as well as changes to those net assets. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statement

The fund financial statements provide more detailed information about the District's most significant funds; not the District as a whole. Funds are accounting devices for District use to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.

- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Governmental Funds

The District's basic services are reported in governmental funds, which generally focus on how money flows into 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 fund information, which helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table summarizes the District's net assets as of June 30,

Table 1
Net Assets

	2011	2010
Assets		
Current and other assets	$ 20,618,588	$ 21,847,591
Capital assets	12,292,103	10,961,614
Total assets	32,910,691	32,809,205
Liabilities		
Long term liabilities	22,976,272	23,173,306
Other liabilities	1,538,704	1,069,902
Total liabilities	24,514,976	24,243,208
Net Assets		
Invested in capital assets, net of debt	(10,080,950)	(11,546,614)
Restricted	18,748,378	19,848,206
Unrestricted	(271,713)	264,405
Total net assets	$ 8,395,715	$ 8,565,997

The District's net assets were $8,395,715 for the fiscal year ended June 30, 2011. Of this amount, $(271,713) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the board's ability to use those net assets for day-to-day operations.

The following table summarizes the District's change in net assets for the year ended June 30,

Table 2
Changes in Net Assets

	2011	2010
Revenues		
Program revenues:		
Charges for services	$ 2,554,626	$ 3,009,862
Grant revenue	-	7,992
General revenues:		
Property taxes	4,515,360	3,306,170
Interest and other income	93,897	37,024
Total revenues	7,163,883	6,361,048
Program Expenses		
Recreation and parks	6,059,188	6,280,834
Interest and fees	1,274,977	145,484
Total expenses	7,334,165	6,426,318
Change in Net Assets	$ (170,282)	$ (65,270)

Government Activities

For the 2011 fiscal year, the total District revenues were $7,163,883 and the total District expenses were $7,334,165. The difference of $(170,282) is the decrease in net assets bringing the total net assets to $8,395,715 on June 30, 2011. The main sources of revenue for the District are charges for services and property taxes. The cost of all governmental activities was $7,334,165 this year. District taxpayers ultimately financed $4,515,360 for these activities through local taxes and assessments.

Capital Assets

At June 30, 2011, the District had $12,292,103 in a broad range of capital assets, including land, buildings and furniture and equipment. The District uses $5,000 as its capitalization threshold.

Table 3
Capital Assets at Year End

	2011	2010
Land	$ 6,638,913	$ 6,638,913
Construction in progress	2,140,184	543,236
Land and park improvement	5,647,363	5,558,231
Building and structure	3,642,010	3,564,043
Swimming pool	1,573,336	1,560,532
Furniture and equipment	940,849	835,288
Accumulated depreciation	(8,290,552)	(7,738,629)
Net capital assets	$ 12,292,103	$ 10,961,614

Debt Administration

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in Note 4 to the basic financial statements. As of June 30, 2011, the District's debt comprised:

Loans payable	$	25,000
General Obligation Bond – Measure E		20,000,000
Certificates of Participation		2,390,000
Total	$	22,415,000

General Fund Budgetary Highlights

The District's fiscal year 2010-11 budget was adopted by The Board of Directors in July 2010 and amended in December 2010. The amendment was needed due to the earlier than anticipated closure of the Community Center. The District had originally planned to close the Community Center after the opening of the new Senior Center in the fall of 2012. Due to safety concerns of the Community Center building, the Board of Directors agreed to close the site in March 2011. The closure dramatically impacted revenue, both in the rental of the facility itself but also the various programs that were hosted at the Community Centro.

The closures of the Senior Center and Teen Centers were planned for the latter part of this fiscal year. The major impact of these site closures will be in the 2011-12 fiscal year, although closing down these sites did affect this fiscal year. Closing these locations will bring both positive and negative impacts on the overall District budget. Revenue from rentals and programming will decline but significant reductions in expenditures will also occur due to staff reductions that worked mainly at the Community Center and Senior Center sites. We will also benefit by the elimination of the various occupancy costs associated with having an open and operating facility. The planned re-opening of the new Senior Center and Teen Center will take place in the fall of 2012. The new Community Center will open in the fall of 2013.

The budget remains extremely tight as property taxes have decreased as a result of lower assessed property valuations. In addition to this, the State of California continues to shift approximately $1.5 million in property tax revenue to Sacramento annually. Since 1982 the District has lost approximately $18 million dollars in property tax revenue that should have remained in our District.

For the second year in a row, the budget does not contain a cost-of-living increase for District staff. Although three District employees have retired this past year, those positions will not be filled and those responsibilities will fall on existing staff.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the General Manager, Pleasant Hill Recreation and Park District, 147 Gregory Lane, Pleasant Hill, California 94523.

Pleasant Hill Recreation and Park District

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS:	
Cash and investments	$ 873,206
Restricted cash	18,962,924
Accounts receivable	312,177
Prepaid items	11,720
Bond issuance costs, net	458,561
Non-depreciable capital assets	8,779,097
Depreciable capital assets, net	3,513,006
Total assets	32,910,691
LIABILITIES:	
Accounts payable	585,687
Accrual payroll	10,729
Deferred revenue	449,637
Accrued interest	400,667
Other liabilities	11,984
Long-term liabilities:	
Due within one year:	
Certificate of participation payable	80,000
Due after one year:	
Measure E general obligation bond	20,000,000
Measure E general obligation bond premium	441,614
Certificate of participation payable	2,310,000
School District loan	25,000
Compensated absences	199,658
Total due after one year	22,976,272
Total liabilities	24,514,976
NET ASSETS:	
Invested in capital assets, net of related debt	(10,080,950)
Restricted for:	
Debt service	689,159
Measure E	18,059,219
Unrestricted	(271,713)
Total net assets	$ 8,395,715

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:					
Administration	$ 372,076	$ 132,462	$ -	$ -	$ (239,614)
Recreation	339,513	-	-	-	(339,513)
Senior citizens	709,067	372,791	-	-	(336,276)
Winslow center	90,987	11,846	-	-	(79,141)
Community center rental	776,825	114,652	-	-	(662,173)
Adult activities	281,144	209,223	-	-	(71,921)
Athletics & teens	671,198	602,346	-	-	(68,852)
Preschool, youth, & special	403,927	457,442	-	-	53,515
Child care	274,795	296,743	-	-	21,948
Aquatics	698,962	357,121	-	-	(341,841)
Communications	189,922	-	-	-	(189,922)
Parks	511,392	-	-	-	(511,392)
Maintenance	739,380	-	-	-	(739,380)
Interest and fees	1,274,977	-	-	-	(1,274,977)
Total Governmental Activities	$ 7,334,165	$ 2,554,626	$ -	$ -	(4,779,539)
General revenues:					
Taxes					4,515,360
Use of money					93,897
Miscellaneous					-
Total general revenues					4,609,257
Change in net assets					(170,282)
Net assets beginning of period					8,565,997
Net assets ending of period					$ 8,395,715

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ -	$ 480,075	$ -	$ -	$ 393,131	$ 873,206
Restricted cash	215,189	-	18,276,729	471,006	-	18,962,924
Accounts receivable	309,213	-	-	2,964	-	312,177
Due from other funds	695,554	240,173	-	-	44,315	980,042
Prepaid items	11,720	-	-	-	-	11,720
Total assets	$ 1,231,676	$ 720,248	$ 18,276,729	$ 473,970	$ 437,446	$ 21,140,069
LIABILITIES						
Accounts payable	$ 366,746	$ 9,270	198,790	$ -	$ 10,881	$ 585,687
Accrued payroll	10,729	-	-	-	-	10,729
Deferred revenue	449,637	-	-	-	-	449,637
Due to other funds	263,080	654,000	18,720	-	44,242	980,042
Other liabilities	11,984	-	-	-	-	11,984
Total liabilities	1,102,176	663,270	217,510	-	55,123	2,038,079
FUND BALANCES						
Restricted	215,189	-	18,059,219	473,970	-	18,748,378
Nonspendable for prepaid items	11,720	-	-	-	-	11,720
Assigned for :						
Project funding	100,000	-	-	-	49,498	149,498
Special revenue funds	-	56,978	-	-	332,825	389,803
Unassigned	(197,409)	-	-	-	-	(197,409)
Total fund balances	129,500	56,978	18,059,219	473,970	382,323	19,101,990
Total liabilities and fund balances	$ 1,231,676	$ 720,248	$ 18,276,729	$ 473,970	$ 437,446	$ 21,140,069

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET ASSETS
For the year ended June 30, 2011

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	19,101,990
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:		
CAPITAL ASSETS		
Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		12,292,103
LONG TERM ASSETS AND LIABILITIES		
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:		
Loan payable		(25,000)
West America Bank Loan		-
2000 Certificate of Participation		(1,030,000)
Accrued interest payable		(400,667)
1998 Certificate of Participation		(1,360,000)
Measure E General Obligation Bond		(20,000,000)
Measure E bond premium		(441,614)
Measure E issuance cost, net		458,561
Non-current portion of compensated absences		(199,658)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	8,395,715

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES,

EXPENDITURES AND CHANGES IN FUND BALANCES

For the year ended June 30, 2011

	General	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 2,589,011	$ 641,184	$ -	$ 1,237,507	$ 47,658	$ 4,515,360
Non-recreation	132,357	-	-	-	105	132,462
Senior citizens	372,791	-	-	-	-	372,791
Winslow center	11,846	-	-	-	-	11,846
Community center rental	114,652	-	-	-	-	114,652
Adult activities	209,223	-	-	-	-	209,223
Athletics & teens	602,346	-	-	-	-	602,346
Preschool, youth, & special	457,442	-	-	-	-	457,442
Child care	296,743	-	-	-	-	296,743
Aquatics	357,121	-	-	-	-	357,121
Interest	-	-	93,089	-	808	93,897
Total revenues	5,143,532	641,184	93,089	1,237,507	48,571	7,163,883
Expenditures:						
Administration	325,272	-	-	4,349	-	329,621
Recreation	297,058	-	-	-	-	297,058
Senior citizens	657,067	-	-	-	-	657,067
Winslow center	48,534	-	-	-	-	48,534
Community center rental	734,370	-	-	-	-	734,370
Adult activities	238,689	-	-	-	-	238,689
Athletics & teens	628,743	-	-	-	-	628,743
Preschool, youth, & special	361,472	-	-	-	-	361,472
Child care	232,340	-	-	-	-	232,340
Aquatics	656,507	-	-	-	-	656,507
Communications	147,467	-	-	-	-	147,467
Parks	468,937	-	-	-	-	468,937
Maintenance	-	658,992	-	-	37,933	696,925
Capital outlay	285,462	-	1,596,948	-	-	1,882,410
Debt service:						
Bond issuance costs	-	-	-	-	-	-
Principal	110,711	-	-	-	-	110,711
Interest	139,781	-	-	759,188	-	898,969
Total expenditures	5,332,410	658,992	1,596,948	763,537	37,933	8,389,820
Excess (deficit) of revenues over (under) expenditures	(188,878)	(17,808)	(1,503,859)	473,970	10,638	(1,225,937)
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	12,932	12,932
Transfers out	(12,932)	-	-	-	-	(12,932)
Total Other Financing Sources (Uses)	(12,932)	-	-	-	12,932	-
Net change in Fund Balances	(201,810)	(17,808)	(1,503,859)	473,970	23,570	(1,225,937)
Fund balances, beginning of period	331,310	74,786	19,563,078	-	358,753	20,327,927
Fund balances, end of period	$ 129,500	$ 56,978	$ 18,059,219	$ 473,970	$ 382,323	$ 19,101,990

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District

RECONCILIATION OF THE NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

with the

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

For the year ended June 30, 2011

Total net change in fund balances - governmental funds	$ (1,225,937)
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to the fund balance	1,882,412
Depreciation expense is deducted from the fund balance	(551,923)
LONG TERM DEBT PROCEEDS AND PAYMENT	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to the fund balance	110,711
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):	
Bond issuance cost amortization	(15,812)
Bond premium amortization	15,228
Accrued interest payable	(376,008)
Long-term compensated absences	(8,953)
Changes in net assets of governmental activities	$ (170,282)

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description

The Pleasant Hill Recreation and Park District (the "District") was formed January 22, 1951, under the laws of the State of California Public Resources Division 5, Chapter 4, Section 5780. The District is governed by a board of five elected directors who hold regularly scheduled meetings twice a month.

The District offers a wide variety of recreational activities for persons of all ages, from preschoolers through senior citizens. Some of the major activities include: a wide range of aquatic programs, varied cooking classes, adult and youth sports programs, dance classes, special events, excursions, fitness classes, special interest classes, many other types of classes and activities for one's leisure time. Along with these activities, the District also sponsors over fifteen special clubs and organizations, such as the Camera Club, Garden Club, Hiking Club, Las Juntas Artists, Tennis Club and others for public participation and enjoyment.

To facilitate this wide range of recreational activities, the District has over 250 acres of park-lands including: thirteen park sites, three pools, a community center facility, a senior citizens' complex, a cultural center, and many joint efforts with the local school district at various local school sites.

B. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2011, the District does not have any component units and is not a component unit of any other reporting entity.

C. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Principles (continued)

(a) Government-Wide and Fund Financial Statements:

The government-wide financial statements (the statement of net assets and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

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

Government-wide Financial Statements
The statement of net assets and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements
Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenue or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Principles (concluded)

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Landscape Fund: The Landscape Fund is used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for landscape purposes.

Measure E Project Fund: The Measure E Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Measure E Debt Service Fund: The Measure E Debt Service Fund is used to account for financial resources to be used to pay the annual borrowing costs of long term debt.

Other Governmental Funds are comprised of several non-major funds that include funds for separate smaller landscaping districts not included in the main Lighting and Landscape Fund, funds reserved for specific capital acquisitions and other miscellaneous fund balances.

(c) Use of Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

D. Budget and Budgetary Accounting

During the month of April, the District staff prepares an annual budget. The full Board is presented the budget in May to be adopted in June as a preliminary budget and as a final budget by the last meeting in July. The preliminary budget is published in a newspaper thirty days prior to acceptance as a final budget.

Budget amounts in the combined financial statements reflect the annual budget and revisions approved during the year. Budgets are based upon the District's estimate of expenditures for each year and their proposed means of financing.

Expenditures are controlled on the major object level within the Funds. Any amendments of appropriations are approved by the Board. Budgeted amounts are reported as amended. All appropriations lapse at year-end. General fund expenditures were under appropriations (budget) in the amount of $2,342,750.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

The District participates in the Contra Costa County Treasury. Contra Costa County (the County) pools its funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

F. Prepaid Items

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

G. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Land improvements	20
Building and structures	50
Portable classrooms	25
Kitchen equipment	15
Copiers	5
Musical instruments	10
Vehicles	5
Grounds equipment	5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

Deferred revenue consists primarily of class registration fees and senior trip funds received during the current year for programs or trips to be conducted subsequent to June 30, 2011. As of June 30, 2011, the deferred revenue balance was $449,637.

I. Compensated Absences

The District grants employees vacation and sick leave in varying amounts. In the event of retirement or termination, an employee is reimbursed at full salary rates for accumulated vacation days and at one-quarter of salary rates for sick leave days in excess of 30 days. The current portion of accumulated vacation and sick leave is recognized in the general fund. All compensated absences are accrued when incurred in the government-wide financial statements.

As of June 30, 2011, the liability for accrued vacation, administrative and compensatory time off leave was $199,658. This liability is paid from funds related to the accrued personnel costs.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums, discounts and issuance costs are deferred and amortized over the life of the debt using the effective-interest method.

In the fund financial statements, governmental funds recognize premiums, discounts and issuance costs during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

Designations for the ending fund balance indicate tentative plans for financial resource utilization in a future period.

K. Restricted Cash

Restricted cash represents assets either held by bond trustees or the District, which are governed by a trust indenture specifying their uses. These assets all relate to various debt issuances.

L. Revenue Limit/Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes on behalf of the District. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 and become delinquent if unpaid by August 31.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Revenue Limit/Property Tax (concluded)

Secured property taxes are recorded as revenue when apportioning; in the fiscal year of the levy the County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

M. Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent possible pursuant to the District Board Approved Investment Policy and Guidelines and State Government Code. Cash on deposit as of June 30, 2011, amounted to $19,836,130 and was deposited in the following depositories:

Deposits and Investments	Carrying Amount	Market Value	Investment Risk
Cash in County Treasury	$ (529,178)	$ (529,178)	AA
Cash in bank	238,850	238,850	N/A
Cash with fiscal agent (restricted)	686,195	686,195	N/A
Investment in LAIF	19,440,263	19,440,263	Not Rated
Total cash and investments	$ 19,836,130	$ 19,836,130	

A. 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 deposits and 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.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

NOTE 2 - CASH AND INVESTMENTS (concluded)

B. Investments

The District's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District'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 management of the State of California Pooled Money Investment Account has indicated to the District that as of June 30, 2011 the carrying amount of the pool was $66,352,783,817 and the estimated market value of the pool (including accrued interest) was $66,515,727,874. The District's proportionate share of that value is $19,440,263. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling $1,100,100,000 and asset-backed securities totaling $2,221,706,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

C. Restricted and Designated Cash and Equivalents

The District segregates certain cash and equivalents that have legal or Board of Directors' designated restrictions as to their uses. The District is required under the terms of certain long-term debt covenants to segregate and maintain $686,195 restricted for debt service and $18,276,729 restricted for Measure E capital projects as of June 30, 2011.

NOTE 3 - CAPITAL ASSETS

An analysis of fixed assets at June 30, 2011, is as follows:

Governmental Activities	Balance 6/30/10	Increase	Decrease	Balance 6/30/11
Capital assets, not being depreciated:				
Land	$ 6,638,913	$ -	$ -	$ 6,638,913
Construction in progress	543,236	1,596,948	-	2,140,184
Total capital assets, not being depreciated	7,182,149	1,596,948	-	8,779,097
Capital assets, being depreciated:				
Land and park improvements	5,558,231	89,132	-	5,647,363
Building and structure	3,564,043	77,967	-	3,642,010
Swimming pool	1,560,532	12,804	-	1,573,336
Furniture and equipment	835,288	105,561	-	940,849
Total capital assets, being depreciated	11,518,094	285,464	-	11,803,558
Less accumulated depreciation for:				
Land and park improvements	(4,377,135)	(103,889)	-	(4,481,024)
Building and structure	(1,902,205)	(358,427)	-	(2,260,632)
Swimming pool	(758,676)	(25,427)	-	(784,103)
Furniture and equipment	(700,613)	(64,180)	-	(764,793)
Total accumulated depreciation	(7,738,629)	(551,923)	-	(8,290,552)
Total capital assets being depreciated – net	3,779,465	(266,459)	-	3,513,006
Capital assets – net	$ 10,961,614	$1,330,489	$ -	$ 12,292,103

Depreciation allocation:	
Administration	$ 42,455
Recreation	42,455
Senior citizens	42,463
Winslow center	42,455
Community center rental	42,455
Adult activities	42,455
Athletic and teens	42,455
Preschool and youth	42,455
Child care	42,455
Aquatics	42,455
Communications	42,455
Parks	42,455
Maintenance	42,455
Total depreciation expense	$ 551,923

NOTE 4 - LONG-TERM DEBT

A. Change in Long-Term Debt

The following is a summary of changes in long-term debt as of June 30, 2011:

	June 30, 2010	Additions	Retirements	June 30, 2011	Current
Certificates of Participation	$ 2,470,000	$ -	$ 80,000	$ 2,390,000	$ 85,000
General obligation	20,000,000	-	-	20,000,000	575,000
Issuance/premiums, net	(17,531)	584	-	(16,947)	-
Loan payable	25,000	-	-	25,000	-
Loan payable	30,759	-	30,759	-	-
Compensated absences	190,705	8,953	-	199,658	-
Total	$22,698,933	$ 9,537	$ 110,759	$ 22,597,711	$ 660,000

B. Certificates of Participation ("COP")

1998 COP

The District issued certifications of participation in January of 1998 to finance the acquisition of Pleasant Oaks Park. The total amount of the issue was $1,895,000 with an average interest rate of 5.56%. The certificates mature through 2027 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2012	$ 55,000	$ 76,268	$ 131,268
2013	60,000	73,215	133,215
2014	60,000	69,885	129,885
2015	65,000	66,555	131,555
2016	70,000	62,948	132,948
2017	70,000	59,063	129,063
2018	75,000	55,125	130,125
2019	80,000	50,906	130,906
2020	85,000	46,406	131,406
2021	90,000	41,625	131,625
2022	95,000	36,563	131,563
2023	100,000	31,219	131,219
2024	105,000	25,594	130,594
2025	110,000	19,688	129,688
2026	115,000	13,500	128,500
2027	125,000	7,031	132,031
Total Debt Service	$ 1,360,000	$ 735,591	$ 2,095,591

NOTE 4 - LONG-TERM DEBT (continued)

B. Certificates of Participation ("COP") (concluded)

2000 COP

The District entered into a purchase agreement with the City of Pleasant Hill for 2.25 acres of land beneath and surrounding the community center. The purchase price was $953,000, including a promissory note in the amount of $650,000. The note was refinanced in May 2000 with Certificates of Participation in the amount of $1,285,000. The additional money was used for repairs and upgrades to the community center. The note will be amortized over 30 years at a simple interest rate of 5.80% with monthly installments commencing May 1, 2000.

Annual principal and interest amount through 2030 are as follows:

Year Ending June 30	Principal	Interest	Debt Service
2012	$ 30,000	$ 58,870	$ 88,870
2013	30,000	57,130	87,130
2014	35,000	55,245	90,245
2015	35,000	53,215	88,215
2016	40,000	51,040	91,040
2017	40,000	48,720	88,720
2018	45,000	46,255	91,255
2019	45,000	43,645	88,645
2020	50,000	40,890	90,890
2021	50,000	37,990	87,990
2022	55,000	34,945	89,945
2023	60,000	31,610	91,610
2024	60,000	28,130	88,130
2025	65,000	24,505	89,505
2026	70,000	20,590	90,590
2027	75,000	16,385	91,385
2028	80,000	11,890	91,890
2029	80,000	7,250	87,250
2030	85,000	2,465	87,465
Total Debt Service	$ 1,030,000	$ 670,770	$ 1,700,770

C. Loans Payable

During the fiscal year ended June 30, 2002, the District entered into an agreement with the Mt. Diablo Unified School District to contribute $12,500 every September 15th for ten years for a total of $125,000. The balance owed as of June 30, 2011 was $25,000. The District is discussing repayment options with the Mt. Diablo Unified School District.

NOTE 4 - LONG-TERM DEBT (concluded)

D. Measure E General Obligation Bond

The District issued general obligation bonds in August of 2009 to finance the acquisition, expansion and improvement of District facilities. Measure E was authorized by an election of registered voters of the District. The total amount of the issue was $20,000,000 with an average interest rate of 7.4%. The certificates mature through 2040 as follows:

Year Ending June 30	Principal	Interest	Total
2012	$ 575,000	$ 911,025	$ 1,486,025
2013	180,000	888,025	1,068,025
2014	405,000	880,825	1,285,825
2015	420,000	864,625	1,284,625
2016	435,000	852,025	1,287,025
2017	445,000	838,975	1,283,975
2018	460,000	825,625	1,285,625
2019	475,000	811,825	1,286,825
2020	490,000	795,200	1,285,200
2021	505,000	778,050	1,283,050
2022	525,000	757,850	1,282,850
2023	550,000	736,850	1,286,850
2024	570,000	714,850	1,284,850
2025	595,000	692,050	1,287,050
2026	625,000	662,300	1,287,300
2027	655,000	631,050	1,286,050
2028	685,000	598,300	1,283,300
2029	720,000	564,050	1,284,050
2030	755,000	528,050	1,283,050
2031	795,000	490,300	1,285,300
2032	830,000	452,935	1,282,935
2033	870,000	413,510	1,283,510
2034	915,000	371,750	1,286,750
2035	960,000	326,000	1,286,000
2036	1,005,000	278,000	1,283,000
2037	1,055,000	227,750	1,282,750
2038	1,110,000	175,000	1,285,000
2039	1,165,000	119,500	1,284,500
2040	1,225,000	61,250	1,286,250
Total	$ 20,000,000	$ 17,247,545	$ 37,247,545

NOTE 5 - INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2011, inter-fund balances comprised the following:

Fund	Inter-fund Receivable	Inter-fund Payable
General fund	$ 695,554	$ 263,080
Measure E	-	18,720
Special revenue funds:	-	-
Parkland	29,880	5,211
Reserves	14,435	-
Maintenance	-	39,031
Landscape	240,173	654,000
Total interfund receivable/payable	$ 980,042	$ 980,042

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description:
The District contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statue and District ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy:
Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 11.169% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost:
For 2011, the District's annual pension cost of $362,993 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method.

A summary of principle assumptions and methods used to determine the Annual Required Contribution (ARC) is shown below.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (concluded)

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increase	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

Three-Year Trend Information for PERS:

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
6/30/2009	$389,609	100%	$ -0-
6/30/2010	$394,101	100%	-0-
6/30/2011	$362,993	100%	-0-

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfounded actuarial accrued liability to payroll:

Valuation Date	(A) Accrued Liabilities (AL)	(B) Actuarial Value of Assets (AVA)	(C) Unfunded Liabilities [UL]	(D) Funded Ratio (AVA/AL)	(E) Annual Covered Payroll	(F) UL as a % Of Payroll
6/30/2006	$2,754,396,608	$2,492,226,176	$262,170,432	90.5%	$699,897,835	37.5%
6/30/2007	$2,611,746,790	$2,391,434,447	$220,312,343	91.6%	$665,522,859	33.1%
6/30/2008	$2,780,280,768	$2,547,323,278	$232,957,490	91.6%	$688,606,681	33.8%
6/30/2009	$3,104,798,222	$2,758,511,101	$346,287,121	88.9%	$742,981,488	46.6%
6/30/2010	$3,309,064,934	$2,946,408,106	$362,656,828	89.0%	$748,401,352	48.5%

NOTE 7 - RISK MANAGEMENT

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below.

NOTE 7 - RISK MANAGEMENT (concluded)

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District is a member of a program through which certain specified and limited self-insured general liability, property loss and automobile liability are administered by the California Association for Park and Recreation Insurance (CAPRI) and shared by its participating members.

Complete audited financial statements for CAPRI can be obtained from CAPRI's office at 6341 Auburn Boulevard, Suite A, Citrus Heights, CA 95621.

CAPRI provides comprehensive general liability coverage with a $10,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

CAPRI also provides public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act(s) which occurs during the coverage period for which the coverage applies. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

All-Risk Property Loss coverage including Boiler & Machinery coverage is subject to a $2,000 deductible per occurrence payable by the District.

CAPRI provides flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

NOTE 8 - CONTINGENCIES

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

NOTE 9 - PART-TIME AND SEASONAL EMPLOYEE RETIREMENT PLAN

The District uses a FICA alternative (457) plan for the District's seasonal and part-time employees. This plan satisfies the requirements of Internal Revenue Code Section 3121, which requires the District to either include these employees under the Social Security System or a qualified pension plan. The District contributed $24,374 during the year ended June 30, 2011.

NOTE 10 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and permanent part-time employees, permits them to defer a portion of their salary until future years. Under this plan, participants are not taxed on the deferred portion of the compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE 11 - NET ASSETS AND FUND BALANCES

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net assets are the excess of all the District's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital, net of related debt describes the portion of net assets that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter. These include amounts for debt service requirements.

Unrestricted describes the portion of net assets that is not restricted to use.

B. Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

NOTE 11 - NET ASSETS AND FUND BALANCES (concluded)

B. Fund Equity (concluded)

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District's policy specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

NOTE 12 - TRANSFERS

Transactions which constitute reimbursement of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. The funds below were combined with the general fund in previous years. The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2011:

	Transfers in	Transfers out
Major Funds:		
General fund	$ -	$ 12,932
Arts	10,961	-
Building	1,971	-
Totals	$ 12,932	$ 12,932

Pleasant Hill Recreation and Park District
GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Budget and Actual
For the year ended June 30, 2011
(Unaudited)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues:				
Property taxes	$ 2,452,000	$ 2,452,000	$ 2,589,011	$ 137,011
Non-recreation	522,500	222,500	132,357	(90,143)
Senior citizens	368,400	349,440	372,791	23,351
Winslow center	12,000	14,500	11,846	(2,654)
Community center rental	181,000	124,000	114,652	(9,348)
Adult activities	251,000	215,500	209,223	(6,277)
Athletics & teens	629,000	561,000	602,346	41,346
Preschool, youth, & special	514,500	448,670	457,442	8,772
Child care	270,000	270,000	296,743	26,743
Aquatics	353,000	354,500	357,121	2,621
Total revenues	5,553,400	5,012,110	5,143,532	131,422
Expenditures:				
Administration	286,900	274,000	325,272	(51,272)
Recreation	270,800	261,370	297,058	(35,688)
Senior citizens	692,420	646,380	657,067	(10,687)
Winslow center	58,380	61,580	48,534	13,046
Community center rental	777,800	696,650	734,370	(37,720)
Adult activities	245,810	218,460	238,689	(20,229)
Athletics & teens	707,400	631,600	628,743	2,857
Preschool, youth, & special	426,600	374,640	361,472	13,168
Child care	233,240	223,340	232,340	(9,000)
Aquatics	653,700	641,890	656,507	(14,617)
Communications	147,810	137,890	147,467	(9,577)
Parks	586,380	513,430	468,937	44,493
Capital outlay	2,827,000	2,730,230	285,462	2,444,768
Debt service:				
Principal	251,200	251,200	110,711	140,489
Interest	12,500	12,500	139,781	(127,281)
Total expenditures	8,177,940	7,675,160	5,332,410	2,342,750
Excess (deficit) of revenues over (under) expenditures	(2,624,540)	(2,663,050)	(188,878)	2,474,172
Other Financing Sources (Uses):				
Issuance of debt				
Transfers in	2,500,000	2,500,000	-	(2,500,000)
Transfers out	-	-	(12,932)	(12,932)
Total Other Financing Sources (Uses)	2,500,000	2,500,000	(12,932)	(2,512,932)
Net change in Fund Balances	$ (124,540)	$ (163,050)	(201,810)	$ (38,760)
Fund balances, beginning of period			331,310	
Fund balances, end of period			$ 129,500	

Pleasant Hill Recreation and Park District
LANDSCAPE FUND (250)
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
Budget and Actual
For the year ended June 30, 2011
(Unaudited)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 692,310	$ 692,310	$ 641,184	$ (51,126)
Total revenues	692,310	692,310	641,184	(51,126)
Expenditures:				
Maintenance	680,110	680,110	658,992	21,118
Total expenditures	680,110	680,110	658,992	21,118
Excess (deficit) of revenues over (under) expenditures	$ 12,200	$ 12,200	(17,808)	$ (30,008)
Fund balances, beginning of period			74,786	
Fund balances, end of period			$ 56,978	

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Directors
Pleasant Hill Recreation & Park District
147 Gregory Lane
Pleasant Hill, California 94523

OPINION: 8,000,000 Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012)

Members of the Board of Directors:

We have acted as bond counsel to the Pleasant Hill Recreation & Park District (the "District") in connection with the issuance by the District of 8,000,000 principal amount of Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012) (the "Bonds"), pursuant to section 5790 *et seq.* of the California Public Resources Code (the "Act"), and a resolution adopted by the Board of Directors of the District on March 28, 2012 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a recreation and park district with the power to cause the Board to issue the Bonds in its name and to perform its obligations under the Resolutions and the Bonds.

2. The Resolution has been duly adopted by the District and creates a valid first lien on the funds pledged under the Board Resolution for the security of the Bonds.

3.The Bonds have been duly authorized, executed and delivered by, are valid and binding general obligations of, the District. The Board of Supervisors of Contra Costa County is required to levy a tax upon all taxable property in the District for the payment of the principal of and interest on all outstanding bonds of the District, including the Bonds. The Bonds are payable from an *ad valorem* tax levied without limitation as to rate or amount.

4. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. It is also our opinion that the Bonds are "qualified tax exempt obligations" under section 265(b)(3) of the Code.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the PLEASANT HILL RECREATION & PARK DISTRICT (the "District") in connection with the issuance by the District of 8,000,000 Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012) (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the District on March 28, 2012 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

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

"*Beneficial Owner*" shall mean any person who (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 U.S. Bank National Association or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

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

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

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

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2011-12 Fiscal Year, which is due not later than March 31, 2013, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that 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 District 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.

(b) *Change of Fiscal Year*. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance*. If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. <u>Content of Annual Reports</u>. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

(i) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and
(ii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall, or shall cause the Dissemination (if not the District) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The District 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) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Resolution.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. <u>Dissemination Agent</u>.

(a) *Appointment of Dissemination Agent*. The District 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. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3.

Section 9. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. 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 no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Paying Agent under the Resolution. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

PLEASANT HILL RECREATION & PARK DISTRICT

By ____
Authorized Officer

ACKNOWLEDGED:

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By ____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Pleasant Hill Recreation & Park District
Name of Issue:	Pleasant Hill Recreation & Park District (Contra Costa County, California) General Obligation Bonds, Election of 2009, Series B (2012)
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate dated [Closing Date], furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____________.

Dated: ______________________

U.S. BANK NATIONAL ASSOCIATION, as Dissemination Agent

By ____
Name ______________________________________
Title _______________________________________

cc: Paying Agent

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APPENDIX D

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond 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 certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as tenders, defaults, and proposed amendments to the Bonds 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 Paying Agent and request that copies of notices be provided directly to them.

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

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

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

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer