

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2000 Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the opinion of Co-Bond Counsel, such interest is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. In the further opinion of Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 2000 Series C Bonds and the 2000 Series D Bonds is exempt from present State of California personal income taxes. Interest on the 2000 Series D Bonds is included in gross income for federal income tax purposes. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

\$201,300,000

**Oakland-Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Project)**

\$75,400,000 2000 Refunding Series C-1 (Tax-Exempt)

\$75,400,000 2000 Refunding Series C-2 (Tax-Exempt)

\$50,500,000 2000 Refunding Series D (Taxable)

Dated, priced, due in authorized denominations, as set forth on the inside cover page.

This cover page contains information for quick reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are being issued in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Payments of the principal of, premium, if any, and interest on the Bonds will be made by Chase Bank of Texas, N.A., as trustee for the Bonds (the "Trustee") to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds.

The Oakland-Alameda County Coliseum Authority Lease Revenue Bonds (Oakland Coliseum Project) \$75,400,000 2000 Refunding Series C-1 (Tax-Exempt) and the \$75,400,000 2000 Refunding Series C-2 (Tax-Exempt) (collectively, the "2000 Series C Bonds") and the \$50,500,000 2000 Refunding Series D (Taxable) (the "2000 Series D Bonds" and collectively with the 2000 Series C Bonds, the "Bonds") may bear interest at a Daily Rate, Weekly Rate, Commercial Paper Rate, Term Rate or Fixed Rate. Initially, the Bonds will bear interest at a Weekly Rate. Interest on the Bonds will initially be payable on the first Business Day of each calendar month commencing on June 1, 2000. The Bonds are subject to redemption and optional and mandatory tender prior to maturity as described herein.

The payment of principal, purchase or redemption price of and interest due on the 2000 Series C Bonds will be secured by a Letter of Credit to be issued by **Canadian Imperial Bank of Commerce, acting through its New York Agency ("CIBC")** and the **California State Teachers' Retirement System ("CALSTRS")** concurrently with the delivery of the 2000 Series C Bonds. The payment of principal, purchase or redemption price of and interest due on the 2000 Series D Bonds will be secured by a Letter of Credit to be issued by **First Union National Bank ("First Union")** and collectively with CIBC and CALSTRS, the "Banks"), concurrently with the delivery of the 2000 Series D Bonds.



The Bonds are being issued to provide funds: (i) to refund certain outstanding bonds (the "Refunded Bonds") of the Oakland-Alameda County Coliseum Authority (the "Authority"), (ii) to fund the Reserve Fund in an amount equivalent to the Reserve Fund Requirement allocable to the Bonds and (iii) to pay the costs of issuance of the Bonds, including certain hedge agreement fees related to a portion of the 2000 Series C Bonds and certain costs incurred in the termination of the Swap Agreements (as defined herein) entered into in connection with the Refunded Bonds.

The Bonds are being issued by the Authority pursuant to a Trust Agreement, dated as of August 1, 1995 by and between the Authority and The Bank of New York Trust Company of California, as amended and supplemented by a First Supplemental Trust Agreement, dated as of May 1, 2000, by and between the Authority and the Trustee. The Bonds are limited obligations of the Authority payable solely from Revenues of the Authority, consisting of Base Rental Payments to be received by the Authority from the County of Alameda (the "County") and the City of Oakland (the "City") under a Master Lease, dated as of August 1, 1995 (the "Original Master Lease") as amended and supplemented by a First Amendment to Master Lease, dated as of July 31, 1996 and a Second Amendment to Master Lease, dated as of May 1, 2000 (the "Second Amendment", and collectively with the Original Master Lease, as amended, the "Master Lease"), all by and between the Authority and the County and the City, pursuant to which the County and the City leased the Oakland-Alameda County Coliseum known as the Network Associates Coliseum (the "Coliseum Complex") from the Authority. The Base Rental Payments to be made by the County and the City pursuant to the Master Lease are payable jointly and severally by the County and the City from their respective General Funds to the Authority for the use and possession by the County and the City of the Coliseum Complex.

The Bonds are limited obligations of the Authority secured solely by the pledge of revenues and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority. Neither the full faith and credit of the Authority, the County or the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Base Rental Payments. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments constitutes a debt, liability or obligation of the Authority, the County or the City for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

This Official Statement describes the Bonds and shall only be operative while the Bonds bear interest at a Daily, Weekly or Commercial Paper Rate. Registered owners and prospective purchasers of the Bonds after the date hereof and during any period the Bonds bear interest at a Term Rate or Fixed Rate should not rely on the information contained in this Official Statement but look instead to any disclosure document prepared in connection with such conversion.

The Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Authority by Deena P. McClain, the Authority's General Counsel, for the City by Jayne W. Williams, Oakland City Attorney, and for the County by Richard E. Winnie, Alameda County Counsel. Certain legal matters will be passed upon for the Underwriters by McGhee & Associates, Los Angeles, California, Underwriters' Counsel. It is expected that the Bonds will be available for delivery through the DTC book-entry system in New York, New York on or about May 25, 2000.

Dated: May 18, 2000

LEHMAN BROTHERS
HENDERSON CAPITAL PARTNERS LLC **M.R. BEAL & COMPANY**
RAMIREZ & CO., INC. **REDWOOD SECURITIES GROUP, INC.**

MATURITY SCHEDULE

\$75,400,000 2000 Series C-1 Bonds (Tax-Exempt)

Dated: Date of Original Delivery Price: 100% Maturity Date: February 1, 2025

The 2000 Series C Bonds will bear interest at a per annum rate of 4.00% until May 31, 2000 and thereafter at a Weekly Rate as determined by the Remarketing Agent. The 2000 Series C Bonds will be issued in denominations of \$100,000 or any integral multiple thereof.

\$75,400,000 2000 Series C-2 Bonds (Tax-Exempt)

Dated: Date of Original Delivery Price: 100% Maturity Date: February 1, 2025

The 2000 Series C Bonds will bear interest at a per annum rate of 4.00% until May 31, 2000 and thereafter at a Weekly Rate as determined by the Remarketing Agent. The 2000 Series C Bonds will be issued in denominations of \$100,000 or any integral multiple thereof.

\$50,500,000 2000 Series D Bonds (Taxable)

Dated: Date of Original Delivery Price: 100% Maturity Date: February 1, 2011

The 2000 Series D Bonds will bear interest at a per annum rate of 6.60% until May 31, 2000 and thereafter at a Weekly Rate as determined by the Remarketing Agent. The 2000 Series D Bonds will be issued in denominations of \$100,000 or any integral multiple thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE VARIABLE RATE BONDS*

	Daily Rate Period	Weekly Rate Period	Commercial Paper Rate Period	Term Rate Period
Interest Payment Dates and Record Dates	First Business Day of each calendar month to the registered owner as of the last day of each month (whether or not a Business Day).	First Business Day of each calendar month to the registered owner as of the day (whether or not a Business Day) next preceding each Interest Payment Date.	On the Purchase Date to the registered owner as of the day (whether or not a Business Day) next preceding each Interest Payment Date.	On the Term Rate Interest Payment Date to the registered owner as of the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.
Rate Determination	Determined by the Remarketing Agent by 10 a.m. each Business Day (or next succeeding Business Day, if such day is not a Business Day.)	Determined by the Remarketing Agent on the Business Day prior to such Weekly Rate Period and thereafter each Tuesday (or, if Tuesday is not a Business Day, the next succeeding day, if such day is a Business Day, or, if not, the Business Day, preceding such Tuesday.)	Determined by the Remarketing Agent not later than 12:30 p.m. of the first day of a Commercial Paper Segment.	Determined by the Remarketing Agent not later than 4 p.m. on a Business Day no earlier than thirty Business Days and no later than the Business Day next preceding the first day of an Interest Period.
Rate Period	Effective date when adjusting to Daily Rate and each Business Day thereafter.	First Weekly Rate begins on first day of the Weekly Rate Period and ends on the following Tuesday and thereafter begins on each Wednesday and ends on the next succeeding Tuesday.	Commercial Paper Rate effective for term of not less than one nor more than 360 days.	Term of one year or any integral multiple of six months in excess of one year.
Notice of Variable Rate to Holder	Trustee to provide notice.	Trustee to provide notice.	Trustee to provide notice.	Trustee to provide notice.
Mandatory Tender Dates	On the effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Agent that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding termination of the Credit Facility or Liquidity Facility; and on the Substitution Tender Date.	On effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Agent that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding the termination of Credit Facility or Liquidity Facility; and on the Substitution Tender Date.	On effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Agent that an "Event of Default" has occurred under the Credit Facility; on the last day of any Commercial Paper Segment; on the Business Day not later than 5 days preceding termination of the Credit Facility or Liquidity Facility; and on the Substitution Tender Date.	On effective date of any change in a Rate Period; on the Business Day designated by the Trustee following notice from the Agent that an "Event of Default" has occurred under the Credit Facility; on the Business Day not later than 5 days preceding the termination of the Credit Facility or Liquidity Facility; and on the Substitution Tender Date.
Optional Tender Dates; Notice of Optional Tender	Any Business Day; notice sent by owner to Remarketing Agent not later than 11:00 a.m. on Purchase Date.	Any Business Day; notice sent by owner to Remarketing Agent not later than 4:00 p.m. on a Business Day not less than seven days prior to Purchase Date.	No Optional Tender	Last day of the current Interest Period applicable to such bonds; notice sent by owner to Remarketing Agent no later than 12:30 p.m. on a Business Day not less than 7 days before such last day.
Physical Delivery of and Payment for Bonds Subject to Optional and Mandatory Tender	To Tender Agent by 12:00 noon Eastern time on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 12:00 noon Eastern time on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 12:00 noon Eastern time on Purchase Date; payment same day in immediately available funds.	To Tender Agent by 12 noon Eastern time on Purchase Date; payment same day in immediately available funds.
Written Notice of Rate Period Change to the Bondowners	Tender Agent Notice of mandatory purchase given 30 days prior to Mandatory Purchase Date effectively serves as notice.	Tender Agent Notice of mandatory purchase given 30 days prior to Mandatory Purchase Date effectively serves as notice.	Tender Agent Notice of mandatory purchase given 30 days prior to Mandatory Purchase Date effectively serves as notice.	Tender Agent Notice of mandatory purchase given 30 days prior to Mandatory Purchase Date effectively serves as notice.

*This Official Statement describes the Bonds and shall only be operative while the Bonds are in a daily, weekly or commercial paper mode. Registered owners and prospective purchasers of the Bonds after the date hereof and during any period that the Bonds bear interest at a fixed rate or term rate should not rely on the information contained in this Official Statement.

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

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, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information set forth herein has been furnished by the Authority, the City and the County and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by, the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Authority, the County or the City since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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OAKLAND-ALAMEDA COUNTY COLISEUM AUTHORITY

AUTHORITY GOVERNING BOARD

Ignacio De La Fuente, Commissioner and Chair
Mary V. King, Commissioner and Vice Chair
Larry E. Reid, Commissioner
Gail Steele, Commissioner
Deborah Edgerly, Treasurer/Secretary
Patrick O'Connell, Auditor

COUNTY OF ALAMEDA, CALIFORNIA

BOARD OF SUPERVISORS

Wilma Chan
President
(District 3)

Scott Haggerty
(District 1)

Gail Steele
(District 2)

Mary V. King
(District 4)

Keith Carson
(District 5)

CITY OF OAKLAND, CALIFORNIA

MAYOR

Edmund G. Brown, Jr., Mayor

CITY COUNCIL

Ignacio De La Fuente, President
Nancy Nadel
Jane Brunner
Richard Spees

Henry Chang, Jr., Vice Mayor
Nate Miley
John Russo
Larry E. Reid

SPECIAL SERVICES

Co-Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Webster & Anderson
Oakland, California

Financial Advisor

Public Financial Management, Inc.
San Francisco, California

Trustee and Tender Agent

Chase Bank of Texas, N.A.
Houston, Texas

Remarketing Agents

Lehman Brothers
(Series C-1)

Bear, Stearns & Co., Inc.
(Series C-2)

Merrill Lynch & Co.
(Series D)

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OFFICIAL STATEMENT

\$201,300,000
Oakland-Alameda County Coliseum Authority
Lease Revenue Bonds
(Oakland Coliseum Project)

\$75,400,000 2000 Refunding Series C-1 (Tax-Exempt)
\$75,400,000 2000 Refunding Series C-2 (Tax-Exempt)
\$50,500,000 2000 Refunding Series D (Taxable)

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement.

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the sale and delivery by the Oakland-Alameda County Coliseum Authority (the "Authority") of its Lease Revenue Bonds (Oakland Coliseum Project), \$75,400,000 2000 Refunding Series C-1 (Tax-Exempt) (the "2000 Series C-1 Bonds"), \$75,400,000 2000 Refunding Series C-2 (Tax-Exempt) (the "2000 Series C-2 Bonds" and collectively with the 2000 Series C-1 Bonds, the "2000 Series C Bonds") and \$50,500,000 2000 Refunding Series D (Taxable) (the "2000 Series D Bonds" and collectively with the 2000 Series C Bonds, the "Bonds") in the aggregate principal amount of \$201,300,000. The Bonds are being issued to provide funds for the following purposes: (i) to refund the Authority's \$188,500,000 aggregate principal amount of Lease Revenue Bonds (Oakland Coliseum Project), consisting of \$94,300,000 1995 Series B-1 Variable Rate Lease Revenue Bonds (Taxable) and \$94,200,000 1995 Series B-2 Variable Rate Lease Revenue Bonds (Taxable) (collectively, the "Refunded Bonds"), (ii) to fund the Reserve Fund in an amount equivalent to the Reserve Fund Requirement allocable to the Bonds and (iii) to pay the costs of issuance of the Bonds, including certain hedge agreement fees related to a portion of the 2000 Series C Bonds and certain costs incurred in the termination of the Swap Agreements (as defined herein) entered into in connection with the Refunded Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Authority

The Authority is a joint exercise of powers agency organized under the laws of the State of California (the "State") and pursuant to an Amended and Restated Joint Exercise of Powers Agreement, dated as of December 17, 1996 (the "Joint Powers Agreement") and composed of the County of Alameda (the "County") and the City of Oakland (the "City"). The Authority was formed to assist in the financing of public capital improvements. See "THE AUTHORITY" herein.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the "Bond Act"), a Trust Agreement, dated as of August 1, 1995 (the "Original Trust Agreement") by and between the Authority and The Bank of New York Trust Company of California, as trustee, as amended and supplemented by a First Supplemental Trust Agreement, dated as of May 1, 2000 (the "First Supplement" and collectively with the Original Trust Agreement, the "Trust Agreement"), by and between the Authority and Chase Bank of Texas, N.A., as successor trustee (the "Trustee"), and pursuant to and in accordance with other applicable laws of the State, the City charter and ordinances and resolutions adopted by the City, the County and the Authority, all as more fully described herein.

Security for the Bonds

The Bonds are limited obligations of the Authority payable solely from Revenues (as hereinafter defined) of the Authority, consisting of base rental payments (the "Base Rental Payments") payable by the County and the City to the Authority pursuant to a Master Lease, dated as of August 1, 1995 (the "Original Master Lease") as amended and supplemented by a First Amendment to Master Lease, dated as of July 31, 1996 and a Second Amendment to Master Lease, dated as of May 1, 2000 (the "Second Amendment" and collectively with the Original Master Lease, as amended, the "Master Lease"), all by and between the Authority, as lessor thereunder, and the County and the City, as lessees thereunder. The Base Rental Payments are joint and several obligations to be made by the County and the City are payable by the County and the City from their respective General Funds for the right to the use and possession by the County and the City of the Network Associates Coliseum (the "Network Associates Coliseum").

Pursuant to a Ground and Facility Lease, dated as of August 1, 1995 (the "Original Ground Lease") as supplemented by a First Amendment to Ground and Facility Lease, dated as of July 31, 1996, both by and between the County and the City, as lessors thereunder, and the Oakland-Alameda County Coliseum Financing Corporation (the "Corporation"), a nonprofit public benefit corporation whose members are designated by the City and County, as lessee thereunder, the County and the City leased the Network Associates Coliseum to the Corporation. Pursuant to an Assignment Agreement, dated as of August 1, 1995 (the "Assignment Agreement") as supplemented by a First Amendment to Assignment Agreement, dated as of July 31, 1996, both between the Corporation and the Authority, the Corporation assigned its right, title and interest in the Ground Lease to the Authority in order to assist the Authority, the County and the City in financing the Project (as hereinafter defined).

The Base Rental Payments to be made by the County and the City will be in amounts (divided equally between the County and the City) calculated to be sufficient to pay principal of and interest on the Bonds and amounts owing under any Related Obligations when due, subject to a maximum aggregate annual amount of \$22,000,000. The County and the City have agreed in the Master Lease to make all Base Rental Payments and Additional Payments, subject to the abatement of such Base Rental Payments and Additional Payments in the event of material damage to or destruction of the Network Associates Coliseum or taking of the Network Associates Coliseum in whole or in part. The County and the City have each covenanted in the Master Lease to take such action as may be necessary to include one-half (1/2) of the Base Rental Payments and Additional Payments due under the Master Lease in their respective annual budgets, and to make necessary annual appropriations therefor. The County and City have also covenanted that if either shall fail, in any fiscal year, to budget or pay one-half (1/2) of such Base Rental Payments and Additional Payments due under the Master Lease payable during such fiscal year, the County or City, as the case may be, is required, by supplemental budget in such fiscal year to appropriate and pay such additional amounts necessary to make up any deficiency in the

amount not appropriated or paid by either the County or City, including interest accrued thereon. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Letters of Credit for the Bonds

The payment of principal, purchase or redemption price of and interest due on the 2000 Series C Bonds will be secured by a Letter of Credit to be issued by Canadian Imperial Bank of Commerce, acting through its New York Agency ("CIBC"), and the California State Teachers' Retirement System ("CALSTRS") concurrently with the delivery of the 2000 Series C Bonds. Such obligation of CIBC and CALSTRS is a several and not a joint obligation. The payment of principal, purchase or redemption price of and interest due on the 2000 Series D Bonds will be secured by a Letter of Credit to be issued by First Union National Bank ("First Union" and collectively with CIBC and CALSTRS, the "Banks"), concurrently with the delivery of the 2000 Series D Bonds. CIBC will act as agent for the Banks and in such capacity is referred to as the "Agent". See "LETTERS OF CREDIT" herein.

Bonds Constitute Limited Obligations; Master Lease Not Debt

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY SECURED SOLELY BY THE PLEDGE OF REVENUES AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY OR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS NOR FOR THE PAYMENT OF BASE RENTAL PAYMENTS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COUNTY OR THE CITY FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2000 Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Co-Bond Counsel, such interest is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. In the further opinion of Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 2000 Series C Bonds and the 2000 Series D Bonds is exempt from present State of California personal income taxes. **Interest on the 2000 Series D Bonds is included in gross income for federal income tax purposes.** Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

Summaries Not Definitive

Brief descriptions of the Bonds, the Authority, the County and the City are included in this Official Statement, together with summaries of the Master Lease, the Ground Lease, the Assignment Agreement, the

Trust Agreement and the Reimbursement Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bonds, the Master Lease, the Ground Lease, the Assignment Agreement, the Trust Agreement and the Reimbursement Agreement are qualified in their entirety by reference to the actual documents, or with respect to the Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available for inspection at the corporate trust office of the Trustee in Houston, Texas.

Additional Information

The County and the City regularly prepare a variety of reports, including audits, budgets and related documents, as well as certain periodic activity reports. Any Bondowner may obtain a copy of any such report, as available, from the Trustee, the County, or the City. Additional information regarding this Official Statement may be obtained by contacting the Trustee or:

County of Alameda
1221 Oak Street
5th Floor
Oakland, California 94612
Attention: County Administrator

City of Oakland
Financial Services Agency
150 Frank H. Ogawa Plaza, Suite 5330
Oakland, California 94612
Attention: Treasury Manager

THE REFUNDING PLAN

The proceeds of the Bonds will be used to provide the funds necessary to refund and redeem on the date of issuance the Refunded Bonds. The Refunded Bonds and the Oakland-Alameda County Coliseum Authority Lease Revenue Bonds (Oakland Coliseum Project) \$9,200,000 1995 Series A Fixed Rate Refunding Lease Revenue Bonds (Tax-Exempt) (the "1995 Series A Bonds" and collectively with the Refunded Bonds, the "1995 Series Bonds") were issued to provide funds: (i) to refund certain outstanding bonds of the Oakland-Alameda County Coliseum, Inc., (ii) to finance the costs of remodeling the Network Associates Coliseum as well as other costs associated with the relocation of the Oakland Raiders National Football League team (the "Raiders") to play professional football in the City, (iii) to pay capitalized interest on the Refunded Bonds, and (iv) to fund a reserve fund for, and pay cost of issuance of, the 1995 Series Bonds. The Refunded Bonds were initially issued in the aggregate principal amount of \$188,500,000 and are currently outstanding in the aggregate principal amount of \$181,900,000. The 1995 Series A Bonds are not being refunded and will remain outstanding payable on a parity with the Bonds.

The proceeds of the Bonds, together with certain moneys held under the Trust Agreement, will be used to pay in full principal of the Refunded Bonds. Both the ISDA Master Agreement dated as of September 12, 1995 entered into between GBDP, L.P. and the Authority and the ISDA Master Agreement dated as of September 12, 1995 entered into between Goldman Sachs Mitsui Marine Derivative Products, L.P. and the Authority (collectively, the "Swap Agreements") in connection with the Refunded Bonds are to be terminated. The proceeds of the Bonds will be used in part to pay fees in connection with such termination.

Proceeds of the Bonds in an amount equivalent to the Reserve Fund Requirement allocable to the Bonds will be used to fund the Reserve Fund.

In connection with a portion of the 2000 Series C Bonds, the Authority and Merrill Lynch GSI anticipate entering into a hedge agreement. Proceeds of the Bonds will be used in part to pay fees incurred in connection with such agreement.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Bonds, excluding accrued interest, are as follows:

	2000 Series C Bonds	2000 Series D Bonds	Total
Sources:			
Principal Amount of the Bonds	\$150,800,000	\$50,500,000	\$201,300,000
TOTAL SOURCES OF FUNDS	<u>\$150,800,000</u>	<u>\$50,500,000</u>	<u>\$201,300,000</u>
Uses:			
Deposit to Reserve Fund ⁽¹⁾	\$12,905,929	\$ 4,292,521	\$17,198,450
Swap Termination Fee	221,372	73,628	295,000
Deposit to Prior Trustee to pay Refunded Bonds	136,500,000	45,400,000	181,900,000
Costs of Issuance and Underwriters' Discount ⁽²⁾	<u>1,205,871</u>	<u>700,679</u>	<u>1,906,550</u>
TOTAL USES OF FUNDS	<u>\$150,833,172</u>	<u>\$50,466,828</u>	<u>\$201,300,000</u>

⁽¹⁾ The deposit to the Reserve Fund is equal to the portion of the Reserve Fund Requirement allocable to the Bonds. Proceeds of the 1995 Series A Bonds funded the portion of the Reserve Fund Requirement allocable to the 1995 Series A Bonds. The amount held in the Reserve Fund following issuance of the Bonds will be \$17,946,799.98.

⁽²⁾ Includes legal fees, fees of the Trustee and the Banks, letter of credit commitment fees, rating agencies fees, printing costs, interest rate hedge agreement fees and certain miscellaneous expenses.

THE BONDS

General

The Bonds are being issued in the aggregate principal amount of \$201,300,000, comprised of \$75,400,000 aggregate principal amount of 2000 Series C-1 Bonds, \$75,400,000 aggregate principal amount of 2000 Series C-2 Bonds and \$50,500,000 aggregate principal amount of 2000 Series D Bonds. The Bonds will be issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Purchasers will not receive securities certificates representing their interests in the Bonds purchased. Payments of principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "APPENDIX F - DTC AND THE BOOK-ENTRY SYSTEM" herein.

The 2000 Series C Bonds will be dated their date of delivery and will mature on February 1, 2025. The 2000 Series D Bonds will be dated their date of delivery and will mature on February 1, 2011. The Bonds will initially be issued in a Weekly Mode and will bear interest at a Weekly Rate unless and until converted to another interest rate mode as provided in the Trust Agreement.

Lehman Brothers has been appointed as the remarketing agent for the 2000 Series C-1 Bonds and Bear, Stearns & Co. Inc. has been appointed as the remarketing agent for the 2000 Series C-2 Bonds (collectively, the "Series C Remarketing Agent") and Merrill Lynch & Co. has been appointed as the remarketing agent for the 2000 Series D Bonds (the "Series D Remarketing Agent" and collectively with the Series C Remarketing Agent, the "Remarketing Agent"). The Authority will enter into a Remarketing Agreement with each Remarketing Agent with respect to the remarketing of the respective series of Bonds by such Remarketing Agent.

The Bonds may bear interest at a Commercial Paper Rate, Daily Rate, Weekly Rate or Term Rate as provided in the Trust Agreement.

The Bonds bearing interest at a Daily Rate and a Weekly Rate are subject to tender for purchase at the option of the Owners of the Bonds, and under certain circumstances the Bonds are subject to mandatory tender for purchase as described in the Trust Agreement. See "THE BONDS — Mandatory Tender for Purchase of Bonds, — Owner Option to Tender for Purchase", and "— Redemption of the Bonds" herein.

The Bonds will initially be issued only in denominations of \$100,000 or any integral multiple thereof. If Bonds are converted to bear interest at a Commercial Paper Rate, the authorized denominations will be \$100,000 or any integral multiple of \$5,000 in excess thereof. If Bonds are converted to bear interest at a Term or Fixed Rate, the authorized denominations will be \$5,000 or any integral multiple thereof.

Payment of Principal and Interest. The principal of and premium, if any, on the Bonds shall be payable on the Principal Payment Dates to the Owners upon surrender thereof at the principal corporate trust office of the Tender Agent (initially, the Trustee). Interest shall be payable to the registered Owners as of the Record Date (as defined below), such interest to be paid on any Bond held in book-entry only form as provided in the agreement with DTC. Otherwise interest shall be payable by the Trustee on the Interest Payment Dates in the case of Bonds in the Weekly Mode, Daily Mode or Commercial Paper Mode, by wire transfer of immediately available funds to an account specified by the Owner of record thereof on the applicable Record Date in writing delivered to the Trustee.

With respect to a Commercial Paper Bond, interest shall accrue to and be payable on the Purchase Date for such Commercial Paper Bond. With respect to a Bond in the Daily or Weekly Mode, interest shall be payable on the first Business Day of each month. With respect to a Bond in the Term Rate Mode or Fixed Rate Mode, interest shall be payable on each Stated Interest Payment Date occurring in such Interest Period (beginning with the first Stated Interest Payment Date that occurs no earlier than three months after the commencement of such Interest Period). Interest shall be computed, in the case a Commercial Paper Mode, a Daily Mode or a Weekly Mode is in effect, on the basis of a 365/366-day year for the actual number of days elapsed for Bonds that are not Taxable Bonds and for Taxable Bonds on the basis of a 360-day year for the actual number of days elapsed and, in case a Term Rate Mode or Fixed Rate Mode is in effect, on the basis of a 360-day year consisting of twelve 30-day months. The Trust Agreement provides that the maximum interest rate on 2000 Series C Bonds is 12% per annum and the maximum interest rate on 2000 Series D Bonds is 18% per annum.

A "Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banks located in the State of New York or in any state in which the office of the Trustee, the Tender Agent or the Remarketing Agents is located or at which requests for funds under the Liquidity Facility or the Credit Facility are made are authorized to remain closed or on which the New York Stock Exchange is closed.

The "Record Date" is the day (whether or not a Business Day) next preceding each Interest Payment Date.

Weekly Mode

Weekly Rate. During the Weekly Mode, the Bonds shall bear interest at the Weekly Rate, which shall be determined by the applicable Remarketing Agent on the Rate Determination Date which shall be, in the case of the initial conversion to the Weekly Mode, no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday. The Weekly Rate shall be in effect (i) from and including the date of issuance of the Bonds to and including the following Tuesday and (ii) thereafter, from and including each Wednesday to and including the following Tuesday.

The Weekly Rate will be rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under the then-existing market conditions would result in the sale of such Bonds on the Rate Determination Date at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest. If the Remarketing Agent fails or is unable to determine a Weekly Rate for any Bond or the method of determination is held to be unenforceable, then such Bond shall bear interest during each subsequent Interest Period at the BMA Municipal Swap Index or, in the case of a Taxable Bond, 100% of the greater of (i) the Federal Reserve H.15 Non-Financial Commercial Paper 30-day rate and (ii) the Federal Reserve H.15 Non-Financial Commercial Paper 90-day rate in effect on the first day of such Interest Period.

Adjustment to Weekly Rate. The interest rate borne by the Bonds will be adjusted to a Weekly Rate upon receipt by the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the Credit Provider (no later than forty-five days (or such shorter time as may be agreed to by the Authority, the Trustee, the Remarketing Agent and the Tender Agent) of a written notice from the Authority of its intention to effect a change in Mode to the Weekly Mode, which notice shall specify the effective date of the adjustment to a Weekly Rate which shall be (1) a Business Day, (2) in the case of an adjustment from a Commercial Paper Mode, the next Purchase Date for the Commercial Paper Bond to be changed to the Weekly Mode and (3) in the case of an adjustment from a Term Rate Mode, the last day of the current Interest Period for the Bond being converted. In addition the following items shall have been delivered to the Trustee, the Tender Agent and the Remarketing Agent on the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee, the Tender Agent and the Remarketing Agent;
- (ii) a Rating Confirmation Notice;
- (iii) a Credit Facility and a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted, and with an appropriate interest component for the applicable Mode and with an Expiration Date not earlier than 5 days prior to the end of the initial Interest Rate Period for such Bond.

Notice of Adjustment to Weekly Rate. The Tender Agent shall give notice of mandatory purchase as described below which notice will effectively serve as the notice of the adjustment to the Weekly Rate.

Commercial Paper Mode

Commercial Paper Rate. During the Commercial Paper Mode, the Bonds shall bear interest at the Commercial Paper Rate, which shall be determined by the applicable Remarketing Agent on the Rate Determination Date which shall be the first day of an Interest Period. An Interest Period for a Commercial Paper Bond shall be of such duration, ending on a Business Day (but not later than the current Expiration Tender Date),

of one to three hundred sixty calendar days, as the Remarketing Agent shall determine. A Commercial Paper Bond can have an Interest Period, and bear interest at a rate, different than other Commercial Paper Bonds.

The Interest Period will be selected by the Remarketing Agent on and as of the applicable Rate Determination Date and will be the Interest Period which would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest interest rate (based, in the case of Taxable Bonds, on federally taxable securities comparable to such Taxable Bonds and in the case of Tax-exempt Bonds, tax-exempt securities comparable to such Tax-exempt Bonds) then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Authority that any Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to the Indenture, the Remarketing Agent shall, with respect to such Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date. If the Remarketing Agent fails or is unable to determine an Interest Period for a Commercial Paper Bond or the method of determination is held to be unenforceable, the next Interest Period shall be from, and including, the last day of the current Interest Period for such Bond to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such Bond shall be the Lehman Brothers Tax Exempt Commercial Paper Index in effect on the Business Day that begins an Interest Period or, in the case of a Taxable Bond, 100% of the 30-day Federal Reserve H-15 Non-Financial Commercial Paper 30-day rate in effect on such Business Day.

Adjustment to Commercial Paper Rate. The interest rate borne by the Bonds will be adjusted to a Commercial Paper Rate upon receipt by the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the Credit Provider (no later than forty-five days (or such shorter time as may be agreed to by the Authority, the Trustee, the Remarketing Agent and the Tender Agent) of a written notice from the Authority of its intention to effect a change in Mode, which notice shall specify the effective date of the adjustment to a Commercial Paper Rate which shall be (1) a Business Day and (2) in the case of an adjustment from a Term Rate Mode, the last day of the current Interest Period for the Bond being converted. In addition the following items shall have been delivered to the Trustee, the Tender Agent and the Remarketing Agent on the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the Trustee, the Tender Agent and the Remarketing Agent;
- (ii) a Rating Confirmation Notice;
- (iii) a Credit Facility and a Liquidity Facility with a principal component equal to the principal amount of the Bonds being converted, and with an appropriate interest component for the applicable Mode and with an Expiration Date not earlier than 5 days prior to the end of the initial Interest Rate Period for such Bond.

Notice of Adjustment to Commercial Paper Rate. The Tender Agent shall give notice of mandatory purchase as described below which notice will effectively serve as the notice of the adjustment to the Commercial Paper Rate.

Daily Mode

Daily Rate. During each Daily Mode, the Bonds shall bear interest at the Daily Rate, which shall be determined by the applicable Remarketing Agent on and as of each Business Day commencing with the first day the Bonds became subject to the Daily Mode.

The Daily Rate will be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under the then-existing market conditions would result in the sale of such Bonds on the Rate Determination Date at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest. If the Remarketing Agent fails or is unable to determine a Daily Rate for any day or the method of determination is held to be unenforceable, then such Bonds shall bear interest during each subsequent Interest Period at the last lawful Daily Rate set by the Remarketing Agent.

Adjustment to Daily Rate. The interest rate borne by the Bonds will be adjusted to a Daily Rate upon receipt by the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the Credit Provider no later than forty-five days (or such shorter time as may be agreed to by the Authority, the Trustee, the Remarketing Agent and the Tender Agent) of a written notice from the Authority of its intention to effect a change in Mode, which notice shall specify the effective date of the adjustment to a Daily Rate which shall be (1) a Business Day, (2) in the case of an adjustment from a Commercial Paper Mode, the next Purchase Date for the Commercial Paper Bond to be changed to the Daily Mode and (3) in the case of an adjustment from a Term Rate Mode, the last day of the current Interest Period for the Bond being converted.

Notice of Adjustment to Daily Rate. The Tender Agent shall give notice of mandatory purchase as described below which notice will effectively serve as the notice of the adjustment to the Daily Rate.

Term Rate Mode

Term Rate. During the Term Rate Mode, the Bonds shall bear interest at the Term Rate, which shall be determined by the applicable Remarketing Agent on the Rate Determination Date which shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period. Once the Term Rate Mode shall be in effect such Bonds shall continue in such Term Rate Mode until changed to another Mode.

The Term Rate will be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which in the sole judgement of the Remarketing Agent would result in a sale of the Bonds on the Rate Determination Date for the Interest Period (selected by the Authority in writing delivered to the Remarketing Agent before such Rate Determination Date) at a price equal to 100% of the principal amount thereof. If a new Interest Period is not selected by the Authority prior to such Rate Determination Date (for a reason other than a court prohibiting such selection) the new Interest Period shall be the same length as the current Interest Period except that no Interest Period in the Term Rate Mode may extend beyond the applicable maturity date.

A Bond on the date it is converted to the Term Rate Mode and while it is in the Term Rate Mode does not have to be secured by a Credit Facility if so determined by the Authority. If, however, it is secured by the Credit Facility, then no Interest Period for such Bond may extend beyond the Expiration Tender Date. If the Remarketing Agent fails or is unable to determine a Term Rate for any period that a Term Rate Mode shall be in effect or the method by which the Remarketing Agent determines the Interest Rate or the selection by the Authority of the Interest Periods is held unenforceable by a court of law of competent jurisdiction, and if (i) such Bond is secured by a Liquidity Facility and a Credit Facility, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent or (ii) if such Bond is not secured by a Liquidity Facility and a Credit Facility, then such Bond shall stay in the Term Rate Mode for subsequent Interest Periods, each beginning on the last Stated Interest Payment Date and ending on the next Stated Interest Payment Date, and shall bear interest at the Term Rate in effect at the beginning of each such Interest Period.

Adjustment to Term Rate. The interest rate borne by the Bonds will be adjusted to a Term Rate upon receipt by the Trustee, the Remarketing Agent, the Tender Agent, the Liquidity Provider and the Credit Provider (no later than forty-five days (or such shorter time as may be agreed to by the Authority, the Trustee, the Remarketing Agent and the Tender Agent) of a written notice from the Authority of its intention to effect a change in Mode to the Term Rate Mode, which notice shall specify the length of the Interest Period for such Bonds selected by the Authority and whether or not the Bonds to be converted to the Term Rate Mode will be covered by the Credit Facility (if they will be covered, then the initial Interest Rate Period cannot extend beyond the Expiration Tender Date) the effective date of the adjustment to a Term Rate which shall be (1) a Business Day and (2) in the case of an adjustment from a Commercial Paper Mode, the next Purchase Date for the Commercial Paper Bond to be changed to the Term Rate Mode.

Notice of Adjustment to Term Rate. The Tender Agent shall give notice of mandatory purchase as described below which notice will effectively serve as the notice of the adjustment to Term Rate.

IN THE EVENT OF A CONVERSION TO A TERM RATE OR A FIXED RATE, A NEW DISCLOSURE DOCUMENT WILL BE ISSUED. THIS OFFICIAL STATEMENT DESCRIBES THE BONDS AND SHALL ONLY BE OPERATIVE WHILE THE BONDS BEAR INTEREST AT A DAILY RATE, A WEEKLY RATE OR A COMMERCIAL PAPER RATE. REGISTERED OWNERS AND PROSPECTIVE PURCHASERS OF THE BONDS AFTER THE DATE HEREOF AND DURING ANY PERIOD THAT THE BONDS BEAR INTEREST AT A TERM RATE OR A FIXED RATE SHOULD NOT RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

Opinion of Counsel

The change in mode for Tax-Exempt Bonds, in the case of a change from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode is conditioned in each case on the delivery of a Favorable Opinion of Bond Counsel, including an opinion to the effect that the adjustment is permitted by the Trust Agreement and will not impair the exclusion of interest on the Bonds (intended to be tax-exempt) from gross income for purposes of Federal income taxation.

Determinations Binding

The establishment and determination of the various interest rates and the various Rate Periods referred to above shall be conclusive and binding upon the Remarketing Agent, the Trustee, the Authority and the Owners of the Bonds.

Mandatory Tender for Purchase of Bonds

The Bonds are subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof plus accrued interest, if any, upon the occurrence of any of the following events:

- (a) on a Mode Change Date for such Bond;
- (b) as to each Commercial Paper Bond, on the last day of the Interest Period for such Bond;
- (c) on a Business Day designated by the Trustee, which day shall not be more than 15 days following receipt by the Trustee of notice from the Liquidity Facility Provider or Credit Provider that an "Event of Default" has occurred under the Liquidity Agreement or Credit Agreement with respect to such Bonds;

(d) on the Business Day not later than 5 days preceding the Expiration Date of any Credit Facility, including the Letters of Credit, with respect to the Bonds; or

(e) on the Substitution Date of any Alternate Credit Facility, in the event that forty-five days preceding the Substitution Date, the Authority has failed to deliver to the Tender Agent and Trustee a Rating Confirmation Notice with respect to the Bonds.

The Trustee shall give notice to the Owners of the Bonds of the termination of any Credit Facility and of the provision of any proposed Alternate Credit Facility.

Mandatory Purchase at End of Commercial Paper Rate Periods

Each Commercial Paper Bond shall be subject to mandatory purchase on the Purchase Date for the current Interest Period applicable to such Bond at the Purchase Price; the Bonds so purchased shall be delivered by the Owners to the office of the Tender Agent at or before 12:00 noon Eastern time on such Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on such Purchase Date. No notice of such mandatory purchase shall be given to the Owners.

Mandatory Purchase on Mode Change Date

Bonds to be changed from one Mode to another Mode are subject to mandatory purchase on the Mode Change Date at the Purchase Price, the Bonds so purchased shall be delivered by the Owners to the office of the Tender Agent at or before 12:00 noon Eastern time on the Mode Change Date and payment of the Purchase Price shall be made by wire transfer in immediately available funds by the close of business on the Mode Change Date. The Tender Agent shall give notice of such mandatory purchase by mail to the Owners of the Bonds subject to mandatory purchase no less than thirty (30) days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner are to be purchased and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date.

Owner Option to Tender for Purchase

Bonds in the Weekly Mode or Daily Mode shall be purchased by the Tender Agent at the election of the Owners thereof at the times and subject to the conditions described below. Payments for Bonds purchased will be made by the close of business on the dates specified by the Owners thereof for purchase, if the conditions for such purchase described below have been strictly complied with by the Owners. Each Bond must be accompanied by an instrument of transfer (which may be the form printed on the Bond) executed in blank by its owner or his duly authorized attorney, with such signature guaranteed by a guarantor institution participating in a guarantee program acceptable to the Tender Agent. The Tender Agent may refuse to accept delivery of any Bond for which a proper instrument of transfer has not been provided or, if the Bond delivered fails to conform in all aspects with the description thereof, in the required notice. If any Bond is to be purchased in part, the amount purchased and the amount not purchased must each be an authorized denomination.

The term "Owner" or "Bondowner" generally means the registered owner of any Bond. However, at any time Bonds are held in book-entry only form, (i) such terms shall also mean any beneficial owner, or nominee of such beneficial owner, of Bonds for purposes of tendering Bonds for purchase at the option of the Owner, but not for purposes of receiving payment thereon or notices with respect thereto, (ii) Bonds need not be delivered

in connection with any Owner option to tender, and all references to physical delivery of such Bonds shall be ineffective. See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM" below.

Owner Tender for Purchase - Weekly Mode and Daily Mode. The Owners of Bonds in a Weekly Mode or Daily Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to an Authorized Denominations) purchased on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase upon:

(a) in case of Bonds in a Weekly Mode, delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Tender Agent, not later than 4:00 P.M. Eastern time on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner in such notice or, in the case of Bonds in a Daily Mode, delivery of an irrevocable telephonic notice of tender to the Remarketing Agent not later than 11.00 a.m. Eastern time on the Purchase Date specified by the Owner; which notice of tender shall in each case state the CUSIP number, Bond number and the principal amount of such Bond and that such Bond shall be purchased on the Purchase Date specified above.

(b) delivery of such Bond to the Tender Agent at or prior to 12:00 noon, Eastern time, on the purchase date.

If, after the giving of such irrevocable notice, delivery of such Bond fails to occur, such Bond shall be deemed to have been delivered and will be purchased and the former Owner will have no claim under the Trust Agreement except for the payment of the purchase price; provided an Owner may repurchase Bonds not tendered if the Remarketing Agent agrees to sell the specified Bonds to such Owner, in which case the delivery requirements shall be waived.

Optional tenders of Term Bonds at the end of an Interest Period is provided as described in the Trust Agreement.

Payment of Purchase Price

If moneys sufficient to pay the purchase price of Bonds to be purchased as described above under "Mandatory Tender for Purchase of Bonds" and "Owner Option to Tender for Purchase" shall be held by the Tender Agent on the date such Bonds are to be purchased, such Bonds shall be deemed to have been purchased, irrespective of whether or not such Bonds shall have been delivered to the Tender Agent, and the former Owner will have no claim under the Trust Agreement or otherwise except for the payment of the purchase price.

At or before 4:00 p.m. Eastern time on the Purchase Date or Mandatory Purchase Date, as the case may be, and upon receipt by the Tender Agent of 100% of the aggregate purchase price of the tendered Bonds, the Tender Agent shall pay the Purchase Price of the Bonds from the Purchase Fund to the Owners thereof at the principal corporate office of the Tender Agent or by bank wire transfer in immediately available funds.

Remarketing of Bonds

Each Remarketing Agent shall use its best efforts to remarket any Bond required to be purchased as described above which it has agreed to remarket pursuant to the applicable Remarketing Agreement. Any Bond so remarketed shall remain outstanding and may again become subject to purchase.

Redemption of the Bonds

Extraordinary Redemption

The Bonds are subject to extraordinary redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity in Authorized Denominations, from prepayments made by the County or the City from the net proceeds received by the County or the City due to a taking of the leased facilities or portions thereof under the power of eminent domain, or from the net proceeds of insurance received for material damage to or destruction of the leased facilities or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Master Lease, at a redemption price equal to the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption, without premium. If less than all Outstanding Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written directions from the Authority, such Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual debt service on the Bonds which will be payable after such redemption date will be as nearly proportional as practicable to the aggregate annual debt service on the Bonds outstanding prior to such redemption date, except that any Provider Bonds shall be redeemed first.

Mandatory Sinking Fund Redemption

The 2000 Series C Bonds maturing on February 1, 2025 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part on February 1 of each year on and after February 1, 2011 by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below (subject to modification in the event of extraordinary redemption and mandatory tender as described above):

2000 Series C-1 Bonds (Tax-Exempt) (Due February 1, 2025)		2000 Series C-2 Bonds (Tax-Exempt) (Due February 1, 2025)	
<u>Sinking Fund Payment Date (February 1)</u>	<u>Mandatory Sinking Account Payments</u>	<u>Sinking Fund Payment Date (February 1)</u>	<u>Mandatory Sinking Account Payments</u>
2011	\$2,900,000	2011	\$3,000,000
2012	3,800,000	2012	3,700,000
2013	3,900,000	2013	4,000,000
2014	4,200,000	2014	4,100,000
2015	4,300,000	2015	4,400,000
2016	4,500,000	2016	4,500,000
2017	4,700,000	2017	4,800,000
2018	5,000,000	2018	4,900,000
2019	5,100,000	2019	5,200,000
2020	5,500,000	2020	5,400,000
2021	5,700,000	2021	5,700,000
2022	6,000,000	2022	6,000,000
2023	6,300,000	2023	6,300,000
2024	6,600,000	2024	6,500,000
2025†	6,900,000	2025†	6,900,000

† Final Maturity.

The 2000 Series D Bonds maturing on February 1, 2011 are subject to mandatory sinking fund redemption prior to their respective stated maturities, in part on February 1 of each year on and after February 1, 2001 by lot, from and in the amount of the mandatory sinking account payments due and payable on such dates, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon, to the redemption date, without premium, in the amounts and on the dates set forth below (subject to modification in the event of extraordinary redemption and mandatory tender as described above):

2000 Series D Bonds
(Due February 1, 2011)

Sinking Fund Payment Date (February 1,)	Mandatory Sinking Account Payments
2001	\$2,200,000
2002	3,500,000
2003	3,700,000
2004	4,000,000
2005	5,600,000
2006	6,100,000
2007	5,500,000
2008	5,800,000
2009	6,200,000
2010	6,700,000
2011†	1,200,000

† Final Maturity.

Optional Redemption

Optional Redemption During Weekly or Daily Mode. Bonds in the Daily or Weekly Mode may be redeemed at the option of the Authority, in whole or in part, in authorized denominations on any Interest Payment Date, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption.

Optional Redemption During any Commercial Paper Rate Period. Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Commercial Paper Mode may be redeemed by the Authority in whole or in part on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Selection of Bonds for Redemption

Whenever less than all Outstanding Bonds are to be redeemed, the Authority shall designate the principal amount of Bonds of each maturity to be redeemed, provided that, Provider Bonds are redeemed prior to other Bonds. If less than all Outstanding Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate and fair and shall promptly notify the Authority in writing of the numbers of the Bonds

so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event term Bonds are designated for redemption, the Authority may designate which mandatory sinking account payments are allocated to such redemption.

Notice of Redemption

Whenever redemption is authorized under the Trust Agreement, the Trustee is required to mail to affected Owners of the Bonds a notice of redemption, containing the information required by the Trust Agreement, by first-class mail, not less than 30 days nor more than 60 days before the date of any such redemption. So long as DTC or its nominee is acting as securities depository for the Bonds, all such mailed notices shall be sent to DTC or its nominee, as the registered Owner of the Bonds and not to the beneficial owners of the Bonds.

Neither the failure of an Owner of the Bonds to receive any such notice, nor any defect in any such notice, shall invalidate any of the proceedings for the redemption of any Bonds.

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Pledge Under the Trust Agreement

The Trust Agreement provides that the Bonds are payable from, and are secured by a lien on, (a) all Base Rental Payments paid by the County and the City and received by the Authority pursuant to the Master Lease as further described below (but not Additional Payments) and (b) interest and other income from any investment of any money in any fund or account (other than the Rebate Fund or the Purchase Fund) established pursuant to the Trust Agreement or the Master Lease (collectively, the "Revenues") and (c) all amounts on deposit in the Revenue Fund and any other amounts held by the Trustee in any fund or account under the Trust Agreement (other than the Rebate Fund and the Purchase Fund), all under the terms and conditions set forth in the Trust Agreement. As and to the extent set forth in the Trust Agreement, all the Revenues are irrevocably pledged for the security and payment of the Bonds and Related Obligations; but nevertheless out of the Revenues certain amounts may be applied for other purposes as provided in the Trust Agreement.

The Bonds are limited obligations of the Authority and are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts, except the Revenues. Neither the full faith and credit of the Authority, the County or the City is pledged for the payment of the interest on or principal of the Bonds nor for the payment of Base Rental Payments under the Master Lease. Neither the payment of the principal of or interest on the Bonds nor the obligation to make Base Rental Payments under the Master Lease constitutes a debt, liability or obligation of the Authority, the County or the City for which any such entity is obligated to levy or pledge any form of taxation or for which any such entity has levied or pledged any form of taxation. The Authority has no taxing power.

Base Rental Payments

General. As rental for the right to use and occupy the Network Associates Coliseum, the County and the City covenant jointly and severally to pay Base Rental Payments and also to pay Additional Payments in amounts required by the Authority. The Base Rental Payments are expected to be sufficient to pay the principal of and interest on the Bonds and amounts owing under any credit agreement, liquidity agreement or similar agreement entered into by the Authority in connection with the Bonds ("Related Obligations") as the same become due and payable.

FOR INFORMATION REGARDING THE COUNTY AND THE CITY, INCLUDING FINANCIAL INFORMATION, SEE APPENDICES A THROUGH D ATTACHED HERETO. SEE ALSO "THE COUNTY AND THE CITY" AND "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" HEREIN.

The Authority has covenanted in the Trust Agreement that it will not consent to any amendment to any of the terms of the Master Lease or the Ground Lease which would impair the obligation of the City or County to make Base Rental Payments as the same become due. The Authority has covenanted in the Reimbursement Agreement that it will not consent to any amendment of any such documents without the prior written consent of the Banks.

Covenant to Budget and Appropriate. Pursuant to the Master Lease, the County and the City each covenant to take such action as may be necessary to include one-half (1/2) of the amount of the Base Rental Payments and Additional Payments due under the Master Lease in their respective annual budgets, and to make the necessary annual appropriations for such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of the County and the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County and the City to carry out and perform such covenants. To the extent that either the County or City fails, in any year, to budget or pay its share of the Base Rental Payments and Additional Payments due under the Master Lease, the City or County, as the case may be, has covenanted by supplemental budget to appropriate and pay such additional amounts as may be necessary to cure any deficiency in the amount which was to be appropriated and paid by the other lessee.

Insurance. The Network Associates Coliseum is and will be insured to the extent set forth in the Master Lease. See "RISK FACTORS — Seismic Considerations" and "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - MASTER LEASE AND SECOND AMENDMENT TO MASTER LEASE -- Fire and Extended Coverage and Earthquake Insurance" and "-- Rental Interruption or Use and Occupancy Insurance" herein.

Abatement

Use and Occupancy. Base Rental Payments are paid by the County and the City in each rental payment period for and in consideration of the right of use and occupancy of the Network Associates Coliseum during each such period for which said rental is to be paid. See "THE REFUNDING PLAN" and "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - MASTER LEASE AND SECOND AMENDMENT TO MASTER LEASE" hereto.

Damage or Destruction. The Base Rental Payments will be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is otherwise provided for in the Master Lease) there is substantial interference with the use and occupancy of any portion of the Network

Associates Coliseum by the County or the City, in the proportion in which the cost of that portion of the Network Associates Coliseum rendered unusable bears to the rest of the Network Associates Coliseum. See "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - MASTER LEASE AND SECOND AMENDMENT TO MASTER LEASE -- Fire and Extended Coverage and Earthquake Insurance" and "-- Rental Interruption or Use and Occupancy Insurance" herein.

Default and Remedies

Upon an Event of Default described below, the County and the City will be deemed to be in default under the Master Lease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Master Lease, subject to the Authority's assignment of the right to enforce certain of these remedies to the Trustee pursuant to the Trust Agreement. The Master Lease provides that upon any such default, including a failure to pay any Base Rental Payments or Additional Payments, the Authority will continue to collect rent from the County and the City on an annual basis by seeking a separate judgment each year for that year's defaulted Base Rental Payments. The enforcement of some or all of these remedies would be subject to limitations on legal remedies against public agencies in the State, statutory and judicial limitations on lessors' remedies under real property leases and to other terms of the Ground Lease and the Master Lease. The Trustee has no interest in Authority's leasehold interest in the Network Associates Coliseum under the Ground Lease, has no right to terminate the Master Lease or reenter or relet the Network Associates Coliseum and no possessory right to the Network Associates Coliseum. Upon the occurrence of an event of default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Master Lease or reentering the Network Associates Coliseum and reletting it, and the Trustee is not empowered to sell or lease a fee simple, leasehold or other interest in the Network Associates Coliseum and use the proceeds of such sale to prepay the Bonds or pay debt service thereon.

Events of Default under the Master Lease include (i) the failure of the County and the City to pay any rental payable under the Master Lease when the same becomes due and payable, (ii) the failure of the County and the City to keep, observe or perform any term, covenant or condition of the Master Lease to be kept or performed by the County and the City after notice and the elapse of a 30-day grace period and (iii) the bankruptcy or insolvency of the County or the City.

FOR A FURTHER DESCRIPTION OF THE PROVISIONS OF THE MASTER LEASE, INCLUDING THE TERMS THEREOF AND A DESCRIPTION OF CERTAIN COVENANTS THEREIN, INCLUDING CONSTRUCTION, MAINTENANCE, UTILITIES, TAXES, ASSESSMENTS, INSURANCE AND EVENTS OF DEFAULT AND AVAILABLE REMEDIES, SEE "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - MASTER LEASE AND SECOND AMENDMENT TO MASTER LEASE " IN APPENDIX G ATTACHED HERETO.

Reserve Fund

Upon issuance of the Bonds, the Trustee shall deposit in the Reserve Fund established pursuant to the Trust Agreement an amount which, when combined with amounts on deposit therein, will be sufficient to satisfy the Reserve Fund Requirement (as defined in the Trust Agreement). The portion of such deposit allocable to the Bonds shall be derived from Bond proceeds. See "THE REFUNDING PLAN". All money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal, in that order, of the Bonds and the 1995 Series A Bonds in the event of any deficiency in payment of such interest and principal or for the retirement of all the Bonds and the 1995 Series A Bonds then Outstanding, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be withdrawn from the Reserve Fund and deposited in the Revenue Fund,

on or before each interest payment date. See "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - TRUST AGREEMENT -- Reserve Fund" herein.

In the alternative, a surety bond or insurance policy issued to the Trustee, on behalf of the Bondowners, by a company licensed to issue an insurance policy guaranteeing the timely payment of principal of and interest on the Bonds (a "municipal bond insurer") the claims-paying ability of which is rated "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. ("Standard & Poor's") or a letter of credit issued or confirmed by a state or national bank, or a foreign bank with an agency or branch located in the continental United States, which has outstanding an issue of unsecured long term debt securities rated at least equal to the second highest rating category of Moody's and Standard & Poor's, but in no event less than the rating for the Bonds given by any rating agency which has a then currently effective rating on the Bonds, may be deposited in the Reserve Fund to meet the Reserve Fund Requirement, and subject to the terms and conditions of the Trust Agreement.

Substitution of Components of the Leased Facilities

Pursuant to the Master Lease, with the consent of the Banks, the County, the City and the Authority may substitute for the Network Associates Coliseum other real property for purposes of the Ground Lease and the Master Lease, but only after the County and City shall have filed with the Authority, the Banks and the Trustee, with copies to each rating agency then providing a rating for the Bonds, among other documents, a Certificate of the County and the City, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County or the City, evidencing that the annual fair rental value of the leased facilities after such substitution (which may be based on the construction or acquisition cost or replacement cost of such facility to the County and the City) will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending June 30 or in any subsequent year ending June 30, and further stating that such substitution does not adversely affect the County and the City's use of the occupancy of the remaining portion of the leased facilities. See "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - MASTER LEASE AND SECOND AMENDMENT TO MASTER LEASE -- Substitution."

Additional Bonds

The Authority may at any time, by Supplemental Trust Agreement, provide for the issuance of Additional Bonds subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from Base Rental Payments and other Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the outstanding Bonds therefore issued under the Trust Agreement, subject to the terms and conditions of the Trust Agreement. In addition, the Authority may enter into Related Obligations the payments under which would be on a parity with the Bonds. See "APPENDIX G - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - TRUST AGREEMENT -- Additional Bonds", "-- Pledge of Revenues; Assignment of Rights to Trustee" and "-- Creation of Special Funds and Accounts" herein.

LETTERS OF CREDIT

The Letter of Credit for the 2000 Series C Bonds. The principal, redemption and purchase price of and the interest on the 2000 Series C Bonds are secured by amounts available to be drawn by the Trustee under the irrevocable direct-pay Letter of Credit issued by CIBC and CALSTRS (the "Series C Letter of Credit"). The initial stated amount of the Series C Letter of Credit is \$153,576,373, of which up to \$150,800,000 is available

to pay the outstanding and unpaid principal or the portion of the purchase price equal to the principal of the 2000 Series C Bonds and up to \$2,776,373 is available to pay up to 56 days' interest on the 2000 Series C Bonds computed at a rate per annum of 12% (based on a 365-day year). Drawings by the Trustee under the Series C Letter of Credit will reduce the amounts available for subsequent drawings, subject to reinstatement as provided in the Series C Letter of Credit.

In respect of each drawing made under and in compliance with the terms of the Series C Letter of Credit, each of CIBC and CALSTRS shall be severally and not jointly liable for honoring such drawing only to the extent of its participation percentage. CIBC's participation percentage is 66.0477% and CALSTRS' participation percentage is 33.9523%.

The Series C Letter of Credit expires on the earliest to occur of: (i) 4:00 p.m., Eastern Time, on May 24, 2003, (ii) upon CIBC and CALSTRS's honor of the Trustee's drawing for the redemption or mandatory tender and purchase of all 2000 Series C Bonds, or (iii) notice by the Authority that no 2000 Series C Bonds are outstanding under the Trust Agreement, or (iv) the delivery of an Alternate Credit Facility to the Trustee, and in each case the surrender of the Series C Letter of Credit to the Agent for cancellation.

The Letter of Credit for the 2000 Series D Bonds. The principal, redemption and purchase price of and the interest on the 2000 Series D Bonds are secured by amounts available to be drawn by the Trustee under the irrevocable direct-pay Letter of Credit issued by First Union (the "Series D Letter of Credit", and, collectively with the Series C Letter of Credit, the "Letters of Credit"). The initial stated amount of the Series D Letter of Credit is \$51,914,000, of which up to \$50,500,000 is available to pay the outstanding and unpaid principal or the portion of the purchase price equal to the principal of the 2000 Series D Bonds and up to \$1,414,000 is available to pay up to 56 days' interest on the 2000 Series D Bonds computed at a maximum rate of 18% (based on a 360-day year). Drawings by the Trustee under the Series D Letter of Credit will reduce the amounts available for subsequent drawings, subject to reinstatement as provided in the Series D Letter of Credit.

The Series D Letter of Credit expires on the earliest to occur of: (i) 4:00 p.m., Eastern Time, on May 24, 2003, (ii) upon First Union's honor of the Trustee's drawing for the redemption or mandatory tender and purchase of all 2000 Series D Bonds, or (iii) notice by the Authority that no 2000 Series D Bonds are outstanding under the Trust Agreement, or (iv) the delivery of an Alternate Credit Facility to the Trustee, and in each case the surrender of the Series D Letter of Credit to First Union for cancellation.

Provider Bonds. There are a number of provisions in the Trust Agreement relating to the terms of the Provider Bonds (*i.e.*, Bonds purchased by the Banks pursuant to the Series C Letter of Credit or the Series D Letter of Credit) which are not described in the forepart of this Official Statement. All references to the terms of the Bonds in the forepart of this Official Statement describe only Bonds which are not owned by the Banks unless expressly indicated herein.

The Reimbursement Agreement. The Letters of Credit are issued pursuant to the terms of the Reimbursement Agreement between the Authority and the Banks. Among other things, the Reimbursement Agreement provides for (a) the repayment to the Agent for the ratable benefit of CIBC and CALSTRS of all draws made under the Series C Letter of Credit on the date such drawings are made (other than drawings made to pay that portion of the purchase price constituting principal and interest of any tendered 2000 Series C Bonds); (b) the repayment to First Union of all draws made under the Series D Letter of Credit on the date such drawings are made (other than drawings made to pay that portion of the purchase price constituting principal and interest of any tendered 2000 Series D Bonds); (c) the payment or reimbursement to the Agent for the ratable benefit of the Banks of certain specified fees, costs and expenses; (d) certain affirmative and negative covenants to be observed on the part of the Authority; and (e) certain indemnification obligations on the part of the Authority.

If an Event of Default occurs under the Reimbursement Agreement, on account of any failure to reimburse a Bank or otherwise, the Agent upon request of the Majority Banks (as defined in the Reimbursement Agreement) may direct the Trustee to exercise any remedy available under the Trust Agreement, including the mandatory tender and purchase of the Bonds. Such actions shall in no way limit the rights of the Trustee to make draws under the Letters of Credit in accordance therewith.

The following events constitute "Events of Default" under the Reimbursement Agreement:

- Failure by the Authority to pay, or cause to be paid, when due any amount payable by the Authority to Agent or the Banks under the Reimbursement Agreement; or
- Breach of any representation or warranty by the Authority, or a failure to perform any covenant or agreement contained in the Reimbursement Agreement which remains unremedied for a period of 30 days after written notice to the Authority by the Agent; or
- The filing of a bankruptcy petition or consent seeking reorganization or arrangement under the Bankruptcy Code or any other similar applicable Federal or State law, or the appointment of a receiver, trustee, liquidator or custodian of, or assignment for the benefit of creditors by the Authority, the City or the County; or
- Any material provision of the Reimbursement Agreement or any Related Documents (as defined in the Reimbursement Agreement) to which the Authority is a party shall at any time for any reason cease to be valid and binding on the Authority or the enforceability thereof shall be contested by any governmental agency or authority having jurisdiction over the Authority; or
- An event of default under the Trust Agreement shall have occurred and be continuing; (other than an event of default caused by a wrongful dishonor of a draw on a Letter of Credit) or
- Failure by the County and City to make annual appropriations to pay Base Rental Payments in the aggregate amount of at least \$22,000,000 for each applicable twelve month period (assuming no rental abatement is occurring); or
- A payment default shall have occurred by the City, the County, the Authority, or Coliseum, Inc. under any Related Document and any cure period related thereto has elapsed; or
- Failure of the City or the County to maintain a rating of "BBB" or higher from Standard & Poor's, a rating of "Baa1" from Moody's and a rating of "BBB" or higher from Fitch on its general obligation debt.

If any Event of Default shall have occurred and be continuing, the Agent upon the request of the Majority Banks shall give notice to the Trustee pursuant to the Trust Agreement instructing the Trustee (a) that an Event of Default has occurred under the Reimbursement Agreement and (b) to give notice of a mandatory tender of all Bonds for purchase by the Banks (the "Mandatory Tender Bonds"). If the Majority Banks elect to declare an Event of Default, the Trustee shall effect a drawing under the Letters of Credit, the respective proceeds thereof to be used for the payment of principal and interest upon the mandatory tender of the 2000 Series C Bonds and the 2000 Series D Bonds. All Base Rental Payments thereafter received under the Master Lease in the maximum amount provided in the Master Lease and without duplication, all principal, interest and all other amounts payable in respect of the Bonds are to be voluntarily prepaid at the Authority's option or paid to the Agent for the ratable benefit of the Banks, as sole owners and holders of all of the outstanding Mandatory Tender Bonds on the terms applicable to Term Loan Advances (as defined in the Reimbursement Agreement), except that all such sums shall

bear interest at a rate of 5% above the Bank Reference Rate (i.e. the higher of the rate most recently announced and determined by the Agent as its prime commercial lending rate and the sum of the Federal Funds Rate in effect for such day plus .50%) in effect from time to time (i.e. the "Default Rate") until fully paid, but in any event paid in full within ten (10) years from the date the Banks acquire such Mandatory Tender Bonds. The Agent upon request of the Majority Banks may exercise any and all other remedies they may have at law or in equity; provided that in no event may the Banks demand payment from the Authority pursuant to the Master Lease in excess of the maximum amount authorized (other than for Additional Bonds) for Base Rental Payments but in any event at least \$22,000,000, subject to the abatement provisions of the Master Lease.

The Agent. Canadian Imperial Bank of Commerce, New York Agency will act as agent for the Banks. For information concerning the Agent and the Banks see "APPENDIX E - CERTAIN INFORMATION CONCERNING THE AGENT AND THE BANKS" hereto.

THE COLISEUM COMPLEX

The City and County own and the Authority manages a sports/entertainment complex in the City of Oakland comprised of a 120-acre site upon which is situated the Network Associates Coliseum and an indoor arena (the "Arena") as well as approximately 10,000 outdoor parking spaces (collectively, the "Coliseum Complex").

The Coliseum Complex is a multi-purpose facility accommodating several sporting and entertainment events, including baseball, football, indoor athletic events, such as hockey and basketball, certain types of musical and theatrical presentations, as well as community and civic functions. The Network Associates Coliseum is the home of the Oakland Athletics, a professional American League baseball team (the "Athletics"), and the home of the Raiders. The renovation of the Arena, home of the Golden State Warriors National Basketball Association team (the "Warriors") was undertaken during 1996-97 and financed by a separate issuance of lease revenue bonds of the Authority. Although the Arena is located on the same site as the Network Associates Coliseum, it does not comprise a portion of the leased property.

The Coliseum Complex is located in the City near the Oakland Metropolitan International Airport. Interstate 880 is the main artery of access, directly tying the Coliseum Complex to the city of San Jose to the south, the Bay Bridge and San Francisco to the west, and the cities of Richmond and Vallejo to the north. Interstate 880 also ties in directly with several major transportation arteries. In addition, the Coliseum/Oakland Airport station of the San Francisco Bay Area Rapid Transit System is located within 500 feet of the Coliseum Complex property.

Improvement of Network Associates Coliseum. In connection with the relocation of the Raiders to the City, the Raiders, the City and the County entered into a series of agreements (the "Raiders Agreements") with the Raiders for the improvement and expansion of the Network Associates Coliseum. The improvement and expansion project (the "Project") was substantially completed by the fall of 1996.

In September 1995, the Authority issued the 1995 Series Bonds in connection with the financing of the Project. The 1995 Series Bonds are limited obligations of the Authority payable from revenues of the Authority, consisting primarily of rental payments payable by the City and the County to the Authority, pursuant to the Master Lease.

Certain football-related revenues, including revenues associated with the sale of personal seat licenses, may be credited towards rental payments under the Master Lease. Currently, football-related revenues are used to pay a portion of operation and maintenance costs of the Network Associates Coliseum and related expenses

and are not expected to be sufficient to pay any debt service related to the Project. The most recent projections of the 1999-00 revenues and expenditures for the Network Associates Coliseum show revenues of approximately \$17.5 million and expenditures, including debt service, of approximately \$47.5 million. This leaves an estimated funding gap of \$30 million. The City and the County currently each contribute one-half of this amount, which would be approximately \$15 million each.

Certain catastrophic events and the material breach by the City, the County or one or more of the other public entities to perform its respective obligations under the Raiders Agreements could provide a basis for the Raiders to terminate their obligation to play football at the Network Associates Coliseum. A termination due to breach of any of the Raiders Agreements generally requires that any claim be submitted to an alternative dispute resolution proceeding. If a material breach is determined to exist after such proceeding, the public entities have the opportunity to cure the deficiency before the Raiders can terminate. The obligation of the City and the County to make rental payments under the Master Lease is not contingent upon the performance by the Raiders or any other party of their respective obligations under the Raiders Agreements and if the Raiders were to leave the Network Associates Coliseum for any reason the County's Master Lease obligations are not abated.

In September 1997, the County, along with the City, the County and the Authority filed an action in Alameda County Superior Court against the Raiders seeking damages for the Raiders' interference with the Authority's ability to enter into an agreement to sell the name of the Network Associates Coliseum and seeking a declaration that the Raiders cannot rescind or terminate the Raiders Agreements. In July 1998, the Raiders filed a cross complaint in this action seeking rescission of the Master Agreement and damages based on various alleged breaches of the license agreement. This litigation is ongoing in the changed venue of Sacramento County Superior Court. As a result of summary judgment motions decided March 9, 2000, the court ruled that the Raiders could not rescind or terminate the Raiders Agreements, but that they could amend their complaint to seek further damages. The court also ruled that the City, the County and the Authority could not recover damages for interference with a proposed naming agreement. The Raiders have filed an amended complaint that the City, the County, and the Authority will further challenge. The Raiders claim damages in the amount of \$1.1 billion for lost revenues and loss of value of the team. No information has come to the attention of the City, the County, or the Authority that would cause them to believe that the Raiders' damages claims have any merit. However, the City, the County, and the Authority cannot predict whether the Raiders will be awarded damages at trial. No trial will be scheduled before the end of 2000.

On October 6, 1999, a citizen of the County filed a *qui tam* action pursuant to the California False Claims Act (Cal. Government Code Section 12650 *et seq.*), alleging that the Raiders, A.D. Football, Inc., the Oakland-Alameda County Coliseum, Inc., the Tutor-Saliba Corporation and certain individuals conspired to cause the City and the County to enter into illegal agreements with the Raiders and Tutor-Saliba Corporation. As of the date hereof, court files do not indicate that the action has been served. As the complaint on file is unclear about what relief is sought, the Authority, the City, and the County cannot predict what effect this action could have on the transaction described in this Official Statement.

Construction of Oakland-Alameda County Coliseum Arena. On July 15, 1996 the County entered into various agreements (the "Warrior Agreements") with the City, the Authority and the Warriors, providing for a complete renovation of the Arena, with the Warriors as anchor tenant. The Arena has a capacity of 19,200 seats for basketball spectators, including up to 72 luxury suites, making it the largest basketball and indoor concert facility in the Bay Area. On August 2, 1996, the Authority issued \$140,000,000 in Lease Revenue Bonds (the "Arena Bonds") to finance the Arena. Pursuant to a Master Lease dated as of June 1, 1996 (the "Arena Master Lease"), the County and the City have agreed to lease the Arena from the Authority. The base rental payments under the Arena Master Lease are security for the Arena Bonds. Construction was completed in the fall of 1997.

There is no connection between the Arena Bonds and the Bonds and the base rental payments under the Arena Master Lease are not available to pay debt service on the Bonds.

Under the terms of the Warrior Agreements, the Warriors have entered into a 20-year license with four renewal terms of five years each, with an option after ten years to terminate the license by paying an amount equal to the then outstanding debt. Under the revenue sharing plan set forth in the Warrior Agreements, certain revenues are earmarked for debt service before any distribution of surplus revenue. Surplus revenue will be divided between the Warriors and the Authority as provided in the Warrior Agreements.

Pursuant to the terms of the Warrior Agreements, the Authority and the Warriors are currently arbitrating various disputes that have arisen under the Warrior Agreements including disputes concerning the performance by the Authority and the Warriors of certain obligations under the Warrior Agreements. At the end of 1999, an arbitrator awarded the Authority over \$17 million in past due amounts and interest on those amounts relating to certain payments due from the Warriors under the Warrior Agreements. The Authority expects that the arbitrator will make a final award in the arbitration concerning certain other alleged breaches of the Warrior Agreements by the Warriors by the end of 2000.

Management of the Coliseum Complex. In June 1998, the Authority entered into an agreement for operation of the Network Associates Stadium and the new Arena with the Oakland Coliseum Joint Venture ("Joint Venture"), a joint venture between SMG, a Pennsylvania general partnership comprised of the Hyatt Corporation and ARAMARK Corporation, and Williams Pacific Ventures. SMG is an industry leader in the private management of 97 public assembly and multi-purpose facilities, including arenas, convention centers, theaters and stadiums. Included among its current world-wide engagements are 29 arenas and 7 stadiums. Other California venues under management include the Moscone Center in San Francisco, the Los Angeles Memorial Coliseum, the Los Angeles Sports Arena and the Long Beach Arena.

The agreement between the Authority and Joint Venture terminates June 30, 2002. Under the agreement the Joint Venture's compensation is performance-based.

THE AUTHORITY

The Authority was formed in 1990 pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State and currently exists pursuant to the Joint Powers Agreement. The Authority was formed to assist the County and the City in the financing of public capital improvements. The Authority functions as an independent entity and its policies are determined by a four-member board made up of two City Council members and two Alameda County Supervisors who are appointed for two-year terms. The Authority has no employees and all staff work is done by the County and City staff or by contractors engaged by the Authority.

The current officers of the Authority are set forth below:

Ignacio De La Fuente, Oakland City Council President
Mary V. King, Alameda County Supervisor
Larry E. Reid, Oakland City Commissioner
Gail Steele, Alameda County Supervisor
Deborah Edgerly, Oakland Director of Financial Services
Patrick O'Connell, Alameda County Auditor-Controller

Commissioner and Chair
Commissioner and Vice Chair
Commissioner
Commissioner
Treasurer/Secretary
Auditor

THE COUNTY AND THE CITY

The County, the sixth most populous county in California, covers approximately 818 square miles. The City is the County seat, the third largest city in the San Francisco Bay Area and the eighth largest city in California. See "APPENDIX A - CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA" and "APPENDIX C - CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND" herein.

RISK FACTORS

The following factors, which represent material risk factors that have been identified at this time, should be considered along with all other information in this Official Statement by potential investors in evaluating the Bonds. There can be no assurance made that other risk factors will not become evident at any future time.

Base Rental Payments Not County or City Debt

NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY OR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS NOR FOR THE PAYMENT OF BASE RENTAL PAYMENTS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY, THE COUNTY OR THE CITY FOR WHICH ANY SUCH ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH ANY SUCH ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. In the event that the County's or the City's other revenue sources are less than its total obligations, either the County or the City could choose to breach the Master Lease and fund other municipal services before making Base Rental Payments and other payments due under the Master Lease. The same result could occur if, because of State Constitutional limits on expenditures, the County and the City are not permitted to appropriate and spend all of its available revenues. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Abatement Risk

Damage or Destruction. During any period in which, by reason of material damage or destruction, there is substantial interference with the use and possession by the County and the City of any portion of the Network Associates Coliseum, Base Rental Payments due under the Master Lease with respect to the Network Associates Coliseum will be abated proportionately, and the County and the City waive any and all rights to terminate the Master Lease by virtue of any such interference and the Master Lease shall continue in full force and effect. The method for calculating the amount of abatement is described in "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS — Base Rental Payments - Abatement" herein.

Seismic Considerations

The County and the City are located in a region considered to be seismically active. There are several geological faults in the greater San Francisco Bay Area that have the potential to cause serious earthquakes. These faults include the San Andreas Fault, as well as the Hayward Fault and the Calaveras Fault which run through the central and eastern portions of the County, respectively. The Hayward Fault runs within approximately 10 miles of the Coliseum Complex.

In recognition of the potential hazard, the Coliseum Complex was designed and constructed in 1964 in accordance with 1964/65 seismic standards. The Project was constructed in 1995 in accordance with then current State of California seismic standards.

The Loma Prieta earthquake, which occurred in October 1989 along the San Andreas Fault with a magnitude of 7.1 on the Richter Scale and an epicenter near Santa Cruz, approximately 50 miles southwest of the Coliseum Complex, caused no structural damage to the Coliseum Complex.

Pursuant to the Master Lease, the County and the City are only required to maintain earthquake insurance if it is available in the open market from reputable insurance companies at reasonable cost. As of the date of this Official Statement the County and City have determined that earthquake insurance is not obtainable at a reasonable price and accordingly will not obtain earthquake insurance for the Network Associates Coliseum.

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Master Lease. The Trustee is not empowered to sell a fee simple, leasehold or other interest in the Network Associates Coliseum and use the proceeds of such sale to prepay the Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, statutory and judicial limitations on lessors' remedies under real property leases, other terms of the Ground Lease and the Master Lease and limitations on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitation of Remedies

The enforcement of any remedies provided in the Master Lease and Trust Agreement could prove both expensive and time consuming. The Trustee has no interest in Authority's leasehold interest in the Network Associates Coliseum under the Ground Lease, has no right to terminate the Master Lease or reenter or relet the Network Associates Coliseum and no possessory right to the Network Associates Coliseum. The sole remedy is to sue the City and the County annually for rent that is then due.

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

In addition to the limitations on remedies contained in the Master Lease and the Trust Agreement, the rights and remedies provided in the Trust Agreement and the Master Lease may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect creditors' rights. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the County or the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under the Master Lease and from taking any steps to collect amounts due from the County or the City under the Master Lease.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

Section 1(a) of Article XIII A of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a change in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

The voters of the State subsequently approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment could serve to reduce the property tax revenues of the County. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster. See "APPENDIX A - CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA - Assessed Valuations" and "APPENDIX C - CERTAIN INFORMATION CONCERNING THE CITY OF OAKLAND - Property Taxation."

Article XIII B of the State Constitution

Article XIII B of the State Constitution limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The initial version of Article XIII B provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91 each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations of an entity of local government subject to Article XIII B include generally authorizations to expend during a fiscal year the proceeds of taxes levied by or for the entity and the proceeds of State subventions, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues, most State subventions and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost reasonably borne by such entity) and (2) the investment of tax revenues. Article XIII B permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years. As amended by Proposition 111, Article XIII B provides for testing of appropriations limits over consecutive two-year periods. Article XIII B provides that if a governmental entity's revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIII B provides for the payment of a portion of any excess revenues received by the State to a fund established to assist in financing certain school needs.

Article XIII B does not limit the appropriation of moneys to pay debt service or indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose. Furthermore, in 1990, Article XIII B was amended to exclude from the appropriations limit "all qualified capital outlay projects, as defined by the Legislature" from proceeds of taxes. The Legislature has defined "qualified capital outlay project" to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds \$100,000. As a result of this amendment, the appropriations to pay the lease payments on the County's or the City's long-term general fund lease obligations (including the Master Lease) are generally excluded from the respective County and City appropriations limit.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) ("AB 454") provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property") commencing with the 1988-89 fiscal year will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenue or greater than 102% of the previous years revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Statutory Spending Limitations

A statutory initiative ("Proposition 62") was adopted by the voters in the State at the November 4, 1986 election which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (3) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (4) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after March 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. On September 28, 1995, however, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote of the electorate in order for a local government or district to impose a special tax. The *Guardino* decision did not address the question of whether or not it should be applied retroactively.

On December 15, 1997, the Court of Appeals for the State of California, Fourth Appellate District, in *McBrearty v. City of Brawley*, concluded that (i) *Guardino* is to be applied retroactively to require voter approval of previously enacted taxes, and (ii) the three-year statute of limitations applicable to such taxes runs from the date to the *Guardino* decision. In the opinion of County Counsel, the only County tax that could be affected by the *Guardino* decision is the business license tax which was instituted in 1991. The *Guardino* decision also did not decide the question of the applicability of Proposition 62 to charter cities. In the opinion of the City Attorney, the City should be exempt from the provisions of Proposition 62 because, as a charter city under the California Constitution, it should not be affected by a statutory initiative such as Proposition 62.

Several questions raised by the *Guardino* and *McBrearty* decisions remain unresolved. Proposition 62 provides that if a jurisdiction imposes a tax in violation of Proposition 62, the portion of the one percent general *ad valorem* property tax levy allocated to that jurisdiction is reduced by \$1 for every \$1 in revenue attributable to the improperly imposed tax for each year that such tax is collected. The practical applicability of this provision has not been fully determined. Potential future litigation and legislation may resolve some or all of the issues raised by the *Guardino* decision.

Right to Vote on Taxes Initiative --Proposition 218

On November 5, 1996, California voters approved an initiative to amend the California Constitution known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 will continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. The

County has not imposed, extended or increased any general taxes since January 1, 1995. Proposition 218 also extends the initiative power to reducing or repealing local property-related taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to impositions after November 6, 1996 and absent other legal authority, could result in retroactive reduction in any existing taxes, assessments, fees and charges. In addition, Proposition 218 limits the application of assessments, fees and charges and requires certain existing, new and increased assessments, fees and charges to be submitted to property owners for approval or rejection, after notice and public hearing.

Neither the City nor the County is able to predict whether Proposition 218 will be held to be constitutional in the courts or its application limited in certain respects. If upheld, Proposition 218 could substantially restrict both the City's and the County's ability to raise future revenues, subject existing sources of revenue to reduction or repeal, and increase the City's and the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court.

Pursuant to Proposition 218 (Article XIII C) taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. Further, any general purpose tax which the City imposed, extended or increased, without voter approval, after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. Since December 31, 1994, the City has increased two classes of taxes within its Business License Tax Ordinance, for firearms and electricity sales. The Firearms Business License Tax was enacted after the passage of Proposition 218, and was not collected until it was approved by the voters on June 2, 1998. The Electric Business License Tax was enacted prior to the passage of Proposition 218 and was collected for a two-year period. However the Electric Business Tax was rejected by the voters on November 3, 1998, and the City has discontinued collecting this tax. The voter approval requirements of Proposition 218 reduces the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase taxes in the future to meet increased expenditure needs.

Proposition 218 (Article XIII D) also adds several new provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred, and (iii) a majority protest procedure which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected property. "Assessment" in Article XIII D is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This would include maintenance assessments for open space areas, street medians, street lights and parks. If the City were unable to continue to collect assessment revenues for these programs, the programs might have to be curtailed and/or funded by amounts in the City's General Fund. All but one of the City's assessments are security for bonded indebtedness, and should be exempt from the provisions of Article XIII D. The remaining assessment is levied by the Landscape and Lighting Assessment District, which was approved by the citizens through an initiative, and should be exempt from the provisions of Article XIII D.

In addition, Proposition 218 (Article XIII D) adds several provisions affecting "fees" and "charges," defined for purposes of Article XIII D to mean "any levy other than an ad valorem tax, a special tax, or an assessment imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which

(i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. This may require the City's General Fund to forego collecting some or all of the annual amounts it collects from the City's enterprise funds. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (these "property related" fee requirements also do not apply to fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge (essentially the same procedure required for approval of assessments) or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The only enterprise fund operated by the City which may be subject to Proposition 218 is the Sewer Enterprise Fund. The fees and charges of the Sewer Enterprise Fund may be determined to be fees and charges subject to the initiative power referred to in Article XIII C, as described below. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to exercise of the initiative power, the City may have to decide whether to support any deficiencies in these enterprise funds with moneys from the General Fund or to curtail service, or both.

Proposition 218 (Article XIII C) also removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessments," "fees" and "charges" are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meaning for purposes of Article XIII C as for Article XIII D described above. If not, the scope of the initiative power under Article XIII C potentially could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

Based on its legal analysis, the County concluded that its emergency medical services ("EMS") assessment (which is expected to total approximately \$11,621,469 in fiscal year 1999-00) was the only current general fund revenue source affected by Proposition 218. Accordingly, on June 3, 1997, the County held a special election pursuant to the provisions of Proposition 218 that included a ballot measure seeking two-thirds voter approval of a special tax to fund EMS for the 1997-98 and subsequent fiscal years. The measure passed.

Further analysis and future judicial interpretations may affect both the City's and the County's estimate of the impact of Proposition 218 on current general fund revenues.

Legislation Relating to Judicial Services

In 1987, the State Legislature enacted the Trial Court Funding Act which provides a mechanism for the State to assume the responsibility of funding the operations of local municipal, justice and superior courts. The Trial Court Funding Act, as enacted, provides, among other things, that: (i) judicial funding is established as a specified block grant amount per judgeship; (ii) counties which elect to participate in the program are required to remit certain court-related revenues to the state; (iii) implementation requires that the State's appropriation limit be increased and the county's appropriation limit be decreased to reflect the State's assumption of financial responsibility for funding the Trial Courts; and (iv) implementation requires that cities which currently receive

less than 10% of the property tax revenues generated within their jurisdictional boundaries within counties electing to participate in the trial court funding program have their property tax revenues increased (from county property tax revenues) to the 10% level over a 10-year period. According to the State Legislative Analyst, the intent of this legislation is to promote a uniform level of judicial services throughout the State and to relieve fiscal pressures on county governments which now have responsibility for funding these courts.

Assembly Bill 2544, Chapter 308, Statutes of 1994 was enacted on July 21, 1994 as urgency legislation. This trial court funding bill enacted legislation which furthers a transition to increased State funding for trial courts. Through the enactment of AB 2544, the legislature declared its intent to: (i) include funding for various functions of trial court operations specifically as allocations in the Budget Act as part of the judicial branch budget; (ii) require progressively more careful identification of the costs of services obtained by the courts from county agencies; (iii) require the negotiation of agreements on the cost of county-provided services; and (iv) enable the transition to full funding of the trial courts.

In order to participate in the Trial Court Funding Act, the County and the presiding judges of the superior and municipal courts must inform the State in writing by March 1 of each year of their election to participate. The County has elected to participate since fiscal year 1988-89 and will participate again in fiscal year 2000-01.

TAX MATTERS

2000 Series C Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2000 Series C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Co-Bond Counsel is also of the opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Co-Bond Counsel observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A complete copy of the proposed opinion of Co-Bond Counsel is set forth in APPENDIX H hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the 2000 Series C Bonds. The Authority, the County and the City have covenanted to comply with certain restrictions designed to ensure that interest on the 2000 Series C Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2000 Series C Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 2000 Series C Bonds. The opinion of Co-Bond Counsel assumes compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2000 Series C Bonds may adversely affect the value of, or the tax status of interest on the 2000 Series C Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest with respect to the Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Master Lease, the Trust Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2000 Series C Bonds) may be taken or omitted under the circumstances and subject

to the terms and conditions set forth in such documents. Co-Bond Counsel express no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP and Webster & Anderson.

Although Co-Bond Counsel are of the opinion that interest on the 2000 Series C Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2000 Series C Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bond Owner or the Bondholder's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

2000 Series D Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, and Webster & Anderson, Co-Bond Counsel, based upon existing laws, regulations, rulings and court decisions, interest on the 2000 Series D Bonds is exempt from State of California personal income taxes, although interest on the 2000 Series D Bonds is not excluded from gross income for federal income tax purposes. Co-Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the 2000 Series D Bonds. A complete copy of the proposed form of Co-Bond Counsel opinion is contained in APPENDIX H hereto.

Certain requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Co-Bond Counsel express no opinion as to any 2000 Series D Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP or Webster & Anderson.

Although Co-Bond Counsel have rendered an opinion that interest on the 2000 Series D Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a variable rate bond owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the variable rate bond owner or the Bondowner's other items of income or deduction, and Co-Bond Counsel express no opinion regarding any such other tax consequences.

LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Webster & Anderson, Oakland, California, Co-Bond Counsel. A complete copy of the proposed form of Co-Bond Counsel opinion is contained in APPENDIX H hereto. Co-Bond Counsel undertake no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by McGhee & Associates, Los Angeles, California. Certain legal matters will be passed upon for the Authority by Deena P. McClain, Authority General Counsel, for the City by Jayne W. Williams, Oakland City Attorney and for the County by Richard E. Winnie, Alameda County Counsel.

LITIGATION

No litigation is pending or threatened against the Authority, the City, the County, or the Corporation concerning the validity of the Bonds, the Ground Lease, the Master Lease or the Trust Agreement, and an opinion to that effect will be furnished at the time of the original delivery of the Bonds. The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority, the County, or the City or contesting the County's or the City's ability to appropriate or make Base Rental Payments and Additional Payments, if any.

There are a number of other lawsuits and claims pending against the Authority, the County and the City. Except as disclosed in this Official Statement, neither the Authority, the City, nor the County have any claims pending against them that, if successful, would materially affect the ability of the Authority, the City, and the County to meet their respective obligations as described in this Official Statement. See "THE COLISEUM COMPLEX" herein.

RATINGS

Moody's, Standard & Poor's and Fitch IBCA, Inc., have assigned the 2000 Series C Bonds the long-term ratings of "Aa3", "AA-" and "AA-", respectively, and the short-term ratings of "VMIG 1", "A-1+" and "F1+", respectively, and have assigned the 2000 Series D Bonds the long-term ratings of "Aa3", "A+" and "AA-", respectively, and the short-term ratings of "VMIG 1", "A-1" and "F1+", respectively, with the understanding that concurrent with delivery of the Bonds, the Letters of Credit will be issued by the Banks. Such ratings reflect only the views of such organizations and explanations of the significance of such ratings may be obtained only from the respective organizations at: Moody's Investors Service, 99 Church Street, New York, New York 10007-2796, telephone number (212) 553-0317; and Standard & Poor's, 25 Broadway, New York, New York 10004, telephone number (212) 208-1002; and Fitch IBCA, Inc., One State Street Plaza, New York, NY 10004. There is no assurance that such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriters of the Bonds set forth on the cover page hereto. The Underwriters have agreed, subject to certain conditions, to purchase the Bonds at a price of \$ \$200,887,980, plus accrued interest.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters. The Purchase Contract for the Bonds provides that the Underwriters thereunder will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract.

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EXECUTION AND DELIVERY

The execution and delivery of this Official Statement has been duly authorized by the Authority.

OAKLAND-ALAMEDA COUNTY COLISEUM
AUTHORITY

By: /s/ Ignacio De La Fuente
Chair

APPENDIX A

CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE COUNTY OF ALAMEDA

General Information

Alameda County (the "County") is located on the east side of San Francisco Bay and extends from Berkeley and Oakland in the north to Fremont in the south. Most of the County's population is concentrated in a narrow plain between the San Francisco Bay and the East Bay Hills. The area north of Hayward is highly urbanized and includes many older residential and industrial areas. South of Hayward, there remains buildable land; however this area is rapidly developing as the "Silicon Valley" of Santa Clara Valley expands north into southern Alameda County. For the past several years, Fremont has been the beneficiary of this expansion and has become a center for technology based firms. East of the East Bay Hills is the Livermore Valley area, which has been largely suburban or rural in character but is transitioning into a center for emerging software, telecommunications, and medical technology corporate locations.

The County possesses a diverse economic base featuring a wide range of manufacturing industries (including transportation equipment, computer, food processing, fabricated metal products, non-electrical machinery, and stone-clay-glass products). The County has one of the most diversified manufacturing sectors in Northern California. The County's fastest growing economic sector is services, but manufacturing continues to grow. The Port of Oakland, the third largest container ship port on the West Coast, and the fourth largest seaport in the nation, has a significant impact on the economy of the Bay Area.

The County is home to leading research centers in the country with the research activities at the University of California Berkeley, Lawrence Berkeley National Laboratory, Lawrence Livermore National Laboratory, and the many private biotechnology firms which have located near the University and the Labs.

County Economic Development Program

In September 1990, the County established the County-wide Economic Development Alliance for Business ("EDAB") to enhance the competitive economic position of the County and its 14 member municipalities. The program is a public-private partnership funded by the County, cities, special districts, labor and the private sector. The program's principal focus is on business investment and retention, regulatory coordination, networking, science and technology.

Population

There are 14 incorporated cities in the County and a number of unincorporated communities. As of January 1, 1999, the County population was approximately 1,433,300, making it the seventh most populous county in California. A 1998 study by the Association of Bay Area Governments ("ABAG"), projects that the population in the County will grow 12 percent between 2000-2020. From 1995 to 2020, the Livermore Amador Valley area (which includes the communities of Dublin, Livermore and Pleasanton) is forecasted by ABAG to experience high growth rates. The recently completed San Francisco Bay Area Rapid Transit District ("BART") extension project, which provides rail transit access to San Francisco and many points in the East Bay, is one of the factors contributing to the expected addition of significant new residents in the area.

The following chart illustrates the change in the County's population since 1980 compared to the State and the United States.

**County of Alameda, State of California and United States
Population
1980 - 1999**

Year	Alameda County	State of California	United States
1980	1,105,379	22,689,000	226,546,000
1990	1,274,725	29,976,000	248,765,000
1991	1,290,800	30,646,000	250,693,000
1992	1,313,300	31,300,000	253,594,000
1993	1,337,100	31,742,000	256,480,000
1994	1,334,038	32,067,000	259,094,000
1995	1,362,900	32,140,000	261,577,000
1996	1,356,300	32,231,000	264,021,000
1997	1,375,900	32,609,000	266,503,070
1998	1,413,400	33,226,000	269,067,000
1999	1,433,515	33,773,100	271,626,000

Source: United States Department of Commerce, Bureau of the Census from 1970 through 1999. State of California Department of Finance from 1991 through 1999. Population estimates are as of January 1 of the year except 1970, 1980 and 1990, which are as of April 1.

Employment

The economy of Alameda County and adjacent Contra Costa County was responsible for a large percentage of new job growth in the Bay Area in the 1980s and continues to play a significant role in job growth during the 1990s.

Over the last ten years, despite the 1990-93 recession, the Bay Area has continued to experience a relatively stable employment base. Federal military base closures in the Bay Area were expected to result in a direct job decline of about 5,000 civilian jobs, along with an exodus of over 12,000 military personnel. Base closures also resulted in jobs lost due to reduced local purchasing power and military spending. However, by the end of 1996, most of these losses had been absorbed and net gains increased dramatically. In recent years, incomes have increased, international business has grown and new jobs have been developed. According to employment projections by ABAG, the County is expected to add 11,700 jobs annually between 2000-2010. Between 2010-2020, job growth will slow to approximately 8,300 new jobs annually.

**County of Alameda
Employment Trends
1994 through 1998**

	1994	1995	1996	1997	1998
Labor Force	686,600	682,700	684,800	703,100	714,200
Employment	644,000	642,300	650,800	672,200	682,600
Unemployment	42,600	40,400	34,000	30,900	31,600
Unemployment Rate ⁽¹⁾					
Alameda County	6.2%	5.9%	5.0%	4.4%	4.4%
State of California	8.6%	7.8%	7.0%	6.0%	5.7%
United States	6.1%	5.6%	5.4%	4.4%	4.6%

⁽¹⁾ Statistics for the County, State and the nation are seasonally adjusted.
Source: Employment Development Department of the State of California

The largest number of new jobs is expected to be created by firms classified in the services industry. Many of these jobs will be highly skilled professional, technical, and managerial positions. Other major sources of new jobs are expected to include durable goods manufacturing and retail. Services and trade accounted for approximately 51% of the County's employment in 1997. The trade sector, including both retail and wholesale, averaged 209,200 jobs in 1997, comprising approximately 22% of the total employment of Alameda and Contra Costa counties. The service industry, totaling 280,100 jobs in 1997 (approximately 29% of total employment), is the County's largest source of employment.

County of Alameda
Average Annual Labor Force by Industry
1993 through 1997
(In Thousands)

Industry	1993	1994	1995	1996	1997
Agricultural	1.3	1.5	1.5	1.1	1.0
Non-Agricultural					
Mining and Construction	24.2	23.7	24.5	28.3	30.5
Manufacturing	73.9	75.1	79.5	88.7	93.6
Transportation & Public Utilities	38	37.1	38.5	38.7	40.2
Wholesale Trade	40.9	41.2	43.1	43.7	46.8
Retail Trade	96.3	95.6	95.3	96.2	97.6
Finance, Insurance and R.E.	29.7	28.1	26.7	26.7	26.9
Services	161.4	163.4	170.7	175.2	180.8
Government	125.6	125.1	124.6	122.8	122.9
Non-agricultural Total	590.8	589.3	602.9	620.3	639.3
Total - Labor Force	591.3	590.8	604.4	621.4	640.3

Note: Totals may not add due to rounding.

Source: Employment Development Department of the State of California

Alameda County
Ten Largest Employers
1998

Firm Name	Nature of Business	Number of Full-Time Employees
University of California	Higher education	18,538
Kaiser Foundation/Permanente	Health org., hospital & medical center	13,530
Alameda County	County government	11,050
Pacific Bell	Telecommunication products & serve.	9,500
U.S. Postal Service, Oakland District	Processing and delivery of mail	8,187
Bank of America	National commercial bank	8,060
Lawrence Livermore National Laboratory	Research and development	7,460
Oakland Unified School District	K-12; cont; adult, special education	7,420
New United Motor Manufacturing	Auto makers	4,603
City of Oakland	City government	4,027

Source: Economic Development Alliance for Business

Commercial Activity

In 1998, consumer spending in the County resulted in over \$19 billion in taxable sales. This total represents a 48.55% increase from the 1991 taxable sales figure, the low point of the recession. In 1998, the County accounted for approximately 5.36% of California's total taxable sales. The County ranks fifth in California among all counties, behind Los Angeles, Orange, San Diego and Santa Clara counties in total taxable sales. The following tables detail the most current full year taxable sales in the County for 1994 through 1998, as well as total taxable sales in the County and in California for 1994 through 1998.

**County of Alameda
Taxable Sales
1994 through 1998
(In Thousands)**

Type of Retail Business	1994	1995	1996	1997	1998	% Change 1997-98
Apparel	\$ 379,688	\$ 357,465	\$ 383,364	\$ 403,668	\$ 386,934	4.15%
General Merchandise	1,455,855	1,481,318	1,463,634	1,567,282	1,682,206	7.33%
Specialty Stores	1,518,039	1,647,719	1,825,703	1,946,910	2,009,727	3.23%
Food Stores	523,564	524,362	546,670	593,777	604,026	1.73%
Liquor Stores	96,093	104,839	108,303	113,224	114,261	0.92%
Eating and Drinking	1,030,572	1,061,672	1,096,844	1,153,307	1,217,154	5.54%
Home Furnishings and Appliances	454,605	483,394	500,654	497,094	550,817	10.81%
Building Materials & Farm Equipment	777,464	860,306	932,111	1,020,105	1,114,955	9.30%
Automotive	2,259,241	2,396,198	2,651,135	2,810,277	3,018,531	4.44%
Business and Personal Services	576,201	622,441	733,381	790,390	985,410	24.67%
All Other Outlets	<u>5,092,826</u>	<u>5,936,650</u>	<u>6,848,576</u>	<u>7,529,585</u>	<u>7,537,667</u>	<u>0.11%</u>
Total Taxable Sales	\$14,164,148	\$15,476,364	\$17,087,375	\$18,505,619	\$19,221,668	3.87%

Source: California State Board of Equalization

**County of Alameda and State of California
Taxable Sales
1994 through 1998
(In Thousands)**

	<u>Alameda County</u>	<u>% of Change</u>	<u>State of California</u>	<u>% of Change</u>
1994	\$14,164,148	5.59%	\$285,974,711	5.1 %
1995	15,176,376	7.1 %	300,956,449	5.24%
1996	17,087,375	12.6 %	321,076,250	6.7 %
1997	18,505,619	8.3 %	341,091,634	6.2 %
1998	19,221,688	3.87%	358,858,378	5.21%

Source: California State Board of Equalization

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Building Permit Activity

The valuation of building permits issued in the County exceeded \$2.137 billion in 1998, presenting a 38% increase over 1997. The following table provides a summary of the building permit valuations and the number of new dwelling units authorized in Alameda County from 1994 through 1998.

**County of Alameda
Building Permit Activity and Valuations
1994 through 1998
(In Thousands)**

	1994	1995	1996	1997	1998
Residential					
Single Valuation	\$ 412,727	\$ 532,476	\$ 688,150	\$ 931,556	\$907,376
Multiple Valuation	78,016	37,321	77,540	197,614	188,457
Residential Alterations and Additions Valuations	100,398	97,789	128,047	119,081	166,656
Residential Total	\$ 591,140	\$ 667,586	\$ 893,737	\$1,248,251	\$1,262,489
Nonresidential					
Commercial Valuation	\$ 76,181	\$ 104,652	\$ 165,852	\$ 323,771	\$ 491,291
Industrial Valuation	39,746	90,110	135,016	192,349	181,302
Other Valuation	23,216	27,622	47,761	44,982	70,540
Nonresidential Alterations and Additions Valuations	240,679	282,224	311,639	327,716	399,648
Nonresidential Total	\$ 379,822	\$ 504,609	\$ 660,268	\$ 888,818	\$1,142,781
Total Building Valuations	\$ 970,963	\$1,172,195	\$1,554,005	\$2,137,069	\$2,405,270
Units					
Single Units	2,214	2,492	3,102	4,189	3,774
Multi-Dwelling Units	836	458	796	2,311	2,123
Total Residential Units	3,050	2,950	3,898	6,500	5,897

Note: Totals may not add due to rounding.

Source: Economic Sciences Corporation, California Building Permit Activity, Construction Industry Research Board.

Transportation

The County's transportation network has fostered industrial, commercial and residential expansion. Harbor facilities, an international airport, rail service by three carriers, and a highway network of interstate routes and state highways have played important roles in the development of the County.

Five principal highways connect the County with adjacent counties. Interstate 80, serving the northern part of the County, leads west to San Francisco via the Bay Bridge and east to Sacramento. Interstate 580 leads from Hayward to the Central Valley and Southern California, connecting with Interstate 5. Interstate 680 serves eastern Alameda County in a north-south direction. Interstate 880 accommodates north-south traffic circulation on the east shore of San Francisco Bay and connects the County to Santa Clara County and the San Francisco-Oakland Bay Bridge. State Highway 24 links Oakland with eastern Contra Costa County, passing through the Caldecott Tunnel.

Transbay bridges include the San Francisco-Oakland Bay Bridge extending Interstate 80 into San Francisco, the Richmond-San Rafael Bridge leading into Marin County and northern areas, and the Hayward-San Mateo and Dumbarton Bridges connecting East Bay points with the San Francisco Peninsula.

The Southern Pacific and Union Pacific Railroads, which recently merged, operate rail terminal facilities in Oakland. Atchafalaya, Topeka and Santa Fe Railway serves the East Bay from its Richmond switching yards. Amtrak provides passenger service through its Oakland and Emeryville stations to Southern California, Sacramento and other destinations.

Oakland and Alameda County are served by BART, a high speed rail transit system linking the counties of Alameda, Contra Costa and San Francisco, and ACE, a consumer rail service linking the Amador Valley to San Jose. BART recently completed extensions in northern Contra Costa County and eastern Alameda County and is in the process of extending to the San Francisco International Airport in San Mateo County. Local motor coach transportation is provided by AC Transit, which serves East Bay cities and continues into San Francisco via the Bay Bridge. Other bus service is available through the Central Contra Costa Transit District, the Livermore Transit Corporation and Greyhound bus lines. The San Mateo County Transit District provides bus service between Hayward and the San Francisco Peninsula across the Hayward San Mateo Bridge.

The Port of Oakland, an independent agency of the City of Oakland, is the third largest container ship port on the West Coast. The Port of Oakland has approximately 680 acres of developed terminal area, served by 31 gantry cranes, including 12 of the post panama type, and 29 deepwater berths with a total of 21,784 linear feet of berthing length. The fourth largest seaport in the nation, the Port of Oakland also handles 99 percent of all the containerized cargo that passes through Northern California ports.

Located at the terminus of three transcontinental railroads and four interstate highways, the Port of Oakland is an important West Coast intermodal connection and the hub of Northern California's distribution system. The Port of Oakland handled the equivalent of 1,575,406 twenty-foot containers in 1998.

The Port of Oakland also operates the Oakland Metropolitan International Airport ("Oakland International"), which covers an area of approximately 2,580 acres, and is located nine miles from downtown Oakland. Oakland International has a 10,000-foot fully instrumented main runway that can be extended to 12,500 feet and a large terminal complex, capable of servicing up to 2,500 passenger arrivals and departures per hour. A separate International Arrivals Building has customs inspection and baggage. The runways, taxiways and plane positions at both cargo and passenger terminals have jumbo jet capacities. Three other runways are used primarily by general aviation aircraft. Operations on these general aviation runways are controlled from a separate tower.

In 1998, Oakland International saw a 3 percent growth in cargo volume. Oakland International is a West Coast distribution center for Federal Express, United Parcel Service, Airborne Express, Burlington Air Express and Emery Worldwide. Six commercial airlines provide almost 800 nonstop direct or connecting flights weekly to destinations in the United States, Canada, Europe and Mexico. The Airport also handled 9,231,280 passengers in 1998.

Military Bases

Congressional decisions in 1993 and 1995 have resulted in the closure of the Naval Air Station and Naval Aviation Depot in the City of Alameda, as well as the Navy Public Works Center, the Naval Hospital, the Fleet Industrial Supply Center and the Army Base in Oakland.

All of the military job loss has already taken place, but so far the economic impact has been minimal. Most of the workers have been relocated, retired, or retrained and absorbed into the civilian economy. Since 1994, the County's unemployment rate has remained under the State average.

The land made available through the closure of the military bases represents a positive economic stimulant to the development of the northern region of the County which is already mostly developed. Closure of the Naval Air

Station in the County has provided over 1,209 acres of developable land for residential, commercial and research and development business park use. The closed Supply Center in the City of Oakland has already been leased to the Port of Oakland for expansion of its seaport facilities. In addition, the closure of the adjacent Oakland Army Base may enable the Port of Oakland to continue to expand to accommodate the increasing Pan-Pacific trade. The County and other interested local agencies have been working with the military to facilitate its departure from the former base sites in order to accommodate increasing requests from private-sector firms seeking to locate their businesses on these sites.

FINANCIAL INFORMATION

State Funding of Counties

Counties are the principal agents for providing services on behalf of the State, particularly in the areas of public health, welfare and judicial and corrections programs, in addition to the counties' role as providers of local services, such as law enforcement, roads, libraries, agriculture and various other social service programs. Substantial portions of these services are implementations of State-mandated programs and State-administered federal programs supported by State and federal funding. The adequacy of State funding for these State-mandated programs has been a recurring issue for California counties.

Of the numerous mandated health and social service programs administered by counties pursuant to State law, many have been either wholly or partially funded with State revenues which are subject each year to the State budget and appropriation process. Due to competing program priorities and the decrease of available State funds in recent years, the State funding of some of these programs has been reduced without corresponding reductions in program responsibilities for county governments.

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

Impact of State Budget on County

Starting in fiscal year 1990-91, the State faced substantial budget deficits and balanced its annual budgets, in part, by requiring local governmental entities to fund certain costs previously borne by the State. As a result, the State made substantial corresponding cuts and significant reallocations of revenues among local agencies. From fiscal years 1990-91 to 1999-00, the County closed funding gaps created by these reallocations of revenue ranging from \$13 million to \$172 million each year. If the State encounters budgetary problems in the future, it is not known what measures the State will take to balance its budget as required by law. Accordingly, the County cannot predict the ultimate impact that the State's budgets will have on the County's finances and operations.

State and Federal Aid

Since the passage of Proposition 13 in 1978, adding Article XIII A to the State Constitution, there has been a major shift in the source of County revenue from property taxes to federal and State government aid. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" in the forefront of this Official Statement. In fiscal years 1998-99 and 1999-00, approximately 52.1% and 50%, respectively, of the County's annual General Fund budget consisted of payments from the federal and State government. Historically, these payments have consisted primarily of State subventions for motor vehicles in lieu taxes, Proposition 99 tobacco tax receipts, health and mental health payments and welfare payments.

The agencies that received substantial federal funds are the Health Care Services Agency and the Social Services Agency. The percentages of revenues from property taxes, government aid and all other sources in fiscal years 1998-99 and 1999-00 are as follows:

	1998-99 (Actual)		1999-00 (Budgeted)	
	Revenue	% of Rev.	Revenue	% of Rev.
Property Tax	\$ 154,504,590	10.82%	\$ 158,173,500	11.37%
Government Aid (federal & State)	673,714,280	47.16%	709,246,897	51.01%
All Other Sources	600,355,823	42.02%	523,004,481	37.62%
Total	\$1,428,574,693	100.00%	\$1,390,424,878	100.00%

Source: County Auditor-Controller

1999-00 State Budget

On June 29, 1999, Governor Davis signed the 1999-00 State Budget. The Budget projects total State General Fund revenues and transfers of \$63 billion, a \$5.1 billion increase (8.7%) over projected 1998-99 revenues. The State Budget projects that the State's economy will continue to grow at a moderate pace in 1999 and 2000, which will generate the revenue increase in the budget year. However, this revenue growth rate reflects a variety of factors, including tax relief enacted in 1997 and 1998, the assumed receipt of tobacco settlement funds, and one-time asset sales. Adjusting for these factors, the Budget's underlying revenue growth rate is about 5%. These added revenues will permit modest growth in State expenditures.

Total State General Fund expenditures for 1999-00 are budgeted at \$63.7 billion, an increase of \$5.2 billion (8.8%) above the revised 1998-99 level. Special Fund revenues and expenditures are budgeted at \$16.1 billion for 1999-00. A total of \$1.5 billion of bond fund expenditures are also budgeted.

The Final State Budget includes spending increases of \$5.1 billion above what the Governor originally proposed in January 1999. Higher than expected tax revenues and an increase in forecasted economic growth in Fiscal Year 1999-00 were the principal reasons for the upward revision in State spending. The major revisions in spending categories included: \$1.1 billion for improving education; \$1 billion for infrastructure; \$500 million for caseload driven expenditures; \$300 million for litigation and salary increases; \$110 million for healthcare initiatives; and \$250 million in vehicle license fees set aside in anticipation that the 35% further reduction in vehicle license fees will be triggered in 2000-01.

Impact on Alameda County

The 1999-00 State Budget includes \$150 million in one-time General Fund monies to cities and counties. This local government relief package will be distributed as follows: \$75 million to cities and counties on a per capita basis and \$75 million to cities, counties, and districts on the basis of their Educational Revenue Argumentation Fund ("ERAF") contribution. The County received relief of \$3.0 million. Any future cap of the ERAF shift will require passage by the voters of a constitutional amendment restructuring local government.

The Governor reduced the additional funding for libraries from \$20 million to \$18 million, bringing the total funding for public libraries to \$56.8 million. It is anticipated that this funding would be distributed on a per capita basis and that Alameda County Library would receive approximately \$265,400 in FY 1999-00.

The budget also includes funding the Trial Courts at the statutory level, buying out counties in an amount approved last year, which will provide savings to the County of \$1.25 million.

County Budget Process

Upon release of the Governor's Proposed Budget in January each year, the County Administrator prepares a preliminary forecast of the County's budget based on current year expenditures, the Governor's Proposed Budget, and projected revenues. Between January and the time the State adopts its own budget (legally due no later than June 15 but often subject to delay), County staff monitors, reviews and analyzes the State budget and all adjustments made by the State Legislature. Upon adoption of the final State budget, the County Administrator may recommend revisions to the recommended budget to align County expenditures with approved State funding. After conducting public hearings and deliberating the details of the budget, the Board must, by policy, adopt the County's final budget by June 30. The legislative deadline is August 30. However, the State legislature allows an annual election by the County Board of Supervisors to extend the deadline to October 2 of the budget year.

In order to ensure that the budget remains in balance throughout the fiscal year, the County Administrator monitors actual expenditures and revenue receipts on a quarterly basis. In the event of a projected year-end deficit, corrective actions will be proposed and considered by the Board to reduce expenditures. The County's ability to increase its revenues is limited by State law. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" in the forepart of this Official Statement.

Values Based Budgeting

The County develops its budget recommendations through a Values Based Budgeting process. The goals of this process are to strengthen the County's leadership team by fostering cooperation and open communication among top County managers and Board members, develop County mission and value statements, clarify roles and responsibilities and provide a continual review of the budget decision making process. Under the Values Based Budgeting process, the Board of Supervisors has adopted a Mission Statement, County Credo (statement of shared values), Statement of Roles and Responsibilities and a set of budget principles. The budget principles include: 1) that the budget be balanced with adequate contingency and reserve funds, 2) that the budget adequately fund agreed-upon programs and levels of service, and 3) that revenues and expenditures be identified as continuing or one time. In addition, the County has also developed seven budget priorities: 1) vulnerable populations such as infants, children, young mothers and families, frail elderly and disabled persons who require food, clothing, shelter, and health care; 2) public safety for all residents through prevention and control of crime and the effective prosecution of criminals, including incarceration and alternatives to incarceration; 3) control of drug abuse by means of education, prevention, treatment and criminal prosecution; 4) deliberate budget measures to promote prevention as a corollary to service in addition to a focus on treatment and control; 5) assurance that essential support services are budgeted whenever priority programs are funded; 6) encourage and reward

programs and services which promise more efficient and effective ways of delivering essential County services; and 7) assure that the minimal level of mandated services will be provided.

Each year, the County's Values Based Budgeting process assists the County in establishing and adopting a cost-effective budget.

1999-00 County Budget Overview

The County's Adopted 1999-00 Budget (the "Adopted Budget") for all funds totals \$1.501 billion, an increase of \$132.3 million or 9.7% from Fiscal Year 1998-99. General Fund expenditures are proposed at \$1.382 billion, up \$101.8 million or 8.0% from the 1998-99 Final Budget. The Adopted Budget closes a \$13.3 million funding gap primarily through the use of a number of onetime revenue strategies.

The gap between expenditure requirements and financing has narrowed primarily as a result of an improved overall economy. Discretionary revenue sources such as property taxes, sales taxes, motor vehicle in-lieu taxes and interest earnings are estimated to increase by \$17 million in the Fiscal Year 1999-00, an increase of 7.2% from the Fiscal Year 1998-99.

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General Fund Budget Comparison

The following table shows a summary of the General Fund Budgets for 1997-98, 1998-99 and 1999-00.

**Alameda County
General Fund Budget
Fiscal Years 1997-98 through 1999-00
(In Thousands)**

Requirements	Adopted 1997-98 ⁽¹⁾	Adopted 1998-99 ⁽¹⁾	Adopted 1999-00 ⁽¹⁾
General Government	\$ 80,468	\$ 86,434	\$ 101,289
Public Protection	290,860	347,399	367,639
Health and Sanitation	267,604	354,685	377,216
Public Assistance	458,165	476,212	484,354
Education, Cultural & Recreation	489	406	549
Public Ways & Facilities	2,400	3,079	3,383
Capital Projects	9,766	9,449	50,549
Contingencies/Reserves	8,640	2,950	5,446
Total Requirements	<u>\$ 1,118,392</u>	<u>\$ 1,280,614</u>	<u>\$ 1,390,425</u>
Available Funds			
Fund Balance Available	\$ 0	\$ 5,000	\$ 3,000
Taxes (Property, Sales & Use, Other)	240,435	270,607	289,151
Licenses, Permits & Franchises	4,503	4,676	5,151
Fines, Forfeitures & Penalties	5,641	14,470	14,922
Use of Money and Property	7,772	8,234	8,210
Intergovt. Revs. (State, Federal, Other)	610,755	684,661	709,790
Charges for Current Services	119,079	139,528	164,569
Other Revenues	19,346	31,437	19,396
Other Financing Sources	102,460	120,507	164,465
Reserve Cancellation	8,401	1,494	11,771
Total Available Funds	<u>\$ 1,118,392</u>	<u>\$ 1,280,614</u>	<u>\$ 1,390,425</u>

⁽¹⁾ Reflects budget adopted by the Board of Supervisors at the beginning of the fiscal year.

Financial Statements and Accounting Policies

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that is comprised of its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into three broad fund categories, eight generic fund types and two account groups as follows:

Governmental Funds

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds.

Debt Service Fund. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long term debt principal, interest, and related costs.

Proprietary Funds

Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds. Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include Pension Trust and Agency Funds.

Account Groups

General Fixed Assets. This group of accounts is used to account for fixed assets of the governmental funds.

General Long-Term Obligations. This group of accounts is used to account for long term obligations of the governmental funds, including compensated employee absences payable, except for those accounted for in the proprietary fund types and trust funds.

The two account groups described above are not funds. They are concerned only with the measurement of financial position and, therefore, are not involved with measuring the results of operations.

Accounting Policies, Reports and Audits

The County's accounting policies conform to generally accepted accounting principles. The County's Governmental Fund types use the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due. The following exceptions apply: (1) certain fines and forfeitures are recorded when received as they are not susceptible to accrual; and (2) vacation and sick leave benefits are recorded when paid. Proprietary Fund types use the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the period incurred. The County Treasurer also holds certain trust and agency funds not under the control of the Board of Supervisors, such as those of school districts, which are accounted for on a cash basis.

The California Government Code requires every county to prepare an annual report. The Auditor-Controller prepares the Comprehensive Annual Financial Report for the County. This annual report covers financial operations of the County, County districts and service areas, local autonomous districts and various trust transactions of the County Treasury. Under California law, independent audits are required of all operating funds under the control of the Board of Supervisors. The County has had independent audits for over 30 years. Additionally, the County Grand Jury may also conduct management audits of certain offices of the County.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for governmental entities. The annual audit report is generally available approximately six months after the June 30 close of each Fiscal Year. The County's independent auditor for fiscal year 1995-96 was Deloitte & Touche LLP and for fiscal years 1996-97, 1997-98 and 1998-99, KPMG Peat Marwick LLP. See "Certain Financial Statements" below.

Certain Financial Statements

The following financial statements were taken from the County's audited general purpose financial statements for the fiscal years ended June 30, 1997, 1998 and 1999.

**County of Alameda
General Fund Balance Sheet
Fiscal Years 1996-97 through 1998-99
(In Thousands)**

Assets	Audited 1996-97	Audited 1997-98	Audited 1998-99
Cash and investments	\$ 50,887	\$ 158,286	\$ 270,555
Accts. receivable & accrued revs.	87,598	132,850	168,654
Due from other funds	73,553	92,795	101,400
Inventories	18	6	23
Total Assets	\$ 212,056	\$ 383,937	\$ 540,632
Liabilities			
Accts. payable & accrued liabilities	\$ 69,232	\$ 218,653	\$ 248,153
Due to other funds	11,661	15,444	20,963
Deferred revenue	22,038	28,526	49,691
Total Liabilities	\$ 102,931	\$ 262,623	\$ 318,807
Fund Balance			
Reserved for:			
Encumbrances	\$ 35,642	\$ 29,847	\$ 101,693
Inventories	15	6	90
Receivables and deposits	769	1,374	685
Unreserved:			
Designated for gen. Contingency	11,182	11,182	11,182
Designated for capital improvements	3,854	14,862	44,031
Designated for Auth. Expenditures	53,401	56,100	61,478
Undesignated	4,262	7,943	2,666
Total Fund Equity	\$ 109,125	\$ 121,314	\$ 221,825
Total Liabilities and Fund Equity	\$ 212,056	\$ 383,937	\$ 540,632

Source: County Auditor-Controller

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County of Alameda
General Fund Revenues, Expenditures and Ending Fund Balances
Fiscal Years 1996-97 through 1998-99
(In Thousands)

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Beginning Fund Balance	\$ 73,065	\$ 109,125	\$ 121,314
REVENUES			
Taxes	\$ 235,701	\$ 260,713	\$ 283,553
Licenses, Permits, & Franchises	4,287	4,901	4,936
Fines, Forfeitures & Penalties	8,338	12,113	14,440
Use of Moneys & Property	8,207	5,998	5,738
Aid - Other Governmental Agencies	599,267	595,179	635,707
Charges for Current Services	120,933	135,990	164,310
Other Revenue	<u>22,400</u>	<u>23,636</u>	<u>31,262</u>
Total Revenues	\$ 999,133	\$ 1,038,530	\$ 1,139,946
Transfers from Other Funds	<u>94,755</u>	<u>123,664</u>	<u>196,875</u>
Total Revenues and Transfers	<u>\$ 1,093,888</u>	<u>\$ 1,162,194</u>	<u>\$ 1,336,821</u>
EXPENDITURES			
General Government	\$ 65,961	\$ 67,318	\$ 89,672
Public Protection	221,059	280,429	327,669
Public Ways & Facilities (Roads & Transit Authority)	2,048	2,587	3,318
Health & Sanitation	280,430	307,657	317,459
Public Assistance	442,130	433,270	449,703
Education	150	156	541
Recreation & Cultural	242	321	165
Capital Outlay	<u>2,882</u>	<u>1,442</u>	<u>27,946</u>
Total Expenditures	\$ 1,014,902	\$ 1,093,180	\$ 1,216,473
Capital Lease	(412)	-	-
Bond Proceeds	(306,863)	-	-
Transfers to Other Funds	<u>350,012</u>	<u>55,538</u>	<u>19,237</u>
Total Expenditures & Transfers	<u>\$ 1,057,639</u>	<u>\$ 1,148,718</u>	<u>\$ 1,235,710</u>
Excess (deficiency) of Revs. Over Expenditures & Transfers	\$ 36,249	\$ 13,476	\$ 101,111
Change in Accounting for Investments	-	(533)	-
Residual Equity Transfer In	-	-	225
Residual Equity Transfer Out	<u>(189)</u>	<u>(754)</u>	<u>(825)</u>
Ending Fund Balance	<u>\$ 109,125</u>	<u>\$ 121,314</u>	<u>\$ 221,825</u>

Source: County Audit Reports

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COUNTY REVENUES

Ad Valorem Property Taxes

The County assesses real and personal property values and collects and distributes secured and unsecured property taxes among the County, and the cities, school districts and other special districts located within the County area.

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

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

The "supplemental roll," which was established by legislation in 1984, directs the Assessor to reassess real property at market value upon completion of construction or a change of ownership. A property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the assessee. The resultant charge (or refund) is a one time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered. Billings of supplemental assessments are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing and the second installment becomes delinquent on the last day of the fourth month following the date the first installment was delinquent.

State law exempts from assessed valuation \$7,000 of the full cash value of an owner occupied residence, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State. As of fiscal year 1984-85, the State reimbursement with respect to the business inventory exemption, which formerly had been in the amount of 50%, then 100%, was repealed. This subvention for counties has been replaced by increased motor vehicle license fees.

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

Assessed Valuations

The following table sets forth the assessed valuation of property on the secured roll of the County for the last five fiscal years.

County of Alameda Assessed Valuations Fiscal Years 1995-96 through 1999-00					
	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>
Local Secured	\$72,170,997,332	\$74,236,115,681	\$77,134,720,710	\$83,153,035,712	\$ 90,606,845,000
Utility ⁽¹⁾	2,570,290,250	2,431,714,662	2,780,496,286	2,856,991,607	2,960,033,000
Unsecured	6,712,960,900	7,241,330,396	7,823,047,820	8,305,398,203	8,425,606,000
Total	<u>\$81,454,248,482</u>	<u>\$83,909,160,739</u>	<u>\$87,738,264,816</u>	<u>\$94,315,425,522</u>	<u>\$101,992,484,000</u>

⁽¹⁾ Includes unitary utility valuation.
Source: County Auditor-Controller

Tax Levies and Collections

Beginning in fiscal year 1978-79, Proposition 13 and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior voter-approved debt, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county. Shown in the following table are the tax levies on the County's secured and unsecured roll, delinquencies and total collections, for the fiscal years 1995-96 through 1998-99. The secured and unsecured roll tax levies in the County for fiscal year 1998-99 were \$968,550,000 and \$97,771,000 respectively. The County's General Fund share of the secured and unsecured tax levies in fiscal year 1998-99 amounted to \$133,997,433 and \$14,472,618 respectively.

County of Alameda Property Tax Levies, Delinquencies and Collections Fiscal Years 1995-96 through 1998-99 (In Thousands)					
Secured Collections				Secured Delinquencies	
<u>Fiscal Year</u>	<u>Tax Levies</u>	<u>Amount</u>	<u>Percent (%)</u>	<u>Amount</u>	<u>Percent (%)</u>
1995-96	\$841,858	\$819,061	97.29	\$22,797	2.70
1996-97	858,552	835,819	97.35	22,733	2.65
1997-98	911,546	889,418	97.57	22,128	2.43
1998-99	968,550	944,632	97.53	23,918	2.47
Unsecured Collections				Unsecured Delinquencies	
<u>Fiscal Year</u>	<u>Tax Levies</u>	<u>Amount</u>	<u>Percent (%)</u>	<u>Amount</u>	<u>Percent (%)</u>
1995-96	\$77,577	\$74,930	96.59	\$2,647	3.41
1996-97	85,738	82,178	95.85	3,560	4.15
1997-98	90,401	88,023	97.37	2,378	2.63
1998-99	97,741	95,449	97.66	2,292	2.34

Source: County Auditor-Controller

Largest Taxpayers

The ten largest property taxpayers in the County are shown below.

**County of Alameda
Largest Local Secured Taxpayers
Fiscal Year 1998-99
(In Thousands)**

<u>Name</u>	<u>Business</u>	<u>Amount of Levy</u>	<u>% of Total Levy</u>
Pacific Bell	Utility	\$1,165,644	1.36%
Pacific Gas and Electric Company	Utility	991,828	1.15
New United Motor Manufacturing, Inc.	Industrial	797,872	.93
Kaiser Foundation Health Plan Inc.	Insurance	325,196	.38
Catellus Development Corporation	Real Estate Development	254,659	.30
Cutter Laboratories	Industrial	250,486	.29
HMT Technology Corporation	Industrial	224,086	.26
SCI Limited Partnership 1	Real Estate, Industrial	213,150	.25
Alameda Real Estate Investments	Real Estate, Development	178,140	.21
Spleker Properties LP	Real Estate, Industrial	<u>147,356</u>	<u>.17</u>
TOTAL		<u>\$4,548,417</u>	<u>5.30%</u>

Redevelopment Agencies

The California Community Redevelopment Law authorizes city or county redevelopment agencies to issue bonds payable from the allocation of tax revenues resulting from incremental increases in full cash values of properties within designated project areas. Base-year property values are established at the time of formation of the project area and thereafter local taxing authorities other than the redevelopment agency receive tax revenues only on the base year values. The following table shows redevelopment agency full cash value increments and tax allocations for agencies within the County.

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**County of Alameda
Community Redevelopment Agency Projects
Full Cash Value Increments and Tax Allocations
Fiscal Years 1995-96 through 1998-99**

Fiscal Year	Base Year Value	Incremental Cash Value ⁽¹⁾	Total Tax Allocations
1995-96	2,475,699,808	5,011,978,921	56,744,024
1996-97	3,978,770,418	5,147,813,074	56,577,031
1997-98	3,978,616,549	5,475,283,906	58,633,570
1998-99	4,270,038,298	6,134,146,027	67,910,107

⁽¹⁾ Full cash values for all redevelopment projects above the "frozen" base year valuations. These data represent growth in full cash values generating tax revenues for use by the community redevelopment agencies.

Source: County Auditor-Controller

Other Taxes and Revenues

In addition to aid from the State and federal government and ad valorem property tax revenues described above, the County has a number of other tax and revenue resources.

Sales Tax. The State collects and rebates to the County a 1 percent tax for retail transactions within the unincorporated area of the County. Pursuant to a program realignment system effective as of fiscal year 1991-92, an additional sales tax of ½ of 1 percent is subvned each year to the County on a population-based formula. In addition, Proposition 172, a State constitutional amendment approved by the electorate in November 1993, permanently extends a ½ of 1 percent sales tax for counties and cities for public safety purposes. A sales tax of ½ of 1 percent imposed by the Alameda County Transportation Authority is due to sunset on March 31, 2002.

Property Transfer Tax. A tax on the transfer of real property recorded in the County is authorized by the State Revenue and Taxation Codes and local ordinance. The transfer of real property tax is \$1.10 per \$1,000 in the County, with 50 percent of the tax shared with the cities in incorporated areas of the County, other than those cities that have opted to levy their own transfer tax. In these cities, the County receives the full \$1.10.

Licenses and Permits. Licenses and permit revenues are generated from court fines and forfeitures of bail for violations of State law.

Use of Money and Property. These revenues include the interest earned on bank deposits and other investments, as well as gains and losses on the sale of security investments.

Charges for Current Services. These revenues include assessments and tax collection fees, booking fees, court fees and costs, sanitation services fees and park and recreation fees.

Vehicle License Fees. The County receives a portion of the vehicle license fees imposed by the State.

Surplus Property Development Trust Fund

On February 18, 1998, the County established the Surplus Property Development Trust Fund (the "Endowment Fund"). The Endowment Fund is being funded from the development and sale proceeds of surplus County real estate properties. The purpose of the Endowment Fund is to provide investment income for capital projects. The corpus of the Endowment Fund will be invested to this end; its management objectives include preservation of principal and maximization of investment income.

The County has four major properties totaling approximately 950 acres that are currently being developed: Santa Rita (as known as Emerald Park), located in East Dublin; the Transit Center, located adjacent to the East Dublin BART station; Staples Ranch, in East Pleasanton adjacent to the I-580 freeway; and Wetmore Ranch, in the South Livermore Valley wine country.

The County, through its Surplus Property Authority, is seeking to achieve the highest value for these properties through the development process. This process includes market analysis, planning and design, obtaining entitlements, subdivision, major infrastructure development and other steps necessary to the marketing and sale of these parcels. To date, the County has completed the development and sale of approximately 60% of the Santa Rita property. The remaining portion of this property is either under contract, under exclusive right to negotiate, or being marketed. The Staples and Wetmore Ranch properties are under contract and pending city entitlements.

The Endowment Fund is being managed as a special investment fund. Anticipated revenue will be budgeted annually as part of the County's annual budget process. As of November 30, 1999, the Endowment Fund had a balance of approximately \$104 million.

The County's Investment Pool

The County Treasurer manages the County's investment pool (the "County Pool") in which certain funds of the County and certain funds of 32 other participating entities within the County are invested pending disbursement. The County Treasurer is ex-officio treasurer of each of these participating entities, which are legally required to deposit their cash receipts and revenues in the County Treasury. Under State law, withdrawals are allowed only to pay for expenses which have become due.

Each governing board of schools and special districts may allow, by appropriate board resolutions, certain withdrawals of non-operating funds for purposes of investing outside the County Pool. Some participating entities have used this authority to invest funds in the State's Local Agency Investment Fund ("LAIF"). Further, some districts have, from time to time, also authorized the County Treasurer to purchase separate investments (directed investments) for certain district trust funds to mature on predetermined future dates when cash would be required for disbursements.

Participating entities have sparingly used their ability to direct separate investments for these non-operating funds. However, the risk of withdrawal abuses has been anticipated, which precipitated an amendment to Section 53601 of the Government Code of the State of California through SB 866 which took effect on January 1, 1996. That provision requires County Treasurers to prescribe a withdrawal policy for participating entities in order to prevent withdrawals that could threaten the County Pool liquidity. The County worked with participating entities through the Treasurer's Investment Policy Committee in formulating such a policy. Since fiscal year 1996-97, the Treasurer's investment policy has provided that participating entities withdrawing non-operating funds for the purpose of investing outside the County Pool may do so once each month upon three days' prior written notice to the Treasurer. Such withdrawal by a participating entity may not exceed \$5 million at any one time. The Treasurer's investment policy is renewed annually in accordance with applicable State law.

The County Pool is accounted for by the Treasurer at book value which is based on cost of purchase, plus accrued interest included in the purchase price of an investment. The investment portfolio is not marked-to-market, but the market value of the portfolio is calculated and reported quarterly in the corresponding monthly report of the calendar quarter month to the Board of Supervisors. The latest quarterly market calculations as of March 31, 2000, showed the book value of cash and investments as \$1,769,751,694 with a market value of \$1,779,167,146.

As of March 31, 2000, of the total book value of the County Pool, approximately 50% represented the County's share. The remaining 50% represented the combined shares of the 32 other participating entities. Of the County's share, about half was allocable to funds held for restricted purposes, including trust and agency funds held for the benefit of third parties.

On March 31, 2000, 53.90% of the County Pool consisted of cash in bank deposits and investments with maturities of less than three months, consisting of money market fund accounts, bankers acceptances, commercial paper, negotiable certificates of deposit, corporate notes, and federal agency coupons and discount notes.

As of March 31, 2000, \$448,985,229 of the County Pool was invested in Federal agency (coupon) notes. Of that amount, \$203,498,933 (11.50%) were callable issues.

As of March 31, 2000, the County Pool also held \$13,501,256 (.76%) in an AIG guaranteed investment contract relating to certain County bonds with a final maturity of November 15, 2015.

No portion of the investment pool is leveraged.

The average life of the County Pool investments on March 31, 2000 was approximately 318 days. When purchasing investments for the County Pool, the Treasurer generally anticipates holding the investment to maturity.

The following summarizes the County's investment portfolio as of March 31, 2000:

**Alameda County
Treasurer's Office
Composition of Treasurer's Cash Pool
As of March 31, 2000**

Investments	Book Value Cost	Market Value Principal and Accrued Interest	% Held	% Allowed by Section 53601
LAIF	\$30,000,000	\$ 30,432,467	1.70%	N.A.
Bankers Acceptances	112,351,852	113,341,100	6.35%	40%
Collateralized Time Deposits	8,100,000	8,199,796	0.46%	No limit
Negotiable Certificates of Deposit	168,002,082	169,670,837	9.49%	30%
Commercial Paper	121,163,822	122,093,109	6.85%	Up to 30%
Corporate Notes and Bonds	275,292,551	274,534,529	15.55%	30%
Money Market Funds	103,000,000	103,612,322	5.82%	20%
Federal Agency Notes and Bonds ^[1]	448,985,229	451,524,875	25.37%	No limit
Federal Agency Discount Notes	333,292,589	337,015,888	18.83%	No limit
U.S. Treasury Notes	82,827,305	82,005,959	4.68%	No limit
AIG Guaranteed Investment Contract	13,501,256	13,501,256	0.76%	N.A.
Total Investments	\$1,696,516,686	\$1,705,932,138	95.86%	
Cash in Bank and on hand	73,235,008	73,235,008	4.14%	
Total Treasurer's Pool at Cost^[1]	\$1,769,751,694	\$1,779,167,146	100.00%	

[1] Of the total cash and investment holdings listed above, \$953,942,788 or 53.90% consist of cash and investments maturing within three months of this report.

[2] The Federal Agency notes holdings consisted of the following breakdown:

Bullet issues	\$245,486,296	13.87%	of total portfolio
Callable issues	203,498,933	11.50%	of total portfolio
Total	\$448,985,229	25.37%	

Source: County Treasurer's Office

County Employees and Labor Agreements

A summary of County employment levels follows. Some employees are hired under various federally funded programs.

County of Alameda Number of Permanent Employees 1994 through 1999	
As of June 30	Permanent Employees
1994	10,622
1995	10,793
1996	10,834
1997	10,927
1998	11,225
1999 ⁽¹⁾	8,555

⁽¹⁾As of January 1, 1999, 2,262 County employees transferred from Civil Service to the Alameda County Hospital Authority

Information reported by the Human Resource Services Department shows that, of the 8,289 active employees, over 91.0%, or 7,543, are represented by bargaining units of 13 labor organizations. The remaining 987 employees are largely unrepresented management employees. Three locals of the Service Employees International Union ("SEIU"), the Probation Peace Officers Association and the Deputy Sheriffs Association, combined, represent approximately 75 percent of all County employees in a variety of classifications.

The Board currently has three year agreements with the SEIU locals 250, 535 and 616. These agreements are effective August 24, 1997 through August 19, 2000. The agreements provide for a 3% wage increase effective August 24, 1997, a 3% wage increase effective August 23, 1998 and a 3% wage increase effective August 22, 1999. In addition, the County and SEIU agreed to modify certain health plan benefits effective February 1999. The agreements will cover 4,121 active employees and expires in August 2000.

A modified agreement has been reached with the Alameda County Management Employees Association (ACMEA) that covers a three-year period and includes cost-of-living adjustments of 3% the first year beginning January 1997, 3% the second year beginning January 1998 and 3% the third year beginning January 1999. The agreement also contains certain new health care benefits. The term of the agreement (covering General Government and Confidential employees) was extended by two additional years, to 2001 for General Government employees and to 2002 for Confidential employees. The agreement will cover 948 active employees. The Board may also extend the provisions of the agreements to unrepresented management job classifications.

Approximately 7,186 County employees are covered by agreements currently in effect. Of these, approximately 6,063 are non-management employees covered by agreements most of which will expire in 2002. The balance of the County's management employees are unrepresented.

Retirement and Deferred Compensation Plans

The County is a major participant in the Alameda County Employees' Retirement Association (the "Association"). The Association is a cost-sharing multiple-employer public employee retirement system in which all the risks and costs are shared by the participating entities. Currently, the County and four special districts located in the County that are not controlled by the County's Board of Supervisors participate in the Association. One actuarial valuation is performed for the Association as a whole, and the same contribution rate applies to

each participating entity. The total payroll covered by the Association for the year ended December 31, 1998 was approximately \$462,465,000.

All permanent full-time employees of participating entities automatically become members of the Association. Employees who are in active law enforcement, juvenile hall group counseling, or active fire suppression are Safety Members; all others are General Members.

The plan provides certain death, disability and service retirement benefits based on specified percentages of final average salary, in addition to annual cost-of-living adjustments, after retirement. As of December 31, 1998, there were 9,499 active General Members and 1,326 active Safety Members (police and fire) in the pension plan. Retired members (including beneficiaries) totaled 5,380.

The County has established a voluntary deferred compensation plan available to all regular County employees under which participants may elect to defer up to the lower of \$8,000 or 25% of includable compensation in any calendar year to provide for retirement, disability or death benefits. The County has established an investment fund for employee contributions and entered into a custodial agreement for this fund. Under the terms of the plan, the assets of the fund are managed by the County. On June 30, 1999, approximately 4,705 employees participated in the deferred compensation plan, and assets held in the investment fund on behalf of these employees aggregated \$183,337,042.

On August 14, 1997, the Supreme Court of California rendered a decision in *Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County Employees' Retirement Association* that, among other things, requires certain items such as employee contributions to a deferred compensation plan, payment to employees as salary for vacation days on which no work is performed or in additional cash, educational incentive pay and certain other incentive and premium pay (but not overtime pay or matching employer contributions to a deferred compensation plan) to be included in the calculations applied to the pre-retirement "compensation" that determine the retirement benefits that a retiree is eligible to receive. The court decision pertains to defined benefit pension plans governed by the County Employees' Retirement Law of 1937 (Cal. Gov. Code § 31450 et. seq.), such as the pension plans of many counties in the State, including the County.

On April 23, 1998, the Association filed a declaratory relief action against the County and certain unions representing Association members seeking clarification on how to compute "compensation" for purposes of the County Employees Retirement Law. A group of former and current employees intervened in this action and filed a petition for a class certification.

On September 21, 1999, the Alameda County Superior Court certified the class and approved the proposed settlement agreement previously agreed upon by all parties to the class action. The settlement agreement provides that all eligible retirees receive increased retirement allowances, if they received cash payments for certain items which were not included in the original calculation of their original retirement allowance; that all increased retirement allowances are retroactive to October 1, 1994; vacation sell-back/cash out is limited to the maximum amount that a member may accrue in the member's final compensation period; and that the Association would pay for the increased benefits. Contributions from active members for the new *Ventura* pay items began in July 1998.

The Board of the Association previously established a *Ventura* reserve account in the amount of \$259 million, which was taken from deferred investment earnings of the Association, which will be used to fund the estimated compensation experience liability, or unfunded liability, associated with this implementation of the *Ventura* decision.

Insurance and Self-Insurance Program

The County is self-insured for claims relating to public liability, medical malpractice, and workers' compensation. Excess insurance is purchased with limits of \$10 million per occurrence with a \$1,000,000 public liability self-insured retention and \$1.2 million medical malpractice self-insured retention. Workers' compensation carries statutory limits with a \$300,000 self-insured retention. It is the County's policy to annually appropriate sufficient funds to cover the estimated cost of claims to be paid during the upcoming fiscal year and to estimate and fund for reserves based on actuarial projections. The County performs an annual actuarial study to ensure that the County's insurance program is actuarially sound.

Direct and Overlapping Bonded Debt

While the County has no direct general obligation bonds outstanding, the County does have lease revenue obligations. In addition, the County contains numerous municipalities, school districts and special purpose districts, as well as the overlapping San Francisco Bay Area Rapid Transit District and the East Bay Municipal Utility District, which have issued general obligation bonded indebtedness. Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of March 31, 2000. The Debt Report is included for general information purposes only. The County has not verified the Debt Report for completeness or accuracy and makes no representations 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 County in whole or in part. Such long-term obligations are generally not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

[Remainder of page intentionally left blank]

**County of Alameda, California
Direct and Overlapping Debt Report
As of March 31, 2000**

1999-00 Assessed Valuation: \$101,992,483,779 (includes unitary utility valuation)
Redevelopment Incremental Valuation: - 6,876,542,191
 Adjusted Assessed Valuation \$95,115,941,588

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/31/00
East Bay Municipal Utility District	51.037%	3,572,590
East Bay Municipal Utility District, Special Service District #1	94.012	43,344,233
Peralta Community College District	100.	23,685,000 ⁽¹⁾
Alameda Unified School District	100.	38,845,000
Berkeley Unified School District	100.	106,826,527
Fremont Unified School District	100.	79,056,959
Livermore Valley Joint Unified School District	99.527	99,018,918 ⁽¹⁾
New Haven Unified School District	100.	99,018,918
Oakland Unified School District	100.	63,588,454 ⁽¹⁾
Pleasanton Unified School District	100.	115,559,066
Other Unified School Districts	100.	133,373,896
East Bay Regional Park District	55.566	100,343,861
Community Facilities Districts	100.	40,580,000
City of Oakland	100.	131,290,000
City of Berkeley	100.	78,120,000
1915 Act Bonds (Estimated)	100.	431,501,679

TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT 1,488,706,183
 Less: East Bay Municipal Utility District (100% self-supporting) 3,572,590
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT \$1,485,133,593

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Alameda County General Fund Obligations	100.	%
Alameda County Pension Obligations	100.	\$624,263,483
Alameda County Board of Education Certificates of Participation	100.	516,888,186
Alameda-Contra Costa Transit District Certificates of Participation	89.218	7,060,000
Oakland Unified School District Certificates of Participation	100.	22,671,052
San Leandro Unified School District Certificates of Participation	100.	51,670,000
San Lorenzo Unified School District General Fund Obligations	100.	16,445,000
Other School District Certificates of Participation	Various	24,065,000
City of Berkeley General Fund and Pension Fund Obligations	100.	54,521,899
City of Fremont General Fund Obligations	100.	53,100,000
City of Hayward General Fund Obligations	100.	75,190,000
City of Livermore General Fund Obligations	100.	47,687,934
City of Oakland General Fund Obligations	100.	42,410,000
City of Oakland Pension Obligations	100.	665,165,525
Other City General Fund Obligations	100.	407,279,659
Livermore Area Recreation and Park Certificates of Participation	100.	97,969,001
TOTAL DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT		2,535,000

GROSS COMBINED TOTAL DEBT \$4,196,627,922⁽²⁾

NET COMBINED TOTAL DEBT \$4,193,055,332

⁽¹⁾ Excludes share of general obligation bonds dated 4/00.

⁽²⁾ Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 1999-00 Assessed Valuation:</u>		<u>Assessed Valuation</u>
Total Gross Direct and Overlapping Tax and Assessment Debt		1.46%
Total Net Direct and Overlapping Tax and Assessment Debt		1.46%
<u>Ratios to Adjusted Assessed Valuation:</u>		
Combined Direct Debt (\$1,141,151,669)		1.20%
Gross Combined Total Debt		4.41%
Net Combined Total Debt		4.41%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/99 (in thousands) \$4,252,492

Source: California Municipal Statistics, Inc.

Outstanding Long-Term Debt and Lease Obligations

The County has never defaulted on the payment of principal of or interest on any of its indebtedness or lease obligations.

General Obligation Debt. The County has no outstanding direct general obligation bonds and no authorized but unissued general obligation bonds.

Long Term Debt and Lease Obligations. The County has long-term general fund debt and has entered into a number of long term capital leases which secure certificates of participation or lease revenue bond financings for various purposes. In addition, the County has issued pension obligation bonds. The following table lists the portions of major financings of the County that are budgeted to be paid from the County General Fund.

**County of Alameda
General Fund and Lease Revenue Bond Financings
As of June 30, 1999
(In Thousands)**

Lessor Entity	Purpose	Year Issued	Initial Principal Amount	Principal Amount Outstanding	Year of Final Maturity
ACPFC ^[1] *	Office Building	1989	26,664	20,876	2019
ACPFC *	Insurance Programs	1991	71,080	68,590	2021
ACPFC *	Refunding - Santa Rita Jail	1993	169,955	153,470	2015
Honeywell, Inc.	Hospital Energy Equipment	1993	13,612	9,598	2005
N/A	Pension Bonds	1995	310,150	237,885	2004
N/A	Pension Bonds	1996	306,863	366,116	2018
ABAG 35 ^[2] *	Building Renovations	1995	11,125	9,815	2016
Coliseum Auth. ^[3]	Stadium Improvements	1995	197,700	189,500	2025
Coliseum Auth. ^[3]	Arena Improvements	1996	140,000	136,400	2026
ABAG	Domain - Court Equipment	1997	4,655	4,126	2002
ABAG 40	BART Station - Castro Valley	1997	9,480	8,675	2012
ACPFC	Refunding and Capital Projects	1997	64,630	62,885	2022
ACPFC *	Alameda County Medical Center	1998	115,590	115,590	2028
ACPFC	Alcolink Project	1998A	34,325	34,325	2006
			\$1,475,829	\$1,417,851	

^[1] Alameda County Public Facilities Corporation

^[2] Association of Bay Area Governments

^[3] Obligations are joint and several with the City of Oakland.

* All or a portion may be refunded by the Series 1998 A&B COP's

Tax and Revenue Anticipation Notes

The County issued tax and revenue anticipation notes in July 1999. These short-term notes were issued in the aggregate principal amount of \$70,000,000 to finance cash flow requirements for the 1999-00 fiscal year and matured on July 7, 2000. The County has also issued tax and revenue anticipation notes in each of the preceding seven fiscal years.

Teeter Plan Notes

On October 5, 1993, the County adopted an alternative form of property tax distribution, commonly known as the Teeter Plan. Under the Teeter Plan, the County provides participating local agencies with their full tax levy allocation at the beginning of each fiscal year, rather than providing actual collections (levy less delinquencies). In exchange, the County collects late taxes and the penalties that accrue on delinquent payments. The County finances the advancement of uncollected taxes to local agencies that had opted into the Teeter Plan, internally. As of June 30, 1999, the internal borrowing to finance the Teeter Plan program has an outstanding balance of \$15.2 million.

Anticipated Financings

The County is developing financing plans for two major capital projects that may be undertaken within the next few years in addition to the project described in this Official Statement, as further described below. The final project costs, sizing and financing schedules for these projects are currently under discussion and are subject to change.

New County Courthouse. This proposed new County courthouse would supplement existing court facilities. The new courthouse would house both Superior and Municipal court departments, court staff and supporting services such as the District Attorney, Public Defender and Probation. Current project costs estimates total up to \$66.3 million. Under current plans, the new courthouse would be located on County-owned property in the rapidly growing eastern portion of the County.

Juvenile Facilities. County staff are currently evaluating the requirements and master plan for a new County juvenile hall. Current project costs estimates total up to \$176 million.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE COUNTY OF ALAMEDA



Three Embarcadero Center
San Francisco, CA 94111

Independent Auditors' Report

The Grand Jury and Honorable Members
of the Board of Supervisors
County of Alameda, California

We have audited the general purpose financial statements of the County of Alameda, California (the County) as of and for the year ended June 30, 1999, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association which statements reflect total assets of \$3.6 billion as of December 31, 1998 and total additions to net assets of \$532 million for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Alameda County Employees' Retirement Association in the pension trust fund, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Alameda, California, as of June 30, 1999, and the results of its operations, changes in net assets of its pension and investment trust funds and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 11 to the general purpose financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As discussed in note 12 to the general purpose financial statements, the County changed its method of reporting the operations of the Alameda County Medical Center.



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In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 1999 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The year 2000 information on page 44 is not a required part of the general purpose financial statements but is supplementary information required by the GASB, and we did not audit and do not express an opinion on such information. We were unable to apply certain limited procedures to the year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the County is or will become year 2000 compliant, that the County's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County does business are or will become year 2000 compliant.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County of Alameda, California, taken as a whole. The combining, individual fund, and individual account group financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Other than with respect to information relating to the Alameda County Employees' Retirement System, the financial statements of which were audited by other auditors whose report expressed an unqualified opinion, such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

KPMG LLP

November 24, 1999



COUNTY OF ALAMEDA, CALIFORNIA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 1999
(amounts expressed in thousands)

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>	<u>Alameda</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Internal</u>	<u>Trust and</u>	<u>General</u>	<u>General</u>	<u>Primary</u>	<u>County</u>	<u>Reporting</u>
		<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Service</u>	<u>Agency</u>	<u>Fixed</u>	<u>Long-term</u>	<u>Government</u>	<u>Medical</u>	<u>Entity</u>
							<u>Assets</u>	<u>Obligation</u>	<u>(Memorandum</u>	<u>Center</u>	<u>(Memorandum</u>
									<u>Only)</u>		<u>Only)</u>
Assets											
Cash and investments with County Treasurer	\$ 195,620	\$ 185,137	\$ 15,251	\$ 45,070	\$ 9,212	\$ 1,169,710	\$ -	\$ -	\$ 1,620,000	\$ 50	\$ 1,620,050
Cash and investments with fiscal agents	73,965	117,598	-	46,442	-	3,720,367	-	-	3,958,372	-	3,958,372
Deposits with others	970	8	-	-	10	-	-	-	988	-	988
Taxes receivable, net of allowance for doubtful accounts	-	-	-	-	-	219,789	-	-	219,789	-	219,789
Other receivables, net of allowance for doubtful accounts	168,654	4,609	146	592	281	50,059	-	-	224,341	68,733	293,074
Due from other funds	52,556	28,539	-	85	27,861	312,535	-	-	421,576	-	421,576
Due from Medical Center	48,844	-	-	-	-	-	-	-	48,844	-	48,844
Receivable from primary government	-	-	-	-	-	-	-	-	-	5,082	5,082
Inventory of supplies	23	81	-	-	229	-	-	-	333	1,635	1,968
Prepaid expenses	-	-	-	-	-	-	-	-	-	25,008	25,008
Property, plant and equipment (net of accumulated depreciation for proprietary fund types)	-	-	-	-	10,887	1,756	651,888	-	664,531	19,021	683,552
Amount available in Debt Service Fund	-	-	-	-	-	-	-	77,588	77,588	-	77,588
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	1,151,205	1,151,205	-	1,151,205
Total assets	\$ 540,632	\$ 335,972	\$ 15,397	\$ 92,189	\$ 48,480	\$ 5,474,216	\$ 651,888	\$ 1,228,793	\$ 8,387,567	\$ 119,529	\$ 8,507,096

The notes to the financial statements are an integral part of this statement

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 1999
(amounts expressed in thousands)

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals Primary Government (Memorandum Only)</u>	<u>Alameda County Medical Center Hospital Authority</u>	<u>Totals Reporting Entity (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligation</u>			
Liabilities:											
Accounts payable	\$248,153	\$ 2,175	\$ -	\$ 1	\$ 2,497	\$ 299,258	\$ -	\$ -	\$ 552,084	\$ 33,584	\$ 585,668
Due to other funds	15,881	30,642	-	14,600	12,155	348,298	-	-	421,576	-	421,576
Due to Medical Center	5,082	-	-	-	-	-	-	-	5,082	-	5,082
Payable to primary government	-	-	-	-	-	-	-	-	-	48,844	48,844
Due to other governmental units	-	-	-	-	-	434,612	-	-	434,612	-	434,612
Certificates payable	-	-	-	-	-	-	-	1,084,498	1,084,498	-	1,084,498
Lease obligations and notes payable	-	-	-	-	2,348	-	-	11,643	13,991	704	14,695
Estimated liability for claims and contingencies	-	-	-	-	48,496	-	-	94,750	143,246	-	143,246
Deferred revenue	46,911	555	-	-	-	-	-	-	47,466	-	47,466
Unearned revenue	2,780	-	-	-	-	-	-	-	2,780	-	2,780
Compensated employee absences payable	-	-	-	-	2,445	-	-	37,902	40,347	7,125	47,472
Total liabilities	318,807	33,372	-	14,601	67,941	1,082,168	-	1,228,793	2,745,682	90,257	2,835,939
Equity (deficit) and other credits:											
Contributed capital	-	-	-	-	41,831	-	-	-	41,831	49,046	90,877
Investments in general fixed assets	-	-	-	-	-	-	651,888	-	651,888	-	651,888
Retained earnings(deficit)	-	-	-	-	(61,292)	-	-	-	(61,292)	(19,774)	(81,066)
Fund balances:											
Reserved	102,468	28,422	-	77,588	-	4,392,048	-	-	4,600,526	-	4,600,526
Unreserved	119,357	274,178	15,397	-	-	-	-	-	408,932	-	408,932
Total equity (deficit) and other credits	221,825	302,600	15,397	77,588	(19,461)	4,392,048	651,888	-	5,641,885	29,272	5,671,157
Total liabilities, equity and other credits	\$540,632	\$ 335,972	\$ 15,397	\$ 92,189	\$ 48,480	\$ 5,474,216	\$ 651,888	\$ 1,228,793	\$ 8,387,567	\$ 119,529	\$ 8,507,096

The notes to the financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999
(amounts expressed in thousands)

5

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust	Reporting Entity (Memorandum Only)
Revenues.						
Taxes	\$ 283,554	\$ 54,382	\$ -	\$ 74	\$ -	\$ 338,010
Licenses and permits	4,936	10,490	-	-	-	15,426
Fines, forfeitures and penalties	14,440	8	-	-	-	14,448
Use of money and property	5,735	16,004	710	5,973	16,397	44,819
State aid	370,547	28,952	-	-	-	397,499
Federal aid	263,085	7,169	-	-	-	270,254
Other aid	2,077	6,496	-	-	-	8,573
Charges for current services	164,310	70,008	-	479	-	234,797
Deferred compensation participant contributions	-	-	-	-	15,798	15,798
Other revenue	31,190	25,912	-	48,507	-	105,609
Total revenues	1,139,874	217,421	710	55,033	32,195	1,445,233
Expenditures:						
Current:						
General	89,672	6,067	-	-	-	95,739
Public protection	327,689	95,433	-	-	-	423,102
Public assistance	449,703	-	-	-	-	449,703
Health and sanitation	317,459	19,968	-	-	-	337,427
Public ways and facilities	3,318	37,912	-	-	-	41,230
Recreation and cultural services	541	-	-	-	-	541
Education	165	14,811	-	-	-	14,976
Capital outlay	27,947	-	-	-	-	27,947
Deferred compensation participant withdrawals	-	-	-	-	7,157	7,157
Debt service:						
Principal	-	-	-	33,144	-	33,144
Interest	-	-	-	43,364	-	43,364
Total expenditures	1,216,474	174,191	-	76,508	7,157	1,474,330
Revenues over/(under) expenditures	(76,600)	43,230	710	(21,475)	25,038	(29,097)
Other financing sources (uses):						
Capital lease	-	322	-	-	-	322
Bond proceeds	-	25,000	-	9,325	-	34,325
Operating transfers - in	101,042	2,017	-	26,452	-	129,511
Transfers in from discretely presented component unit	95,906	-	-	-	-	95,906
Operating transfers - out	(19,237)	(85,122)	(751)	(17,648)	(30)	(122,788)
Payment to refunded bond escrow agent for principal and interest	-	-	-	(9,801)	-	(9,801)
Total other financing sources (uses)	177,711	(57,783)	(751)	8,528	(30)	127,875
Revenues and other financing sources over/(under) expenditures and other financing uses	101,111	(14,553)	(41)	(12,947)	25,008	98,578
Fund balance - July 1	121,314	317,318	15,438	105,195	158,707	717,972
Residual equity transfers in	225	529	-	-	-	754
Residual equity transfers out	(825)	(694)	-	(14,660)	-	(16,179)
Fund balance - June 30	\$ 221,825	\$ 302,600	\$ 15,397	\$ 77,588	\$ 183,715	\$ 801,125

The notes to the financial statements are an integral part of this statement

COUNTY OF ALAMEDA, CALIFORNIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS)
BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999
(amounts expressed in thousands)

6

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues.									
Taxes	\$ 288,018	\$ 283,554	\$ (4,464)	\$ 54,986	\$ 54,382	\$ (604)	\$ 343,004	\$ 337,936	\$ (5,068)
Licenses and permits	4,723	4,936	213	10,434	10,490	56	15,157	15,426	269
Fines, forfeits and penalties	15,012	14,440	(572)	5	8	3	15,017	14,448	(569)
Use of money and property	5,091	5,735	644	16,161	16,004	(157)	21,252	21,739	487
State aid	471,713	370,547	(101,166)	28,814	26,952	(1,862)	500,527	397,499	(103,028)
Federal aid	288,886	283,085	(25,801)	6,311	7,169	858	295,197	270,254	(24,943)
Other aid	2,085	2,077	12	7,302	6,498	(806)	9,367	8,573	(794)
Charges for current services	179,662	164,310	(15,352)	100,184	70,008	(30,176)	279,846	234,318	(45,528)
Other revenue	41,525	31,190	(10,335)	40,160	25,912	(14,248)	81,685	57,102	(24,583)
Total revenues	1,296,695	1,138,874	(156,821)	284,357	217,421	(46,936)	1,561,052	1,357,295	(203,757)
Expenditures and encumbrances									
Current									
General	138,608	99,790	38,818	22,351	6,749	15,602	160,959	106,539	54,420
Public protection	357,741	338,297	19,444	213,645	110,149	103,496	571,386	448,446	122,940
Public assistance	512,228	455,099	57,129	-	-	-	512,228	455,099	57,129
Health and sanitation	400,446	330,348	70,098	24,759	21,484	3,265	425,205	351,842	73,363
Public ways and facilities	3,850	3,489	181	55,811	48,267	7,544	59,461	51,736	7,725
Recreation and cultural services	551	541	10	-	-	-	551	541	10
Education	205	180	25	17,876	15,535	2,341	18,081	15,715	2,366
Capital outlay	94,840	90,443	4,397	-	-	-	94,840	90,443	4,397
Total expenditures and encumbrances	1,508,269	1,318,167	190,102	334,442	202,194	132,248	1,842,711	1,520,361	322,350
Revenues over/(under) expenditures and encumbrances	(211,574)	(178,293)	33,281	(70,085)	15,227	85,312	(281,659)	(163,066)	118,593
Other financing sources (uses).									
Bond proceeds	9,418	-	(9,418)	25,000	25,000	-	34,418	25,000	(9,418)
Operating transfers - in	128,891	101,042	(25,849)	10,535	2,017	(8,518)	137,426	103,059	(34,367)
Transfers in from discretely presented component unit	69,042	95,906	26,864	-	-	-	69,042	95,906	26,864
Operating transfers - out	(20,434)	(19,237)	1,197	(85,489)	(85,122)	367	(105,923)	(104,359)	1,564
Total other financing sources (uses)	184,917	177,711	(7,206)	(49,954)	(58,105)	(8,151)	134,963	119,606	(15,357)
Revenues and other financing sources over/(under) expenditures and encumbrances and other financing uses (budgetary basis)	\$ (26,657)	\$ (582)	\$ 26,075	\$ (120,039)	\$ (42,878)	\$ 77,161	\$ (146,696)	\$ (43,460)	\$ 103,236
Add reserve for encumbrances		101,693			28,325			130,018	
Fund balance-July 1 (GAAP basis)		121,314			317,318			438,632	
Residual equity transfers - in		225			529			-	
Residual equity transfers - out		(825)			(894)			(1,519)	
Fund balance-June 30 (GAAP basis)		\$ 221,825			\$ 302,600			\$ 523,671	

The notes to the financial statements are an integral part of this statement.

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 1999
(amounts expressed in thousands)**

	Internal <u>Service</u>	Alameda County Medical <u>Center</u>	Totals Reporting Entity (Memorandum <u>Only</u>)
Operating revenues			
Charges for services	\$ 134,366	\$ 337,566	\$ 471,932
Operating expenses			
Salaries and employee benefits	32,640	151,823	184,463
Services and supplies	67,743	56,981	124,724
Benefits and claims	32,144	-	32,144
Depreciation	4,037	4,503	8,540
Amortization	19	-	19
Bad debt expense	-	14,877	14,877
Telephone	6,200	-	6,200
County indirect costs	3,439	-	3,439
Dental premiums	6,448	-	6,448
Grant expense	-	3,340	3,340
Other	193	43,541	43,734
Total operating expenses	<u>152,863</u>	<u>275,065</u>	<u>427,928</u>
Operating income (loss)	<u>(18,497)</u>	<u>62,501</u>	<u>44,004</u>
Nonoperating revenues (expenses)			
Interest income	918	-	918
Gain on sale of fixed assets	79	-	79
Interest expense	(227)	(1,848)	(2,075)
Loss on sale of fixed assets	(9)	-	(9)
Grants, entitlements and shared revenues	-	55,131	55,131
Non-operating revenue	<u>-</u>	<u>101</u>	<u>101</u>
Net nonoperating revenues (expenses)	<u>761</u>	<u>53,384</u>	<u>54,145</u>
Income (loss) before operating transfers	<u>(17,736)</u>	<u>115,885</u>	<u>98,149</u>
Operating transfers - in	38,931	-	38,931
Operating transfers - out	(47,259)	-	(47,259)
Transfers to primary government	<u>-</u>	<u>(95,906)</u>	<u>(95,906)</u>
Operating transfers net	<u>(8,328)</u>	<u>(95,906)</u>	<u>(104,234)</u>
Net income (loss)	<u>(26,064)</u>	<u>19,979</u>	<u>(6,085)</u>
Depreciation add-back for contributed assets	165	-	165
Accumulated deficit - July 1	<u>(35,393)</u>	<u>(39,753)</u>	<u>(75,146)</u>
Accumulated deficit - June 30	<u>(61,292)</u>	<u>(19,774)</u>	<u>(81,066)</u>
Contributed capital - July 1	26,571	55,413	81,984
Residual equity transfers - in	24,850	-	24,850
Residual equity transfers - out	(9,425)	(6,367)	(15,792)
Depreciation on contributed assets	<u>(165)</u>	<u>-</u>	<u>(165)</u>
Contributed capital - June 30	<u>41,831</u>	<u>49,046</u>	<u>90,877</u>
Fund equity (deficit) - June 30	<u>\$ (19,461)</u>	<u>\$ 29,272</u>	<u>\$ 9,811</u>

The notes to the financial statements are an integral part of this statement

COUNTY OF ALAMEDA, CALIFORNIA

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 1999
 (amounts expressed in thousands)

	Internal Service	Alameda County Medical Center	Totals Reporting Entity (Memorandum Only)
Operating income (loss)	\$ (18,497)	\$ 62,501	\$ 44,004
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	4,056	4,503	8,559
Decrease (increase) in accounts receivable	223	(18,943)	(18,720)
Decrease (increase) in due from other funds	1,168	(3,945)	(2,777)
Decrease (increase) in inventory of supplies	(7)	(144)	(151)
Decrease (increase) in prepaid expenses	2,813	(2,000)	813
Increase (decrease) in accounts payable	204	4,352	4,556
Increase (decrease) in unearned revenue	(8)		(8)
Increase (decrease) in due to other funds	1,900	(563)	1,337
Increase (decrease) in estimated liability for claims	(17,940)		(17,940)
Increase (decrease) in compensated absences payable	20	(681)	(661)
Net cash provided by operating activities	(26,066)	45,080	19,014
Cash flows from noncapital financing activities:			
Operating transfers - in	38,931		38,931
Operating transfers - out	(47,259)	(95,906)	(143,165)
Interest paid	(151)		(151)
Residual equity transfers - in	24,025		24,025
Residual equity transfers - out	(9,425)		(9,425)
Grant entitlements	-	55,131	55,131
Net cash provided by noncapital financing activities	6,121	(40,775)	(34,654)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(4,856)	(2,105)	(6,961)
Principal paid on notes	(403)	(408)	(811)
Interest paid on notes	(37)	(1,848)	(1,885)
Principal paid on leases	(798)		(798)
Interest paid on leases	(56)		(56)
Proceeds of notes	1,290		1,290
Proceeds of sales of fixed assets	175		175
Residual equity transfers - in	654		654
Net cash used for by capital and related financing activities	(4,031)	(4,361)	(8,392)
Cash flows from investing activities:			
Interest on investments	936	-	936
Other nonoperating revenue	-	101	101
Net cash provided by investing activities	936	101	1,037
Net decrease in cash and cash equivalents	(23,040)	45	(22,995)
Cash and cash equivalents - July 1	32,252	5	32,257
Cash and cash equivalents - June 30	\$ 9,212	\$ 50	\$ 9,262
Noncash investing, capital and financing activities:			
Residual equity transfers - in	\$ 171	-	\$ 171
Residual equity transfers - out	\$ -	\$ (6,367)	\$ (6,367)
	\$ 171	\$ (6,367)	\$ (6,196)

The notes to the financial statements are an integral part of this statement

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINED STATEMENT OF CHANGES IN NET ASSETS
PENSION AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999
(amounts expressed in thousands)**

	Pension Trust	Investment Trust	Totals (Memorandum Only)
Additions:			
Pension contributions			
Members	\$ 35,749	\$ -	\$ 35,749
Employer	24,389	-	24,389
Contributions on pooled investments	-	6,339,872	6,339,872
Total Contributions	60,138	6,339,872	6,400,010
Investment Income.			
Net appreciation in fair value of investments	413,851	-	413,851
Interest	41,894	41,566	83,460
Dividends	8,756	-	8,756
Other investment income	34,140	-	34,140
Total investment income	498,641	41,566	540,207
Less investment expenses	(27,016)	-	(27,016)
Net investment income	471,625	41,566	513,191
Miscellaneous income	65	-	65
Total additions	531,828	6,381,438	6,913,266
Deductions			
Pension			
Benefit payments	101,487	-	101,487
Refunds	4,096	-	4,096
Administration	4,890	-	4,890
Distribution from pooled investments	-	6,187,306	6,187,306
Total deductions	110,473	6,187,306	6,297,779
Net increase	421,355	194,132	615,487
Net assets:			
Beginning of year	2,965,447	627,399	3,592,846
End of year	\$ 3,386,802	\$ 821,531	\$ 4,208,333

The notes to the financial statements are an integral part of this statement



COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Scope of Financial Reporting Entity

The County of Alameda is a political subdivision chartered by the State of California, and as such, it can exercise the powers specified by the constitution and statutes of the State of California. The County operates under its charter and is governed by an elected five member Board of Supervisors, providing the following services to its citizens, as authorized by its charter: election administration, public protection, public assistance, health care, road and transportation, recreation and education.

The financial reporting entity consists of the County of Alameda (the primary government) and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable, or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

As required by generally accepted accounting principles, the County's general purpose financial statements present the County of Alameda and its component units which are discussed below:

Blended Component Units. Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 year end, with the exception of the Alameda County Employees Retirement Association, which has a December 31 fiscal year end. The financial activity of the Alameda County Employees Retirement Association for the year ended December 31, 1998 is included herein.

• *Alameda County Flood Control and Water Conservation Districts (Flood Control Districts)*

The Flood Control Districts were established to provide flood control services within specific areas of the County. Although the Flood Control Districts are legally separate from the County, they are reported as if they were part of the primary government because the Flood Control governing board is composed solely of the members of the County Board of Supervisors. The financial transactions of the Flood Control Districts are recorded in the Flood Control Special Revenue Fund. The books and records for the Flood Control Districts are maintained by the County. Additional financial data for the Flood Control Districts may be obtained from the Alameda County Auditor-Controller's office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Fire Department (Fire Department)*

The Fire Department was established in 1993 as a consolidation of several County fire districts to provide fire protection services in the unincorporated areas of the County. Although the Fire Department is legally separate from the County, it is reported as if it were part of the primary government because it is governed by the County Board of Supervisors. The activity of the Fire Department is recorded in the Fire Special Revenue Fund. The books and records for the Fire Department are maintained by the County. Additional financial data for the Fire Department may be obtained from the Alameda County Auditor-Controller's office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Employees' Retirement Association (ACERA)*

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County is the major participant and contributes 99% of total employer contributions. ACERA is governed by a nine-member board which includes the County Treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as if it were part of the primary government because it benefits the County almost exclusively by providing services to the County's employees. Complete financial statements for ACERA may be obtained from the Alameda County Employees Retirement Association, 475 14th Street, Suite 210, Oakland, CA 94612.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
JUNE 30, 1999

• *Alameda County Public Facilities Corporation (Corporation)*

The Corporation is a legal entity established to account for the proceeds of certificate of participation issues and other financings for the County. The activity of the Corporation is recorded in the Property Development Special Revenue Fund. The books and records for the Corporation are maintained by the County. Additional financial data for the Corporation may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *County Service Areas (CSA)*

CSAs are special districts established by the Board of Supervisors for the purpose of providing specific services to County residents. The books and records of these County Service Areas are maintained by the County, and their activities are recorded in the following Special Revenue Funds: Road Fund (1 CSA), Health Services Fund (4 CSAs), Lighting Fund (1 CSA), Public Ways and Facilities Fund (4 CSAs), Police Protection Fund (1 CSA) and Dublin Library Fund (1 CSA). Additional financial data for the CSAs may be obtained from the Alameda County Auditor-Controller's office, 1221 Oak Street, Oakland, CA 94612.

Discretely Presented Component Unit. The following component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the county government. Although it has a significant relationship with the County, the entity is fiscally independent and, therefore, is presented discretely.

• *Alameda County Medical Center Hospital Authority*

The Alameda County Medical Center Hospital Authority is governed by an eleven-member board of trustees. Pursuant to the agreement dated July 1, 1998, between the County and the Hospital Authority, the Hospital Authority will manage and operate the county hospitals and clinics. The County will pay the Hospital Authority for the provision of indigent care. Revenues are deposited into and expenditures are paid out of the Hospital Authority agency fund. For financial statement presentation purposes, the hospital facilities are presented on the Hospital Authority's statements. Upon dissolution of the Hospital Authority, the assets will be transferred to the County's financial statements. All equipment is the property of the Hospital Authority. The Hospital Authority has a June 30 fiscal year end. The finance activity of the Hospital Authority for the year ended June 30, 1999 is shown herein. Complete financial statements for the Hospital Authority may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

Related Organization

The Alameda Alliance for Health (Alliance) is a public agency established by the Board of Supervisors in February, 1994, pursuant to public law, to arrange and structure a comprehensive health care delivery system, primarily for the low-income population of Alameda County. The Alliance is governed by a board separate from the Board of Supervisors and is financially independent of the County. The County Board of Supervisors is responsible for appointing the members of the Alliance board, but the County's accountability for the Alliance does not extend beyond making such appointments. The activities of the alliance have not been recorded in the accompanying financial statements.

B. Description of Funds and Account Groups

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into three broad fund categories, eight generic fund types and two account groups as follows:

Governmental fund types account for those activities through which most governmental functions of the County are financed. The measurement focus is based upon spending or financial flow and the determination of changes in fund balance (net current assets). The following are the County's governmental fund types.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
JUNE 30, 1999

The *General Fund* is the general operating fund of the County. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary fund types and trust funds.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary fund types account for the County's ongoing organizations and activities which are similar to those found in the private sector. The measurement focus is based upon cost of services, determination of net income and capital maintenance. The following is the County's proprietary fund type:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis.

Fiduciary fund types account for assets held by the County in a trustee capacity or as an agent for individuals or other entities. The following are the County's fiduciary fund types:

The *Pension Trust Fund* is accounted for in essentially the same manner as proprietary fund types.

The *Investment Trust Fund* which accounts for the external portion of the County's investment pool and for the specific investments of legally separate entities, is accounted for in essentially the same manner as proprietary fund types.

The *Deferred Compensation Expendable Trust Fund* is accounted for in essentially the same manner as governmental fund types.

Agency Funds are custodial in nature (assets = liabilities) and do not involve measurement of results of operations.

Account Groups are used to establish accounting control and accountability for the County's governmental fund type fixed assets and long-term obligations. The following are the County's account groups:

General Fixed Assets - This account group is used to account for fixed assets of the County other than those accounted for in the proprietary fund types.

General Long-Term Obligations - This account group is used to account for all long-term obligations of the County, including compensated employee absences payable, except for those accounted for in the proprietary fund types and trust funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and, therefore, do not involve measurement of results of operations.

"Total (Memorandum Only)" Columns

The total columns on the general purpose financial statements on pages 3-7 and on page 10 are captioned "Memorandum Only" to facilitate financial statement analysis and comparability. Data in the total columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

Effect of Component Units with Differing Fiscal Year-Ends

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
JUNE 30, 1999

The Alameda County Employees' Retirement Association (ACERA) has a fiscal year ending on December 31. The amounts reflected in the June 30, 1999 financial statements are the balances as of ACERA's fiscal year ended December 31, 1998. The difference in the cash balance and interfund transactions are reconciled in Note 2.

C. Basis of Accounting

The governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the liability is incurred, except for interest on long-term debt which is recorded when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues (grant revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one type, moneys must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized when the expenditures are incurred. In the other type, moneys are virtually unrestricted as to purpose of expenditure and essentially irrevocable. These resources are reflected as revenues at the time of receipt.

Licenses and permits, State gas taxes, charges for services, forfeitures and miscellaneous revenues are recognized as revenues when received because they are generally not measurable until actually received. Property taxes, sales taxes, motor vehicle fees, fines and earned grant entitlements are recognized on the modified accrual basis (when they are measurable and available).

Interest income is recognized on the modified accrual basis. Changes in the fair value of investments are recognized in investment income at the end of each year.

All proprietary fund types and similar trust funds (i.e. the Pension and Investment trusts) utilize generally accepted accounting principles that are generally applicable to similar businesses in the private sector, where the measurement focus is upon determination of net income, financial position and cash flows. Revenues earned and expenses incurred are recognized and classified in a government's proprietary fund types in essentially the same manner as in business-type accounting and financial reporting. Only minor adaptations are involved in applying the revenue realization and expense recognition principles in the governmental environment. The County follows the guidance of all Governmental Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations; it does not apply any FASB pronouncements issued after November 30, 1989.

The expendable trust fund is treated similar to the governmental fund types under the modified accrual basis and represents the activities of the County's Section 457 deferred compensation plan.

All agency funds are custodial in nature and use the modified accrual basis of accounting for purposes of asset and liability recognition.

D. Budget and Budgetary Accounting

General Budget Policies

In accordance with the provisions of Sections 29000 through 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget on or before August 30, for each fiscal year. The expenditure side of the budget is enacted into law through the passage of an Appropriation Ordinance. This Ordinance constitutes the maximum authorizations for spending during the fiscal year, and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. A balanced operating budget is usually adopted each fiscal year for the General Fund, the Special Revenue Funds, and the Capital Projects Fund. No budget was adopted for the Capital Projects Fund in fiscal year 1998/99, because no activity was anticipated in the fund. Public hearings are conducted on the proposed budget prior to adoption to review all appropriations and sources of financing. The prior year fund balance is used as part of the balancing formula. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in appropriations.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

(amounts in tables expressed in thousands)

JUNE 30, 1999

Any amendments or transfers of appropriations between object levels within the same department or between departments within any fund must be approved by the County Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must be approved by the Board. A formal supplementary budgetary report is issued separately to integrate such amendments into the original appropriated budget.

Expenditures are controlled at the object level for all budgets within the County except for fixed assets which are controlled at the sub-object level. The object level is the level at which expenditures may not legally exceed appropriations. There are no excess expenditures over the related appropriations in any object level within any fund. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

General Fund budgetary comparisons are not presented at the detail object level in this financial report due to their excessive length. A separate publication presenting this information is available from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

Budget Basis of Accounting

The County prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Combined Statement of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances - Budget and Actual on the budgetary basis to provide a meaningful comparison of actual results with the budget. Budgeted amounts represent the original budget modified by adjustments authorized during the year. The difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as expenditures under the budgetary basis.

Encumbrances

Budgeted appropriations are encumbered when purchase orders are issued or other commitments incurred. Amounts remaining encumbered at year end are reappropriated and reencumbered in the new year until expended or canceled. The results of operations presented for budgetary purposes for the General Fund and the special revenue funds include the effects of both expenditures and encumbrances. Encumbrances outstanding at year end are reported as reservations of fund balance on a GAAP basis.

E. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for restricted funds which are generally held by outside custodians and classified as "Cash and Investments with Fiscal Agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 1998/99 was approximately 4.91%. Interest earned on pooled investments is allocated to the appropriate funds based on the average daily cash balance of each fund for the quarter in which the interest was earned. The fair value of the Treasurer's pool is determined at least semi-annually. The adjustment to the cash balance of all participants in the pool is based on the cash balance at the valuation date.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Proprietary fund type deposits with the County Treasurer are demand-type deposits and are therefore considered to be cash equivalents.

The County applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
JUNE 30, 1999

Investment in the Treasurer's Pool

The Treasurer's investment pool comprises two components: 1) pooled deposits and investments and 2) specific investments. Specific investments are individual investments which are made separate from the pooled investments at the request of a specific depositor in the County Treasury. The interest earnings on specific investments are recorded only in the fund from which the investment was made.

Pursuant to the California Education Code, receipts of college and school districts must be deposited with the appropriate county. The Alameda County schools and colleges account for 34.10% of the net assets in the Treasurer's pool.

The funds of the independent special districts and cities that participate in the Treasurer's pool are also accounted for in the Investment Trust.

In addition to the Treasurer's investment pool, the County has other funds which are held by trustees. These funds are related to the issuance of debt. In addition, the investments of ACERA are held by trustees.

Investment Valuation

Generally, all of the Treasurer's investments, whether pooled or specific, are carried at fair value. However, money market investments (such as short term, highly liquid debt instruments including commercial paper, banker's acceptances, and US Treasury and agency obligations) and participating interest-earning investment contracts (such as negotiable certificates of deposit, repurchase agreements and guaranteed or bank investment contracts) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost. The fair value of investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

For pooled investments, the fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as being due to the General Fund.

Investment Income

Income from pooled investments is allocated to the individual funds or external participants at the end of each quarter based on the fund or participant's average daily cash balance during the quarter in relation to the average daily balance of total pooled cash. County management has determined that the investment income related to certain funds should be allocated to the General Fund. On a budget basis, the interest income is recorded in the General Fund. On a GAAP basis, the income is reported in the fund that earned the interest. An operating transfer is then recorded to transfer an amount equal to the interest earnings to the General Fund. This is the case for the Capital Projects Fund.

It is the County's policy to charge interest to those funds which have a negative average daily cash balance. In certain instances, County management or State law has determined that the interest expense related to the fund should be allocated to the General Fund. On a budget basis, the interest expense is recorded in the General Fund. On a GAAP basis, the interest expense is recorded in the fund that incurred the expense. An operating transfer is then recorded to transfer an amount equal to the interest expense from the General Fund. This is the case for certain internal service funds and the Trial Court Fund, which is part of the Investment Trust.

Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

F. Taxes Receivable

The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than two percent per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and principal on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

(amounts in tables expressed in thousands)

JUNE 30, 1999

property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State legislature has determined the method of distribution among the counties, cities, school districts and other districts of receipts from the 1% property tax levy.

The County assesses properties and levies and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien/levy dates	July 1	July 1
Due dated	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The taxes are secured by liens on the property being taxed. The term "secured" refers to taxes on land and buildings, while "unsecured" refers to taxes on personal property other than land and buildings.

Secured taxes are distributed to the General Fund, the special revenue funds, the school districts and the cities of Alameda and Piedmont, who are participants in the Teeter Plan, as follows: 50% of the levy in December, 45% in April and the remaining 5% in June of each year. The remaining recipients of property tax revenues, who elected not to participate in the Plan, receive their share of actual current and delinquent taxes and penalties as they are collected.

G. Interfund Receivables/Payables

During the course of operations many transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and are normally converted to cash during the month subsequent to their establishment.

H. Inventory of Supplies

Supplies inventory is recorded at cost and charged on a weighted average basis. The costs of these inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. The County has changed to a direct vendor delivery system for most of the items previously included in inventory in the General Fund.

I. Property, Plant and Equipment

Property, plant and equipment for general governmental purposes are recorded as expenditures at the time of purchase and are accounted for in the General Fixed Assets Account Group at historical cost, or at estimated historical cost where costs are not available. Donated assets are recorded at their fair market value at the time of receipt. No depreciation has been provided on property, plant and equipment used for general governmental purposes.

The County capitalizes equipment which costs at least \$5,000 and has an estimated useful life in excess of one year. Structures and improvements of \$5,000 and over are capitalized. The costs of normal maintenance and repairs or renovations that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have not been capitalized. Such assets normally are immovable and of value only to the County.

Property, plant and equipment acquired by proprietary fund types are recorded at cost or estimated historical cost. Donated assets are recorded at their fair market value at the time of receipt. Net interest costs are capitalized on projects during the construction period. No interest costs were capitalized during the 1998/99 fiscal year. Depreciation and amortization of property, plant and equipment, including capitalized leases, are computed using the straight-line method applied over the

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (amounts in tables expressed in thousands)
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estimated useful lives of the assets. Depreciation and amortization are charged against operations and accumulated depreciation is reported on proprietary fund balance sheets. Depreciation on contributed assets is recorded as a reduction of contributed capital.

The following analysis details the estimated useful lives for the various kinds of proprietary fund type assets:

<u>Type of Asset</u>	<u>Estimated Useful Life in Years</u>
Structures	35-50
Improvements	20
Equipment:	
Autos and Trucks	3-8
Data Processing	3-10
Office	7-10

J. Deferred Revenue

Anticipated property tax collections that were not received within sixty days of the end of the 1998/99 fiscal year and advances received by the County for certain State and Federal grant programs prior to the related grant-eligible expenditures are shown as Deferred Revenue in the accompanying financial statements.

K. Compensated Employee Absences

The County permits its employees to accumulate up to fifty days of vacation pay over their working careers and to redeem such unused leave time in cash upon death or retirement or by extended absence immediately preceding retirement. Such cash payments or absences are recognized as expenditures of the governmental funds in the year of payment. Employees are not reimbursed for accumulated sick leave. Estimated unpaid vacation pay for the governmental funds at June 30, 1999 is recorded in the General Long-Term Obligations Account Group as such amount is expected to be paid from future resources. Estimated unpaid vacation pay for the proprietary funds is accrued within the individual proprietary fund. The estimated obligation includes an amount for salary-related payments (i.e. payroll taxes) associated with the vacation pay. All retired or terminated employees as of June 30, 1999 have been compensated for any accumulated vacation.

L. Self-Insurance

The County is self-insured for general liability, automobile liability, property damage, medical malpractice, workers' compensation and dental insurance claims. Internal service funds are used to account for the County's self-insurance activities. It is the County's policy to provide in each fiscal year, by premiums charged to affected operating funds, amounts sufficient to cover the estimated charges for self-insured claims, excess insurance and administrative costs. The Risk Management internal service fund estimated claim liabilities are actuarially determined and include claims incurred but not reported.

M. Intergovernmental Revenues

The Federal and State governments reimburse the County for a portion of the costs associated with various programs, e.g. public assistance and public health, administered by the County. These reimbursements are recorded in the fund administering the program in the appropriate governmental aid category with the related program costs included in expenditures.

The respective grant agreements generally require the County to maintain accounting records and substantiating evidence sufficient to determine if all costs incurred and claimed are proper, and that the County is in substantial compliance with other terms of the grant agreements. These records are subject to audit by the appropriate government agency. Any amounts disallowed will either reduce future claims or be directly recovered from the County.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
JUNE 30, 1999

N. Interfund Transactions

There are four basic types of interfund transactions that occur in governmental accounting:

Quasi-external (charges for services) - transactions for goods or services provided. These transactions are recorded as revenues in the receiving fund and expenditures or expenses in the disbursing fund.

Reimbursements (expenditure/expense transfers) - transactions to reimburse a fund for specific expenditures or expenses incurred for the benefit of another fund. These transactions are recorded as expenditures or expenses in the disbursing fund and a reduction of expenditures or expenses in the receiving fund.

Residual equity transfers - transactions recording equity contributions between funds. The receiving fund records such transactions as an addition to fund balance, if it is a governmental fund, or as a capital contribution, if it is a proprietary fund. The disbursing fund records the transfer as a reduction of fund balance or retained earnings.

Operating transfers - all other interfund transfers which allocate resources from one fund to another fund. These transactions are recorded as operating transfers in and out.

O. Indirect Cost Allocation

The County prepares a County-wide indirect cost allocation plan in accordance with Federal OMB Circular A-87. Using this directive, all central support costs are allocated to County funds and departments using a step-down method so that the true cost of operations can be included in determining the rates to be charged to users.

P. Joint Venture

The County records its 50% equity interest in the Oakland-Alameda County Coliseum Authority in the General Fixed Assets Account Group, as required by GASB Statement 14. See Note 3 for further information on the joint venture.

Q. Estimates

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

R. Total Columns

Total columns on the accompanying combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(amounts in tables expressed in thousands)
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2. CASH AND INVESTMENTS

Funds with the County Treasurer are invested pursuant to investment policy established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include debts issued by the County, US Treasury securities, bankers acceptances, federal, state, and local government securities, commercial paper, medium-term notes, negotiable certificates of deposit, shares of beneficial interest and mortgage backed securities. The Treasurer does not invest in repurchase agreements or reverse repurchase agreements. The County does not engage in securities lending except for the securities lending program of ACERA, which is a blended component unit as further described in paragraph D.

On June 10, 1997, the Board of Supervisors created the Treasury Oversight Committee pursuant to Section 27131 of the Government Code. The Committee is responsible for ensuring that the Treasurer's investment pool is audited annually, and for reviewing and monitoring the Treasurer's investment policy.

Assets of the Deferred Compensation Agency Fund are invested in various investment options offered by the trustee, at the direction of the participants. Such investments are not subject to statutes relating to County investments.

A. Deposits

Deposits with financial institutions at June 30, 1999 are categorized by custodial risk as follows:

- Category 1: Insured or collateralized with securities held by the County or by its agent in the County's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. Collateralized deposits represent amounts covered by collateral held by the pledging financial institutions; under California laws, depository banks maintain a collateral pool for all public funds deposited.
- Category 3: Uncollateralized. (This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the County's name.)

At June 30, 1999, the County's deposits and cash on hand were as follows:

	1	Category		Bank	Carrying
		2	3	Balance	Value
Deposits with financial institutions	\$1,284	\$ -	\$128,478	\$129,762	\$124,402
Cash on hand					9,188
Adjustment to restate pension trust fund					
cash balance to December 31, 1998					(1,219)
Total deposits and cash on hand					<u>\$132,371</u>

B. Investments

The County's investments are categorized below to give an indication of the level of custodial credit risk assumed by the County at June 30, 1999. Category 1 includes investments that are insured or registered or for which securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the County's name.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
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Investments which are not categorized are generally investments in pools managed by other governments or in mutual funds or investments not evidenced by securities that exist in physical or book entry form.

At June 30, 1999, investments included the following:

Type of Investment	Interest Rate Range	Avg Days To Maturity	Category			Carrying Value	Fair Value
			1	2	3		
County Treasury							
US government securities	4.24%-6.52%	568	\$754,663	\$ -	\$ -	\$754,663	\$763,898
Commercial paper	4.81%-5.80%	18	139,791	-	-	139,791	139,988
Bankers acceptances	4.46%-5.10%	34	181,834	-	-	181,834	182,860
Negotiable certificates of deposit	4.80%-5.04%	72	-	-	95,014	95,014	95,682
Medium-term corporate notes	4.91%-8.13%	776	150,979	-	-	150,979	154,136
Total categorized			\$1,227,267	\$ -	\$95,014	\$1,322,281	\$1,336,564
Non-categorized investments:							
Mutual funds	4.34%-4.80%	1				189,000	189,544
Guaranteed investment contract	None	294 months				13,501	13,501
Local Agency Fund	5.65%	1				30,000	30,380
Total Investments in County Treasury						\$1,554,782	\$1,569,989
Employees' Retirement Association (ACERA)							
Government bonds			\$176,745	\$ -	\$ -	\$ 176,745	\$ 176,745
Corporate bonds			299,332	-	-	299,332	299,332
Corporate stocks			229,629	-	-	229,629	229,629
Investments made with securities lending cash collateral:							
Corporate bonds			-	-	79,136	79,136	79,136
Bank obligations			-	-	46,575	46,575	46,575
Commercial paper			-	-	5,416	5,416	5,416
Repurchase agreements			-	-	15,951	15,951	15,951
Total categorized			\$705,706	\$ -	\$147,078	\$852,784	\$852,784
Non-categorized investments:							
Bond market fund						458,145	458,145
International bonds						28,938	28,938
Domestic equity index fund						1,349,410	1,349,410
International equity co-mingled fund						399,262	399,262
AFL-CIO housing trust						67,568	67,568
Real estate properties						137,670	137,670
Real estate trusts						28,428	28,428
Real estate mortgage loans						934	934

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (Amounts in tables expressed in thousands)
JUNE 30, 1999

<u>Type of Investment (continued)</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Investments held by broker-dealers under securities loans with cash collateral:					
Corporate bonds				29,058	29,058
Corporate stocks				56,434	56,434
Government bonds				59,495	59,495
Collateral investment pool				2,092	2,092
Total non-categorized investments				<u>2,617,434</u>	<u>2,617,434</u>
Total ACERA				<u>\$3,470,218</u>	<u>\$3,470,218</u>
Other Funds (COPs and Deferred Compensation)					
Government securities	\$65,672	\$ -	\$ -	\$ 65,672	\$ 65,657
Corporate Notes	12,457	-	-	12,457	12,457
Repurchase agreements	-	-	100,213	100,213	100,213
Total categorized	<u>\$78,129</u>	<u>\$ -</u>	<u>\$100,213</u>	\$178,342	\$178,327
Non-categorized investments					
Mutual funds				226,121	226,121
Guaranteed investment contracts				16,603	16,603
Total Other Funds				<u>\$421,066</u>	<u>\$421,051</u>

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

The following table relates the deposits and investments categorized above to the Combined Balance Sheet.

	<u>Cash on Hand</u>	<u>Cash in Bank</u>	<u>Treasurer's Investments</u>	<u>Investments with Fiscal Agent</u>	<u>Adjust Retirement Cash to 12/31/98</u>	<u>Total</u>
Cash and investments with County Treasurer	\$9,188	\$57,299	\$1,554,782	\$ -	\$(1,219)	\$1,620,050
ACERA	-	66,436	-	3,470,218	-	3,536,654
Other Funds	-	667	-	421,051	-	421,718
Total Cash and investments with fiscal agent	-	67,103	-	3,891,269	-	3,958,372
Total	\$9,188	124,402	1,554,782	\$3,891,269	\$(1,219)	\$5,578,422
Accrued interest on investments		68	15,207			
Fair value of investments		<u>\$124,470</u>	<u>\$1,569,989</u>			

Cash on Hand includes \$391,000 in department revolving funds which are not included as cash in the Treasurer's pool in the following Statement of Net Assets.

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The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool for the fiscal year ended June 30, 1999 (in thousands):

Statement of Net Assets

Assets:	
Cash	\$ 66,164
Investments (at fair value)	1,467,611
Total assets	\$1,533,775
Total Liabilities:	\$ _____
Net Assets	<u>\$1,533,775</u>
Equity of internal pool participants	\$ 712,244
Equity of external pool participants	<u>821,531</u>
Total Net Assets	<u>\$1,533,775</u>

Statement of Changes in Net Assets

Net change in investments by pool participants	\$ 114,867
Net assets at July 1, 1998	1,418,908
Net assets at June 30, 1999	<u>\$1,533,775</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 1999 to support the value shares in the pool.

On June 30, 1999, the Treasurer's cash and investment pool was carried at fair value, based on the current market price of the investment holdings. During the fiscal year, the fair value of the cash and investment pool is determined quarterly and reported to the Board of Supervisors at the end of each calendar quarter.

Each fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 1999 has been allocated to each fund based on the average cash balance during the last quarter of the fiscal year.

C. Derivative Instruments

A federal agency inverse floating rate note with a par value of \$5,000,000 purchase in 1993 matured on July 15, 1998. There were no derivative investments in the investment pool as of June 30, 1999.

D. Component Unit Investments

Deposits and investments made by component units of Alameda County (namely, Public Facilities Corporation, Alameda County Employees Retirement Association (ACERA), Alameda County Dublin Library, Flood Control Districts) and other governmental units which deposit with the County Treasurer, but are not component units, are made in accordance with their own board policies. The investments listed in the accompanying schedule are authorized by the respective governing boards. Government Code Section 31595 allows the Board of Retirement to invest funds at its discretion. Instruments authorized by the Board of Retirement are US equity, international equity, US fixed income, and member mortgages, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the Combined Balance Sheet are as of ACERA fiscal year ended December 31, 1998.

As disclosed in ACERA's 1998 audited financial statements, derivative financial instruments owned by ACERA at December 31, 1998 consisted of indexed securities with a total value of \$78,228,676 (market value \$78,270,471). Indexed securities are short-term debt instruments for which the interest rates or principal amounts are indexed to an unrelated indicator. Derivative financial instruments are utilized by ACERA to reduce the effect of currency fluctuations on investment earnings and reduce

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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
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interest risks. None of these securities was leveraged. The investments in indexed securities bear no credit or legal risk, as they are government agency debt issues. However, they bear market risk in that the mortgages can be prepaid. ACERA does not hold or issue derivative financial instruments for trading purposes.

Also, at December 31, 1998, ACERA was a 33% owner in a commingled fund (market value \$571,764,303) with an investment portfolio which included holdings in derivatives with a total value of \$2,510,605. Derivatives are made up of forward contracts and hedging agreements. Forwards are contracts that enable a specific quantity of a particular commodity, foreign currency or other financial instrument to be bought or sold at its current price, with delivery and settlement at a specified future date. At December 31, 1998, forward contracts with a market value of \$252,513 were outstanding. The Board of Retirement (Board) policies authorize ACERA to participate in a securities lending program. Security lending transactions, which are short-term collateralized loans of ACERA securities to brokers, have a simultaneous agreement that allows ACERA to invest and receive earnings on the loan collateral for a loan rebate fee. All securities loans can be terminated on demand by either ACERA or the borrower, although the average term of the loan is one week. There are no restrictions on the amount of securities that may be lent.

ACERA's custodian bank, Bank of New York (BoNY), administers its securities lending program. BoNY is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% of the market value of loaned U.S. government securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, ACERA cannot pledge or sell the securities collateral unless the borrower defaults.

At year-end, ACERA had no credit risk exposure to borrowers because the amounts ACERA owed to borrowers exceeded the amounts the borrowers owed to ACERA. ACERA's contract with BoNY requires it to indemnify ACERA if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay ACERA for income distributions by the securities issuers while the securities are on loan.

As of December 31, 1998, ACERA had securities on loan, with a carrying value of \$141,933,351, for cash collateral of \$147,078,714. As the securities on loan at year-end were collateralized by cash, they are presented as uncategorized in the schedule of custodial credit risk. Investments made with the cash collateral are classified by risk category. At December 31, 1998, the net income from securities lending totaled \$522,208.

3. JOINT VENTURE

The County is a participant with the City of Oakland (the City) in a joint exercise of powers agreement known as the Oakland-Alameda County Coliseum Authority (the Authority), which was formed on July 1, 1995 to assist the City and County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex (Coliseum Complex) pursuant to the Marks-Roos Local Bond Pooling Act of 1985. The Oakland-Alameda County Coliseum Financing Corporation (the Corporation) is reported as a blended component unit of the Authority. The board of directors of the Authority and the Corporation consists of two council members from the City and two members of the Board of Supervisors from the County.

In August 1995, the Authority issued \$9,200,000 in Fixed Rate Refunding Lease Revenue Bonds and \$188,500,000 in Variable Rate Lease Revenue Bonds (collectively known as the Stadium Bonds) to satisfy certain obligations of the Authority, the City, the County, the Corporation and Oakland-Alameda County Coliseum Inc. (Coliseum Inc.), which manages the operations of the Coliseum Complex, to finance the costs of remodeling the stadium portion of the Coliseum complex as well as relocating the Raiders NFL football team to the City.

The Stadium Bonds are limited obligations of the Authority payable solely from revenues of the Authority, consisting primarily of Base rental Payments to be received by the Authority from the City and the County. Certain revenues collected from Raiders football operations, consisting of revenues from the sale of seat rights as well as annual seat maintenance fees, a portion of net parking and concession revenues and concessionaires' initial fees may be used toward meeting this liability. In the event that such football revenues are insufficient to make base rental payments, the City and the County are obligated to make up the shortfall in the base rental payments from their respective General Funds. The City and the County each have covenanted to appropriate \$11 million annually to cover such shortfalls in revenue, however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$22 million annually in the event of default by the City.

On August 2, 1996, the Authority issued \$70,000,000 Series A-1 and \$70,000,000 Series A-2 Variable Rate Lease Revenue Bonds (Arena Bonds) to finance the costs of remodeling the Coliseum Arena (Arena) and to satisfy certain obligations of the Authority, the City, the County and Coliseum Inc. in connection with the retention of the Golden State Warriors to play professional basketball at the Arena for at least 20 basketball seasons, beginning with the 1997-98 season. These obligations are evidenced in a series of agreements (the Warriors Agreements) among the Warriors, the City, the County, Coliseum Inc. and the Authority.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
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Under the original Warriors Agreements, the Arena Bonds were limited obligations of the Authority, payable solely from base rental revenues of the Authority received by the Authority on behalf of the City and County. Revenues consist of payments from the Warriors of up to \$7,428,000 annually from premium seating revenues, the sale of personal seat licenses by the Authority, concessionaire payments and Arena naming rights. If necessary to prevent default, additional premium seating revenues up to \$10,000,000 may be pledged to service Arena debt. If the above revenues are not sufficient to cover the debt service requirements in any fiscal year, the City and County are obligated to make up the shortfall in the base rental payment from their respective General Funds. The County and the City each have covenanted to appropriate up to \$9,500,000 annually to cover such shortfalls in revenue; however, the City and the County are jointly and severally liable to cover such shortfall, which means that the County could have to pay up to \$19,000,000 annually in the event of default by the City.

The Coliseum Authority has entered into an agreement with the Oakland Coliseum Joint Venture to manage the entire Coliseum complex beginning July 1, 1998.

On September 29, 1997, the City of Oakland, the County of Alameda and the Oakland-Alameda County Coliseum Authority, collectively known as the "East Bay Entities", filed suit against the Oakland Raiders and A.D. Football, Inc. (collectively, "Raider Management") for breach of contract, declaratory relief and interference with prospective economic advantage. Refer to Note 13 for more information.

In November 1998, the Authority brought an arbitration proceeding against the Golden State Warriors to collect: (1) past due rents for use of the arena; (2) past due amounts of revenue sharing required by the License Agreement; and (3) facility use fees collected by the Warriors for the Authority. The arbitration demand also seeks damages for the Warriors breach of the License Agreement for failure to sell seat rights in the new Arena, a major source of revenue to the Authority. The arbitration was divided into two phases. In the first phase on the collection issues, on October 6, 1999, the arbitrator found that the Golden State Warriors owed in excess of \$17 million to the Authority, net of some \$720,000 in offsets granted to the Warriors. The second phase of the arbitration is currently scheduled to begin in February, 2000, and will concern the breach of contract claim for damages.

The Authority has entered into the following interest rate swap agreements for portions of the bonds issued to finance the Stadium and Arena improvements:

In 1995/96 for \$140,000,000 of the variable rate Stadium Bonds at a fixed rate of 6.75%. The agreement expires February 1, 2006. The market value of the swap at June 30, 1999 is \$(5,889,176).

In 1996/97, for \$84,000,000 of the variable rate Arena Bonds at a fixed rate of 6.85%. The agreement expires on September 1, 2001. The market value of the swap at June 30, 1999 is \$(1,762,930).

Based on the swap agreements, the Authority owes interest calculated at the fixed rates stated above to the counterparty of the swap. In return, the counterparty owes the Authority interest based on a variable rate that matches the rate required by the variable rate bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Authority continues to pay interest to the bond holders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Authority effectively pays a fixed rate on the debt. The Authority will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Authority's making or receiving a termination payment. The Authority is exposed to credit losses in the event of non-performance by the counterparty to this interest rate swap, but has no off-balance sheet credit risk of accounting loss. The Authority anticipates, however, that the counterparty will be able to fully satisfy its obligations under this agreement.

Debt service requirements for the Coliseum complex debt are as shown on the following page:

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For the Period Ending June 30	<u>Stadium Debt</u>	<u>Arena Debt</u>
2000	15,648	10,520
2001	15,715	10,521
2002	15,681	10,517
2003	15,636	10,589
2004	15,686	10,649
2005-2009	78,180	53,352
2010-2014	78,340	54,060
2015-2019	78,814	54,829
2020-2024	79,568	55,892
2025 on	16,019	22,840
Less interest	<u>(219,787)</u>	<u>(157,369)</u>
Total	<u>\$189,500</u>	<u>\$136,400</u>

Complete financial statements for the Authority can be obtained from the County Auditor-Controller's office at 1221 Oak Street, Oakland, CA 94612.

The County has a 50% equity interest in the Joint Venture. The County's portion of net equity is calculated from the unaudited June 30, 1999 financial activity of the Authority as follows:

Total assets	\$ 672,748
Less: Amounts to be provided for retirement of long-term debt	<u>298,569</u>
Adjusted total assets	374,179
Less: Total liabilities	<u>338,906</u>
Net assets	<u>\$ 35,273</u>
50% interest	<u>\$ 17,637</u>

The County's share of cumulative net equity in the operation of the Authority was \$17,637,000, as of June 30, 1999, the date of the latest available unaudited financial statements. This amount has been reflected in the General Fixed Asset Account Group (see Note 5). Under the joint exercise of power agreement, which formed the Authority, the County is responsible for funding up to 50% of the Authority's operating costs, to the extent such funding is necessary. During the year ended June 30, 1999, the County made contributions of approximately \$18,270,000 to fund its share of operating deficits, as well as its share of the final construction costs of the Arena.

The Authority has anticipated a deficit for repayment of its Stadium bonds, such that the City and County will each have to contribute to base rental payments. Of the \$20.5 million appropriated in the General Fund as part of the above agreements, it is estimated that the County will have to contribute \$15,000,000 for the 1999/2000 fiscal year. There are many uncertainties in the estimation of revenues for the Authority beyond one year into the future; therefore the County has established a contingent liability to fund the Authority deficit in the General Long-Term Obligations Account Group in an amount equal to its contingent share (50%) of the outstanding Stadium bonds, in the amount of \$94,750,000. The County has not established a contingent liability for the Arena debt because management is of the opinion that revenues from the Arena, including payments from the Warriors, will be sufficient to cover the debt payments.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (Amounts in tables expressed in thousands)
JUNE 30, 1999

4. INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the County has numerous transactions between funds, including expenditures, reimbursements, transfers of resources to provide services and debt service. The accompanying general purpose financial statements reflect such transactions as due from other funds and due to other funds.

Individual fund interfund receivables (due from other funds) and payables (due to other funds) at June 30, 1999, were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 52,556	\$ 15,881
Special Revenue Funds:		
Fish And Game	1	-
Road	1,857	1,514
County Library	305	588
Library Special Taxing Zone	5	5
Property Development	16,256	16,165
Health Services	134	929
Fire	118	36
Flood Control	9,653	10,197
Lighting	13	35
Public Ways and Facilities	189	189
Dublin Library	-	-
Police Protection	8	984
Total Special Revenue Funds	<u>28,539</u>	<u>30,642</u>
Debt Service Fund	85	14,600
Internal Service Funds:		
Communications	283	589
Motorpool	96	711
Building Maintenance	10,669	9,365
Data Processing	1,922	691
Reprographics	256	452
Risk Management	14,635	347
Total Internal Service Funds	<u>27,861</u>	<u>12,155</u>
Fiduciary Funds:		
Unapportioned Taxes	305,985	307,335
Other Agency	1,524	29,021
Expendable Trust	-	641
Investment Trust	5,026	11,301
Total Fiduciary Funds	<u>312,535</u>	<u>348,298</u>
Total All Funds	<u>\$421,576</u>	<u>\$421,576</u>
Discretely Presented Component Unit:		
Alameda County Medical Center	<u>\$ 48,844</u>	<u>\$ 5,082</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (Amounts in tables expressed in thousands)
JUNE 30, 1999

6. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment recorded in the General Fixed Assets Account Group for the year ended June 30, 1999 are summarized, as follows:

	Balance July 1, 1998	Year Ended June 30, 1999			Balance June 30, 1999
		Additions	Retirements	Transfers/Adjustments	
Land	\$ 31,971	\$4,179	\$ (645)	\$ 837	\$ 36,342
Structures and improvements	508,831	2,829	-	14,184	525,844
Equipment	46,553	3,468	(1,371)	(10)	48,640
Construction in progress	7,300	16,929	-	(804)	23,425
Equity interest in the Authority (refer to Note 3)	-	17,637	-	-	17,637
Total	\$594,655	\$45,042	\$(2,016)	\$ 14,207	\$651,888

Of the transfers and adjustments, \$14,217,000 represents the transfer of some land, structures, improvements and construction in progress from the Alameda County Medical Center Authority.

Construction in progress at June 30, 1999 consisted of the following projects:

Recorder's Building	\$13,985
Alameda County Medical Center Projects	5,873
Amador Building Seismic Improvements	2,783
Other miscellaneous construction	784
Total	\$23,425

The General Fund had construction commitments of \$63,349,000 remaining at June 30, 1999 for these projects. No future financing is required to meet these commitments.

The following is a summary of proprietary fund type fixed assets for the County as of June 30, 1999:

Internal Service Funds

Equipment	\$44,088
Less accumulated depreciation and amortization	33,201
Net	\$10,887

The following is a summary of proprietary fund type fixed assets for the Discretely Presented Component Unit as of June 30, 1999:

Alameda County Medical Center

Equipment	\$ 38,392
Less accumulated depreciation and amortization	19,371
Net	\$ 19,021

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (Amounts in tables expressed in thousands)
JUNE 30, 1999

6. RESERVED AND UNRESERVED FUND BALANCES

The County's Combined Balance Sheet reports reserved and unreserved fund balances. Reserves are either legally-required segregations of fund balance or represent financial assets that are not yet spendable; portions of the unreserved fund balance are designated by the Board of Supervisors for specific purposes. Such designations may never result in appropriation or expenditure and may be used for other purposes at the discretion of the Board. The nature and purpose of these reserves and designations are as follows:

Reserved

	<u>Encumbrances</u>	<u>Stores Receivable and Inventory</u>	<u>Revolving Funds</u>	<u>Deposits With Others</u>	<u>Tax Refunds Receivable</u>	<u>Transitional Pay Receivable</u>	<u>Participant Net Assets</u>	<u>Debt Service</u>	<u>Total</u>
General Fund	<u>\$ 101,693</u>	<u>\$ 90</u>	<u>\$ 369</u>	<u>\$ 5</u>	<u>\$ 51</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,468</u>
Special Revenue Funds									
Road	10,509	81	-	-	-	-	-	-	10,590
County Library	720	-	2	-	-	-	-	-	722
Library Special Taxing Zone	6	-	-	-	-	-	-	-	6
Property Development	681	-	-	-	-	-	-	-	681
Health Services	1,524	-	1	-	-	-	-	-	1,525
Fire	875	-	2	8	-	2	-	-	887
Flood Control	13,840	-	1	-	-	-	-	-	13,841
Public Ways and Facilities	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170</u>
Total Special Revenue Funds	<u>28,325</u>	<u>81</u>	<u>6</u>	<u>8</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>28,422</u>
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,588</u>	<u>77,588</u>
Trust Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,392,048</u>	<u>-</u>	<u>4,392,048</u>
Total All Funds	<u>\$ 130,018</u>	<u>\$ 171</u>	<u>\$ 375</u>	<u>\$ 13</u>	<u>\$ 51</u>	<u>\$ 262</u>	<u>\$ 4,392,048</u>	<u>\$ 77,588</u>	<u>\$ 4,600,526</u>

The encumbrances outstanding at June 30, 1999 represent the estimated amount of expenditures which would ultimately result if unperformed but committed contracts in process at year end were completed.

The inventory reserves represent that portion of fund balance equal to inventories reported at year end which are not available expendable resources.

The reserve for employees' retirement benefits within the Pension Trust Fund represents the Employees' Retirement Association fund balance reserved for retirement, death or disability payments to members or surviving spouses. Also included are net assets held in Trust for participants in the Deferred Compensation Plan and the net assets related to external participants in the County Treasury.

The entire debt service fund balance is reserved for the payment of principal and interest on the County's general long-term debt as it comes due.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

Unreserved

	<u>Capital Expenditures</u>	<u>Designated for General Contingencies</u>	<u>Undesignated</u>	<u>Total</u>
General Fund	\$ 44,031	\$ 72,660	\$ 2,666	\$ 119,357
Special Revenue Funds:				
Fish and Game	-	-	50	50
Road	-	1,683	2,503	4,186
County Library	-	-	2,041	2,041
Library Special Taxing Zone	-	-	99	99
Property Development	87,736	-	46,580	134,316
Health Services	-	-	4,309	4,309
Fire	2,768	13	4,205	6,986
Flood Control	46,643	1,650	72,222	120,515
Lighting	-	-	1,107	1,107
Public Ways and Facilities	23	-	493	516
Dublin Library	-	-	50	50
Police Protection	-	-	3	3
Total Special Revenue Funds	<u>137,170</u>	<u>3,346</u>	<u>133,662</u>	<u>274,178</u>
Capital Projects Fund:				
Future Projects	<u>15,397</u>	-	-	<u>15,397</u>
Total All Funds	<u>\$ 186,588</u>	<u>\$ 76,006</u>	<u>\$ 136,328</u>	<u>\$ 408,932</u>

The designations for capital expenditures have been set aside by the Board of Supervisors to fund future period needs for equipment replacements, capital projects and fixed asset acquisitions.

The designations for general contingencies have been established to meet emergency expenditures pursuant to Sections 29805 - 29806 of the Government Code of the State of California.

7. DEFICIT FUND EQUITIES

Individual negative fund equities at June 30, 1999 are as follows:

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
 (Amounts in tables expressed in thousands)
 JUNE 30, 1999

Internal Service Funds	
Information Technology	564
Risk Management	33,170

The negative fund equities of the internal service funds are expected to be funded by increased user charges, possible insurance coverage, and implementation of strategies to reduce and control claims experience.

8. DEFINED BENEFIT PENSION PLAN**A. Plan Description**

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA was \$462,465,069 of which \$456,465,069 (99%) pertained to the County. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, procedures and policies adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County and three participating special districts located in the County but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors and the audit report and December 31, 1998 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

B. Funding Policy

The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their date of entry and the actuarially calculated benefits, and are between 6.17% and 11.64% of their annual covered salary. Member contributions are refundable upon termination from the retirement system.

The County and special districts are required by statute to contribute the amounts necessary to finance the estimated benefits accruing to its employees. The total employer contributions to the plan for the years ended December 31, 1998, 1997 and 1996 were \$24,389,000, \$23,472,000 and \$21,154,000, respectively, and were equal to the required contributions for each year. The County's contributions represented approximately 99% of the total contributions. The County has also entered into an agreement with ACERA whereby the County prepays both the County's employer and employee contributions discounted at 8%. The discounts (or effective interest earned) credited to the employer advance reserve balance were \$2,025,000 and \$2,042,000 for the years ended December 31, 1998 and 1997, respectively.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

C. Summary of Significant Accounting Policies

Basis of Accounting. ACERA's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Financial Reporting Standards. ACERA implemented Governmental Accounting Standards Board (GASB) Statement No. 25, Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans and GASB Statement No. 26, Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Plans in 1996. In accordance with GASB Statement No. 25, assets are stated at fair value and the corresponding unrealized net appreciation is recognized in the financial statements. The cumulative unrealized gains and losses recognized are recorded in a Market Stabilization Reserve account which had a balance of \$445,953,000 as of December 31, 1998. ACERA does not set aside plan assets to pay for postemployment healthcare benefits and therefore separate financial statements on postemployment healthcare benefits are not issued. Further disclosure on these benefits is presented in a following section. Concurrent with the implementation of GASB Statement No. 25 by ACERA, the County implemented GASB Statement No. 27, Accounting for Pension by State and Local Government Employers. This latter statement requires the County to recognize annually pension expenditures/expenses equal to the County's required contributions.

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchanges are valued at the last reported sales price at current exchange rates. Mortgages are reported based on the remaining principal balances, which approximate the value of future principal and interest payments discounted at prevailing rates for similar instruments. The fair value of real estate investments is based on prices in a competitive market as determined by specialists. ACERA also implemented the provisions of GASB Statement No. 28, Accounting for Reporting for Securities Lending Transactions. In accordance with Statement No. 28, cash received as collateral on securities lending transactions and investments made with that cash are assets in the Statement of Net Assets. Liabilities resulting from these securities lending transactions are also reported in the Statement of Net Assets.

Concentration of Investments. ACERA's investment portfolio contains no concentration of investments in any one organization (other than those issued or guaranteed by the US Government) that represents 5% or more of the total investment portfolio.

D. Postemployment Healthcare Benefits

ACERA administers a healthcare benefits program for retired members and their eligible dependents. Alameda County subsidizes the health care premiums of certain retirees by paying a percentage of the cost for the retiree based on the lowest-cost plan available. The amount of subsidy depends on the retirees' number of years of service, and ranges from 50% for retirees with 10 years of service to 100% for retirees with 20 years of service. Plan net assets are not held in trust for postemployment health care benefits. Each year, Alameda County prepays an amount to cover the estimated subsidies. A total of \$5,909,000 and \$5,105,000 were spent on healthcare premium subsidies for 3,511 and 3,382 retirees for the periods ended December 31, 1998 and 1997, respectively.

E. Court Decision on Retirement Benefits

In September 1999, the Alameda County Superior Court approved a proposed settlement that will require ACERA to pay for certain increased retirement benefits to eligible employees because of a change in the calculation of those benefits. The revised calculation applies to retroactive as well as prospective benefits and was mandated because of a decision rendered in the California Supreme Court affecting each of the twenty county retirement systems in California. The ACERA liability for these benefits has been actuarially estimated to be \$259 million. The Board of ACERA has established a reserve for this amount which will be used to fund the estimated compensation experience liability associated with the implementation of this decision.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

(Amounts in tables expressed in thousands)

JUNE 30, 1999

9. LEASE OBLIGATIONS

The County has entered into leases for data processing, telecommunications, health care, and general office equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Assets and related accumulated amortization recorded for capital leases at June 30, 1999 are as follows:

	Internal Service Funds	General Fixed Assets Account Group
Equipment	\$2,778	\$17,065
Less: accumulated amortization	(920)	-
Net book value	<u>\$1,858.</u>	<u>\$17,065</u>

Future minimum lease payments under capital leases at June 30, 1999 are as follows:

Year ended June 30	Internal Service Funds
2000	\$765
2001	707
2002	675
2003	6
Less amounts representing interest	(148)
	<u>\$2,005</u>

Future minimum lease payments for the capital leases in the General Long-Term Obligations Account Group are shown in Note 10.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 1998/99 was \$10,602,000. Future minimum lease payments for operating leases at June 30, 1999 are as follows:

<u>1999/2000</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>Thereafter</u>	<u>Total</u>
\$10,245	\$9,551	\$8,392	\$5,920	\$2,938	\$15,658	\$52,704

10. LONG-TERM OBLIGATIONS

Long-term debt at June 30, 1999 is as follows:

	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1999</u>
Internal service funds				
Notes - Information Technology fund – equipment (a)	December 1, 1999	5.33-8.04%	\$1,183	\$343
Capital lease – Information Technology fund - equipment (a)	September 1, 2002	5.15-5.90	2,276	1,972
Capital lease – Communications fund – equipment (a)	December 22, 1999	6.40	284	33
Total internal service fund long-term debt				<u>\$2,348</u>
General long-term debt				
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects (c) [last 15 years–capital appreciation bonds]	June 15, 2019	6.50-6.88	26,664	\$ 20,876
1991 Insurance (b)	September 1, 2021	6.00	71,080	68,590
1993 Santa Rita refunding (b)	December 1, 2015	2.30-5.00	169,955	153,470
1997 Refunding and capital projects (b)	June 1, 2022	5.00	64,630	62,885
1998 Alameda County Medical Center project (g)	June 1, 2028	4.00-5.375	115,590	115,590
1998A ALCOLINK Project (b)	December 1, 2006	4.00-5.00	34,325	34,325
Association of Bay Area Governments:				
DOMAIN project equipment (courts) (c)	December 1, 2002	5.38	4,655	4,126
1995 Capital projects - ABAG 35 (b)	May 1, 2016	5.00-5.70	11,125	9,815
1997 Capital projects - ABAG 40 (d)	June 1, 2012	4.00-5.00	9,480	8,675
Total				<u>478,352</u>
Special assessment bonds with government commitment:				
Flood control zones (f)	August 1, 1999	4.75-6.00	8,060	30
West Happyland assessment district (f)	September 2, 2011	6.50-8.00	600	430
Tennyson-Alquire assessment district (f)	September 2, 2012	6.25-8.25	3,157	1,685
Total				<u>2,145</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

Long-term debt (continued)	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding June 30, 1999</u>
Pension obligation bonds:				
1995 bonds series A (b)	December 1, 2004	6.34-7.75%	\$310,150	\$237,885
1996 bonds series B capital appreciation bonds (b)	December 1, 2018	7.03-7.58	306,863	<u>366,116</u>
Total				<u>604,001</u>
Capital leases:				
Office equipment (c)	July 1, 2002	4.30-7.50	1,999	336
Road equipment (d)	February 26, 2003	4.66-5.44	1,173	480
Street Lighting (f)	February 12, 2002	5.10	1,500	1,229
Energy saving equipment (e)	November 15, 2005	5.35	13,612	<u>9,598</u>
Total				<u>11,643</u>
Total general long-term debt				<u>\$1,096,141</u>

Debt service payments are generally made from the following sources:

- (a) Operating revenues of the appropriate internal service fund.
- (b) Discretionary revenues of the General Fund.
- (c) Discretionary revenues of the fund which received the benefit of the asset, purchased or constructed.
- (d) Discretionary revenues of the Road Special Revenue Fund.
- (e) Energy savings realized in the Building Maintenance Internal Service Fund.
- (f) Tax assessments on benefited properties within the assessment districts.
- (g) State funds from SB 1732 and discretionary revenues of the General Fund.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

A summary of the General Long-term Obligations Account Group transactions for the year ended June 30, 1999 follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Repayments</u>	<u>Transfers and Adjustments</u>	<u>Balance June 30, 1999</u>
Certificates of participation	\$436,634	\$34,325	\$8,344	\$15,737	\$478,352
Special assessment bonds with government commitment	2,415	-	270	-	2,145
Revenue bonds	595	-	595	-	-
Pension obligation bonds	602,481	-	23,935	25,455	604,001
Obligation to fund Authority deficit (see Note 3)	96,105	-	-	(1,355)	94,750
Capital leases	15,612	322	1,800	(2,491)	11,643
Compensated absences	<u>34,913</u>	<u>2,989</u>	-	-	<u>37,902</u>
Total general long-term obligations	<u>\$1,188,755</u>	<u>\$37,636</u>	<u>\$34,944</u>	<u>\$37,346</u>	<u>\$1,228,793</u>

During the 1998/99 fiscal year, \$13,828,000 of the debt related to the 1997 capital projects certificates of participation was transferred back to the General Long-Term Obligations Accounts Group from the Alameda County Medical Center Enterprise Fund (ACMC). This amount represents the balance of the debt which was owed by ACMC at the time of its separation net of principal payments during fiscal year 1998/99. Although the ACMC may be ultimately responsible for reimbursing the County for a portion of the debt, the debt was issued by the County and its total is recorded in the County's General long-term Obligations Account Group.

The \$25,455,000 increase in pension obligation bonds is due to accretion during 1998/99 on the 1996 capital appreciation bonds.

Debt service requirements for long-term debt are as follows:

For the Period Ending June 30	General Long-Term Debt					Internal Service Fund Notes
	Certificates Of Participation	Special Assessment Bonds	Pension Obligation Bonds	Capital Leases	Total	
2000	\$38,009	\$305	\$44,977	\$2,338	\$85,629	\$365
2001	39,425	267	47,111	2,227	89,030	-
2002	42,951	258	49,344	2,258	94,811	-
2003	42,055	264	51,684	2,216	96,219	-
2004	41,652	269	54,136	1,863	97,920	-
2005-2009	199,104	1,284	268,926	2,927	472,241	-
2010-2014	184,958	936	340,630	-	526,524	-
2015-2019	124,133	-	377,715	-	501,848	-
2020-2024	66,986	-	-	-	66,986	-
2025 on	32,107	-	-	-	32,107	-
Less:						
Unamortized interest on capital appreciation bonds	(21,899)	-	(569,388)	-	(591,287)	-
Interest	<u>(311,129)</u>	<u>(1,438)</u>	<u>(61,134)</u>	<u>(2,186)</u>	<u>(375,887)</u>	<u>(22)</u>
Total	<u>\$478,352</u>	<u>\$2,145</u>	<u>\$604,001</u>	<u>\$11,643</u>	<u>\$1,096,141</u>	<u>\$343</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

On December 1, 1998, the Alameda County Public Facilities Corporation issued certificates of participation in the amount of \$34,325,000 with interest rates from 4.00% to 5.00% to provide \$25,000,000 for a new integrated resource management system. In addition, the 1998A certificates were used to pay the balance of two capital leases of Household Hazardous Waste Disposal facilities and to advance refund \$6,895,000 of the outstanding 1989 certificates of participation, which were due between 2002 and 2004. The remaining 1989 certificates can be split into two categories: those due between 1999 and 2001 bear interest at a rate from 6.45 – 6.50%; those due between 2005 and 2019 are capital appreciation bonds increasing in value from 6.74% to 6.88% per year. The proceeds used to refund the 1989 certificates of participation were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments related to the refunded certificates. The difference in cash flows between the old debt and the refunded debt over the life of the certificates is \$8,935,000. This results in a net present value savings of \$565,000 to the County. Principal on the 1998A certificates of participation is due in annual installments ranging from \$2,645,000 to \$3,630,000 beginning on December 1, 1999 through December 1, 2006. Repayment of the bonds is funded from various funds.

During 1998/99, the revenue bonds for the Dublin Library and the Flood Zone 7 water facility were retired.

The following special assessment district debt and revenue bonds are included in the General Long-Term Obligations Account Group for the reasons cited:

The special assessment debt of the flood control zones in Alameda County was issued to finance construction of infrastructure to reduce the threat of floods in Alameda County. Although the County has no legal obligation to repay the debt in the event of default by the assessed property owners, the County feels a moral obligation to assume responsibility if this should occur.

The West Happyland and Tennyson-Alquire debt issues are limited obligation improvement bonds secured by the assessments made on the properties benefited by the improvements. The County is not obligated to advance any resources to cure any deficiencies in the redemption funds of these issues; however, the County has the right to do so

Alameda County's legal debt limit is \$1,178,943,000. The County does not have any general obligation debt and has therefore not used any of its debt limit.

The County administers the general obligation debt of school districts and special districts under local boards which are located within the County. The County has no direct or contingent liability for their debts and, accordingly, such amounts are not included in these accompanying general purpose financial statements.

Conduit Debt

In addition to the long-term obligations discussed above, the following long-term obligations have been issued in the name of the County or agencies of the County. Neither the County, nor its agencies, are obligated in any manner for the repayment of these obligations. Accordingly, they are not included in the accompanying general purpose financial statements.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 1999</u>
Mortgage revenue bonds			
Alameda County Multifamily - 1992 Refunding (Quail Run)	2015	\$ 4,490	\$ 4,190
Alameda County Multifamily - 1993 Refunding (Claremont)	2023	13,400	12,950
Alameda County Multifamily (FNMA) - 1994 Issue A	2019	8,390	7,668
Alameda County Multifamily - 1998 (Berkeleyan Project)	2028	6,000	6,000
Alameda County Multifamily - 1998 (Parkview/Sunburst Apartments)	2033	4,380	4,380
Industrial development bonds			
American Brass & Iron	2008	1,600	900
Barkoff Container	2008	3,800	3,500
BayCorr Packaging (BAT Properties LLC)	2028	7,000	7,000
Beeline Group	2026	5,700	5,700
DiCon Fiberoptics	2003	4,825	4,825
Heat & Control, Inc.	2025	7,200	6,610
HTB Inc. (Meskimen Family Trust)	2028	7,200	7,200
Intermountain Trading Company	2006	550	290
Johnson Controls (Hoover Universal)	2004	9,000	9,000
Longview Fiber	2003	2,500	1,750
Malmberg Engineering, Inc (Pipitone Trust)	2028	3,000	3,000
P & C Pacific Bakeries (2923 Adeline Association)	2027	1,800	1,685
Ply Properties	2027	8,000	7,905
Polymeric (Tool Family Partnership)	2027	3,250	3,050
Ream Enterprises (National Fabtronix, Inc.)	2020	2,600	1,665
RSP Manufacturing (JMS Family Enterprises)	2025	5,000	4,830
Scientific Technology Inc.	2024	5,000	4,340
Spectrum Label	2027	4,000	4,000
Sunclipse	2006	2,500	2,500
The Aitchison Family Partnership Project (THARCO)	2013	3,000	2,800
TriStar Plating LLC	2023	2,500	2,500
West Coast Packing & Crating (West Coast Pack LLC)	2029	5,400	5,400
West Coast Packing & Crating (Taxable Tail)	2029	600	600
1915 Public Improvement Act Bonds			
Castlewood Sewer & Water Improvement District 1998-1	2016	2,855	2,685

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED

(Amounts in tables expressed in thousands)

JUNE 30, 1999

11. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

On July 1, 1998, the County modified its plan to be in compliance with the laws governing Section 457 deferred compensation plans. All assets and income of the County's plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

In addition, as of June 30, 1999, there are participant contributions in the Treasurer's pool which have not yet been transferred to the fiscal agent.

The County has fiduciary responsibility over these funds and therefore, in accordance with GASB 32, the funds were transferred out of the agency fund into an expendable trust fund

All investments in the Deferred Compensation Plan are carried at fair value.

12. ALAMEDA COUNTY MEDICAL CENTER/DISCRETELY PRESENTED COMPONENT UNIT

The Alameda County Medical Center (ACMC) operates medical and health facilities within Alameda County. In accordance with the Master Contract (Contract) between the County and ACMC dated June 23, 1998, effective July 1, 1998, ACMC became a public hospital authority pursuant to California Health and Safety Code Section 101850. Accordingly the governance, administration and operation of the Facilities have been transferred from the County to ACMC.

Now a separate legal entity, ACMC is reported as a discretely presented component unit for the year ended June 30, 1999. Under the terms of the Contract, certain operating assets and liabilities and the operations have been transferred from the County to ACMC. Certain equipment and non-obsolete inventory were sold to ACMC from the County for the sum of \$1. County land and facilities were excluded from the transfer. In accordance with the Medical Facilities Lease between Alameda County Medical Center and County of Alameda dated June 12, 1998, ACMC is leasing certain land, facilities and equipment from the County for the annual sum of \$1. Leased facilities include Fairmont Hospital, Highland Hospital and John George Hospital (the Facilities). Historically, Fairmont Hospital and Highland Hospital had been recorded as assets in the County's hospital enterprise fund. In accordance with the transfer agreement, these assets remain the property of the County. Accordingly, such assets have been transferred from the ACMC to the County's General Fixed Asset Account Group at their net book value as a residual equity transfer (Note 14). Assets transferred as of June 30, 1999 amounted to \$20,195,000. The John George facility has been, and continues to be recorded in the County's General Fixed Account Group. Under the terms of the Contract, the County has agreed to provide ACMC unrestricted use of the Facilities.

Previously recorded as a liability of ACMC are \$13,828,000 in Certificates of Participation which had been issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt and the debt has been recorded in the County's General Long-Term Debt Account Group. On June 1, 1998, the Alameda County Public Facilities Corporation issued certificates of participation in the amount of \$115,590,000 to finance the construction of a new critical care building and parking garage on the Highland campus. Repayment of the bonds will be funded by the General Fund of the County. Accordingly, the liability is recorded in the County's General Long-term Obligation Account Group and the construction costs associated with the critical care facility are being capitalized in the General Fixed Asset Account Group.

In accordance with the agreement, ACMC shall participate in the County's self insurance program and shall ensure that professional liability insurance will cover claims and liabilities relating to any medical staff corrective actions which had been incurred before the transfer, including incurred but not reported matters.

Upon termination of ACMC as a hospital authority, the County may be required to assume the liabilities of ACMC related to the operation of Hospitals and Clinics.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS, CONTINUED
(Amounts in tables expressed in thousands)
JUNE 30, 1999

ACMC continues to participate in the County Treasurer's investment pool and, as such, the County will, from time to time permit ACMC to overdraw their position in the investment pool to cover short term working capital requirements. At June 30, 1999, ACMC had an outstanding overdraft in the Treasurer's investment pool in the amount of approximately \$37,707,000. This amount has been reflected as "Due to the primary government" in the accompanying financial statements and has subsequently been repaid.

County departments provide the Hospital Authority with certain services, such as utilities, laboratory testing, accounting, data processing, purchasing, and building repairs and maintenance. Charges of approximately \$18,097,000 for such services are included in ACMC operating expenses for the year ended June 30, 1999

The Hospital Authority receives funds from the County of a fixed amount for care of the County's medically indigent patients.

Net Patient Service Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered at ACMC, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Differences between final settlements with third-party payors and estimated amounts originally recorded are included in operations in the year in which the amounts become known.

Medi-Cal and Medicare Programs

A substantial portion of ACMC's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 67% and 9%, respectively, of net patient service revenues, excluding certain federal aid revenues, for the fiscal year ended June 30, 1999. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

Other Program Revenues

ACMC also receives significant revenues from the following other revenue programs:

- ***Senate Bill 855 (SB855)*** is Federal legislation that provides additional funding for hospitals based on disproportionate share status, type of hospital, percentage of low-income hospital patients and maximum Medi-Cal days per year. Once a hospital has achieved disproportionate share status for the particular payment adjustment year, the amount to be paid is determined by formula. The formula generates a per diem payment adjustment amount for the facility, and the statute defines the maximum number of Medi-Cal days to be recognized for the facility for the particular payment adjustment year. Both the per diem payment adjustment amount and the maximum number of allowable days vary based on Medi-Cal data from prior periods. Accordingly, key elements in the system are dependent on the facility's Medi-Cal utilization experience; however, the payment for any particular year is prospectively determined and is fixed for that year. In accordance with SB855, the County's General Fund is required to remit predetermined amounts to the State Medi-Cal Inpatient Payment Adjustment (MIPA) fund. MIPA funds are matched with federal Medicaid funds and are used to make supplemental payments to qualified hospitals for acute inpatient hospital services based on the above-described payment formula. The General Fund is reimbursed for the amounts remitted to the State through an operating transfer from ACMC.
- ***Proposition 99*** imposes an additional state excise tax on cigarettes and other tobacco products. The increased taxes on tobacco products generate additional revenues for health care, research, health education and public resources. Assembly Bill 76 (AB76) is State legislation that provides for allocation, by the Department of Health Services, using data from the Office of Statewide Health Planning and Development (a State planning agency) annual reports of these revenues to health care providers based upon their share of the financial burden for providing care to persons who are uninsured or otherwise unable to pay for care.
- ***Senate Bill 1255 (SB1255)*** is Federal legislation that established a special fund to accept voluntary transfers of funds from public agencies, private donations and any appropriations of state funds. These contributions are matched with federal funds and distributed to certain public disproportionate share hospitals qualifying for SB855 funding described above as negotiated inpatient rate increases. The negotiations are conducted with the California Medical Assistance Commission (CMAC). The determination of disproportionate share is based upon the initial listing from CMAC. If the final data shows the hospital was not a disproportionate share hospital, no recoupment of the funds is to be made. The disproportionate share hospitals must have a Medi-Cal contract and must maintain a basic or comprehensive emergency room.