NEW ISSUE - BOOK-ENTRY ONLY
Taxable (Federal)
Tax-Exempt (State of California)

RATINGS:
MBIA Insured Bonds: Moody's : Aaa
S&P: AAA
Uninsured Bonds: Moody's : Aa3
S&P: AA-
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, interest on the Series 2005 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2005 Bonds. See "TAX MATTERS."

$129,900,000
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
TAXABLE PENSION OBLIGATION BONDS, SERIES 2005

Dated: Date of Delivery **Due: August 1, as shown on inside cover page**

The Contra Costa County Fire Protection District (the "Fire Protection District") is issuing its Taxable Pension Obligation Bonds, Series 2005 (the "Series 2005 Bonds") under a Trust Agreement (the "Trust Agreement") dated as of July 1, 2005, by and between the Fire Protection District and The Bank of New York Trust Company, N.A., as trustee (the "Trustee") to: (i) refund its obligations under the debenture (the "2005 Debenture") evidencing the unfunded actuarial accrued liability of the Fire Protection District as of December 31, 2004 to the Contra Costa County Employees' Retirement Association (the "Association"); (ii) prepay its proportionate share of liability, plus accrued interest, arising from settlement of certain cases (as described herein); and (iii) pay certain costs associated with the issuance of the Series 2005 Bonds.

The Series 2005 Bonds will be issued to refinance the statutory obligation of the Fire Protection District, as a member of the Association arising under Section 31584 of the County Employees Retirement Law of 1937, as amended, to make payments to the Association for retirement benefits accruing to its employees and retirees. The Series 2005 Bonds are obligations of the Fire Protection District payable from any legally available money or fund of the Fire Protection District.

The Series 2005 Bonds are an absolute and unconditional obligation of the Fire Protection District and not limited as to payment from any special funds of the Fire Protection District. See "PLAN OF FINANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS."

The Series 2005 Bonds will bear interest at the rates per annum set forth on the inside cover page, payable on February 1 and August 1, commencing February 1, 2006. See "THE SERIES 2005 BONDS."

The Series 2005 Bonds are being issued in fully registered form, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") in the United States. DTC will act as securities depository for the Series 2005 Bonds. Individual purchases will be made in book-entry form only in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial ownership interest in the Series 2005 Bonds purchased. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2005 Bonds are subject to optional redemption prior to maturity as described herein. See "THE SERIES 2005 BONDS."

The payment of principal of and interest on the Series 2005 Bonds maturing on August 1, 2010 through August 1, 2022, inclusive (the "Insured Series 2005 Bonds") when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation ("MBIA"), simultaneously with the delivery of the Insured Series 2005 Bonds. See "FINANCIAL GUARANTY INSURANCE FOR THE INSURED SERIES 2005 BONDS" and APPENDIX G – "SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

MBIA

THE SERIES 2005 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE FIRE PROTECTION DISTRICT FOR WHICH THE FIRE PROTECTION DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE FIRE PROTECTION DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2005 BONDS NOR THE OBLIGATION OF THE FIRE PROTECTION DISTRICT TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2005 BONDS CONSTITUTES AN INDEBTEDNESS OF THE FIRE PROTECTION DISTRICT, THE COUNTY OF CONTRA COSTA (THE "COUNTY"), THE ASSOCIATION, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains information for general reference only. It is *not* intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

MATURITY SCHEDULE
(see inside cover)

The Series 2005 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Quint & Thimmig LLP, San Francisco, California, for the Fire Protection District by the County Counsel of the County, as General Counsel to the Fire Protection District, and by Lofton & Jennings, San Francisco, California, Disclosure Counsel. It is anticipated that the Series 2005 Bonds will be available for delivery through the DTC book-entry only system in New York, New York, on or about July 28, 2005.

LEHMAN BROTHERS

Dated: July 21, 2005

$129,900,000
Contra Costa County Fire Protection District Taxable Pension Obligation Bonds, Series 2005

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Price	CUSIP No.††
2006	$1,620,000	4.11%	100%	21224RAA4
2007	2,130,000	4.30	100	21224RAB2
2008	2,685,000	4.43	100	21224RAC0
2009	3,285,000	4.52	100	21224RAD8
2010†	3,940,000	4.54	100	21224RAE6
2011†	4,645,000	4.62	100	21224RAF3
2012†	5,410,000	4.70	100	21224RAG1
2013†	6,240,000	4.76	100	21224RAH9
2014†	7,140,000	4.81	100	21224RAJ5
2015†	8,110,000	4.84	100	21224RAK2
2016†	9,155,000	4.90	100	21224RAL0
2017†	10,290,000	4.93	100	21224RAM8
2018†	11,510,000	4.96	100	21224RAN6
2019†	12,825,000	4.99	100	21224RAP1
2020†	14,245,000	5.02	100	21224RAQ9
2021†	15,770,000	5.04	100	21224RAR7
2022†	10,900,000	5.06	100	21224RAS5

† Insured by MBIA Insurance Corporation.

CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS[†]

Gayle B. Uilkema
Chair

Mark DeSaulnier

Federal Glover

John Gioia

Mary N. Piepho

FIRE PROTECTION DISTRICT OFFICIALS AND EX-OFFICIO COUNTY OFFICIALS

Keith B. Richter
Fire Chief

Richard R. Grace
Assistant Chief
Emergency Operations Division

Michael H. George
Chief of Administrative Services

John W. Ross
Assistant Chief
Support Services Division

Silvano Marchesi
District Counsel and
County Counsel

William J. Pollacek
Treasurer and
County Treasurer-Tax Collector

Stephen Ybarra
Auditor-Controller and
County Auditor-Controller

SPECIAL SERVICES

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

DISCLOSURE COUNSEL
Lofton & Jennings
San Francisco, California

FINANCIAL ADVISOR
Tamalpais Advisors, Inc.
Sausalito, California

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

DISSEMINATION AGENT
Digital Assurance Certification LLC
Orlando, Florida

[†] The members of the Board of Directors are also the same members of the Board of Supervisors of the County.

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 Series 2005 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Fire Protection District or the Underwriter.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2005 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 representations of facts.

Certain of the information set forth herein has been obtained from official 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 Underwriter. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire Protection District since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2005 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Fire Protection District. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

In connection with the offering of the Series 2005 Bonds, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2005 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

Certain statements in this Official Statement, which may be identified by the use of such terms as "plan," "project," "expect," "estimate," "budget" or other similar words, constitute forward-looking statements. Such forward-looking statements refer to the achievement of certain results or other expectation or performance which involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward-looking statements. The Fire Protection District does not plan to issue updates or revisions to such forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.

The Series 2005 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act.

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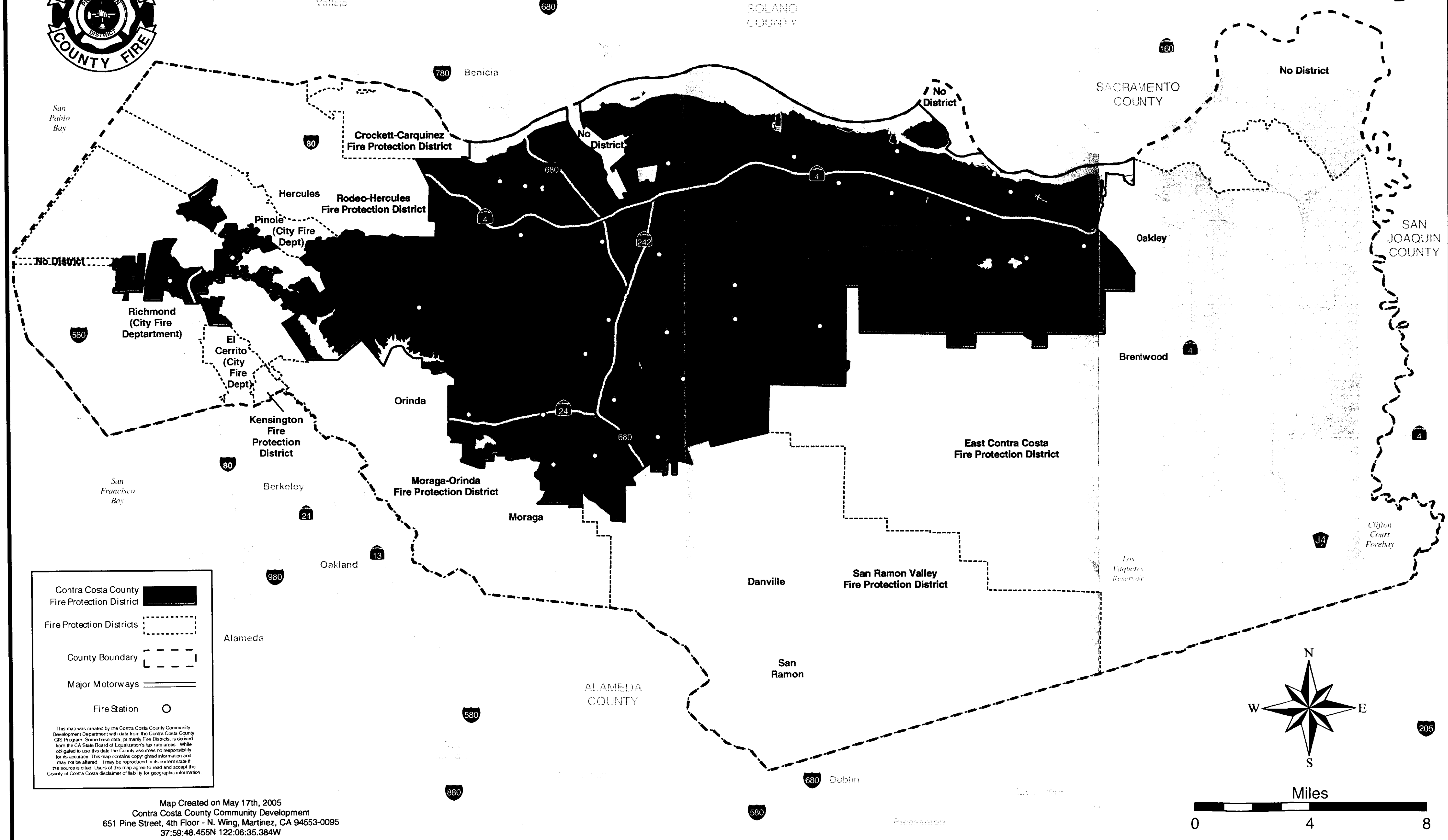

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OFFICIAL STATEMENT

$129,900,000
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
TAXABLE PENSION OBLIGATION BONDS, SERIES 2005

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2005 Bonds to potential investors is made only by means of the entire Official Statement. Terms used in this Introduction and not otherwise defined 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 issuance and sale by the Contra Costa County Fire Protection District (the "Fire Protection District") of its $129,900,000 aggregate principal amount of Taxable Pension Obligation Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "State") and a Trust Agreement, dated as of July 1, 2005 (the "Trust Agreement"), by and between the Fire Protection District and The Bank of New York Trust Company, N.A., as trustee (the "Trustee").

The Fire Protection District represents the consolidation and annexation of 10 predecessor fire agencies. The Fire Protection District covers approximately 304 square miles within the County of Contra Costa (the "County") and serves a population exceeding 554,000 residents. The Fire Protection District contains nine incorporated cities, Antioch, Clayton, Concord, Lafayette, Martinez, Pittsburg, Pleasant Hill, San Pablo and Walnut Creek; and certain unincorporated areas within the County, including the areas of Bay Point, El Sobrante, Pacheco and Port Chicago (collectively, the "Service Area"). More than 92% of the total revenues of the Fire Protection District consists of property tax payments collected by the County on behalf of the Fire Protection District from property owners within the Service Area. For a map of the Service Area, see page v. For additional information regarding the Fire Protection District see "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT."

Pursuant to Section 31584 of the County Employees Retirement Law of 1937, as amended (the "Act"), the Board of Supervisors (the "Board of Supervisors") of the County, as the governing board of the Fire Protection District (the "Board of Directors"), is obligated to appropriate and make payments for retirement benefits to the Contra Costa County Employees' Retirement Association (the "Association") on behalf of the Fire Protection District. This obligation includes, among others, the requirement to amortize the unfunded actuarial accrued liability (the "UAAL") with respect to such retirement benefits. To evidence such statutory obligation of the Fire Protection District to make such payments with respect to the UAAL of the Fire Protection District for the period commencing on the date of the original delivery of the Series 2005 Bonds and ending on June 30, 2023, the Fire Protection District will execute a debenture (the "2005 Debenture") dated the date of delivery of the Series 2005 Bonds in favor of the Association to evidence $124,917,000 of the UAAL obligation of the Fire Protection District to the Association as of December 31, 2004.

Pursuant to an agreement entered into as of August 28, 2003 (the "Paulson Agreement") with respect to the payment by the Fire Protection District of its proportionate share of liability arising from a settlement of the cases *Paulson v. Contra Costa County Employees' Retirement Association (Contra Costa Superior Court Case No. C-96-02939)* and *Walden v. Contra Costa County Employees' Retirement Association (Contra Costa Superior Court Case No. C-97-02935),* the Fire Protection District is obligated to amortize its proportionate share of liability calculated as of December 31, 2002 to be $3,914,020.23, payable over a period of 20 years, including interest at a rate equal to 8% per annum (the "Paulson Obligation"). See "PLAN OF FINANCE–Paulson Obligation."

The Series 2005 Bonds will be issued pursuant to the Trust Agreement for the purpose of: (i) refunding the obligation of the Fire Protection District to the Association evidenced by the 2005 Debenture; (ii) prepaying the outstanding Paulson Obligation; and (iii) paying certain costs associated with the delivery of the 2005 Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

Security and Sources of Payment for the Series 2005 Bonds

The obligation of the Fire Protection District to make payments with respect to the Series 2005 Bonds is an absolute and unconditional obligation of the Fire Protection District, and payment of principal of and interest on the Series 2005 Bonds is not limited to any special source of funds. Pursuant to the Trust Agreement, to the extent permitted by law, the County Auditor-Controller, as Auditor-Controller of the Fire Protection District, is required to annually transfer amounts needed to pay debt service on the Bonds to the Debt Service Fund held by the County Treasurer-Tax Collector, as Treasurer of the Fire Protection District. Such transfers are required to be made no later than January 15 of each year. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS–Debt Service Fund."

THE SERIES 2005 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE FIRE PROTECTION DISTRICT FOR WHICH THE FIRE PROTECTION DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE FIRE PROTECTION DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2005 BONDS NOR THE OBLIGATION OF THE FIRE PROTECTION DISTRICT TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2005 BONDS CONSTITUTES AN INDEBTEDNESS OF THE FIRE PROTECTION DISTRICT, THE COUNTY, THE ASSOCIATION, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Payment of the principal of and interest with respect to the Series 2005 Bonds maturing on August 1, 2010 through August 1, 2022, inclusive (collectively, the "Insured Series 2005 Bonds"), when due, will be insured by a financial guaranty insurance policy (the "Policy") to be issued by MBIA Insurance Corporation ("MBIA") concurrently with the delivery of the Series 2005 Bonds. See "FINANCIAL GUARANTY INSURANCE FOR THE INSURED SERIES 2005 BONDS" and APPENDIX G–"SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY."

Summaries Not Definitive

Brief descriptions of the Series 2005 Bonds, the Fire Protection District, the Association and the Trust Agreement are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Series 2005 Bonds and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the Series 2005 Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available for inspection at the offices of the Fire Protection District at 2010 Geary Road, Pleasant Hill, California 94523 and will be available upon request and payment of duplication costs from the Trustee at 550 Kearny Street, Suite 600, San Francisco, California 94108.

Continuing Disclosure

The Fire Protection District has entered into a Continuing Disclosure Agreement with Digital Assurance Certification LLC ("DAC"), as Dissemination Agent, to provide, in accordance with Securities Exchange Commission Rule 15c2-12(b)(5), certain annual financial information and operating data, including the annual financial statements of the Fire Protection District as extracted from the Comprehensive Audited Financial Report of the County, by not later than the March 31 following the end of the fiscal year of the Fire Protection District (presently June 30) (the "Fiscal Year") in which any of the Series 2005 Bonds are outstanding (the "Annual Report"), commencing with the Annual Report due March 31, 2006. See "CONTINUING DISCLOSURE" and APPENDIX E–"FORM OF CONTINUING DISCLOSURE AGREEMENT." This will be the initial undertaking of the Fire Protection District to provide annual reports or notices of material events.

PLAN OF FINANCE

The Series 2005 Bonds are being issued to: (i) refund the obligation of the Fire Protection District to the Association evidenced by the 2005 Debenture; (ii) prepay the outstanding Paulson Obligation; and (iii) pay the costs of issuance of the Series 2005 Bonds. See "SOURCES AND USES OF FUNDS."

Pursuant to the Trust Agreement, to the extent permitted by law, so long as the Series 2005 Bonds are Outstanding, the County Auditor-Controller will transfer annually, no later than each January 15, from the first apportionment of property taxes due to the Fire Protection District in each year, the amount sufficient to pay debt service on the Series 2005 Bonds in the following year. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS." Historically, approximately one-half of the property tax revenue of the Fire Protection District has been collected from the first apportionment of property tax. The Fiscal Year 2004-05 property tax revenues are approximately $71 million. See "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT–Revenues–*Property Taxes*–Teeter Plan."

2005 Debenture

Pursuant to the Act, the Fire Protection District is required to appropriate and pay amounts determined to be owing to the Association, including the amounts owed in order to amortize the UAAL of the Fire Protection District.

An independent actuary retained by the Association, The Segal Company, will certify that as of the delivery of the Series 2005 Bonds, the UAAL is not less than $124,917,000.

To evidence the Fire Protection District's UAAL obligation to the Association, the Fire Protection District will execute the 2005 Debenture in favor of the Association in the principal amount of $124,917,000. The 2005 Debenture will bear interest at the rate of 7.9% per annum, and will be prepayable at any time. A portion of the Series 2005 Bonds are being issued for the purpose of refunding the 2005 Debenture and the obligation of the Fire Protection District with respect to the retirement benefits represented thereby.

The 2005 Debenture is an absolute and unconditional obligation of the Fire Protection District, enforceable against the Fire Protection District pursuant to the Act, and is not limited as to payment from any source of funds of the Fire Protection District. Upon the refunding of the 2005 Debenture with the proceeds of the Series 2005 Bonds, the Fire Protection District's obligation with respect to Series 2005

Bonds will be an absolute and unconditional obligation of the Fire Protection District, enforceable against the Fire Protection District, and will not be limited as to payment from any special source of funds of the Fire Protection District.

Paulson Obligation

A portion of the proceeds of the Series 2005 Bonds will be used to prepay the outstanding Paulson Obligation to the date of delivery of the Series 2005 Bonds. The outstanding principal balance of the Paulson Obligation as of the date of delivery of the Series 2005 Bonds is $3,459,368.09.

The Paulson Obligation arose as a result of the 1997 decision of the Supreme Court of the State of California in the matter of *Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County Employees' Retirement Association* ("*Ventura*"). In that case the Supreme Court held that a county retirement system operating under the Act is required to include certain types of cash incentive payments and additional pay elements received by an employee in the calculations that determine the employees "compensation earnable," and "final compensation" when calculating the retirement benefits that a retiree is eligible to receive. The Board of Retirement of the Association (the "Board of Retirement") voted to implement the changes to the retirement benefits as of October 1, 1997, the date the *Ventura* decision became final. In addition, two lawsuits against the County on similar issues were filed by certain retired County employees. The Association settled its litigation of these two cases that were consolidated into one case, entitled *Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al* ("*Paulson*").

The Paulson lawsuit was brought on behalf of a class of retired members of the Association regarding the inclusions and the exclusions of certain types of cash incentive payments and additional pay elements received by an employee from "final" compensation that are used in calculating members' retirement benefits as a result of the *Ventura* decision. A settlement agreement was entered into with all parties and a petitioners' class was certified consisting of all retired members of the Association whose effective retirement date was on or before September 30, 1997 (*i.e.,* the period prior to the October 1, 1997 effective date of the *Ventura* decision).

Pursuant to the settlement agreement, the Board of Retirement designated $90 million from unrestricted excess earnings to cover the anticipated liability of the settlement. Interest at the actuarial assumed rate was credited to the settlement amount until the final liability was determined by an actuary for the Association as of December 31, 2002. On April 2, 2003, the Board of Retirement adopted an interest assumption rate of 8.0% to be used in the valuation of all actuarial assets and liabilities as of December 31, 2002.

The total liability as determined by the actuary was $149.3 million before being offset by $90 million from excess earnings and $25.1 million of earned interest resulting in a net liability of $34.2 million. Each employer was invoiced for its proportionate share of the $34.2 million additional liability plus accrued interest to the date of the payment. Pursuant to the settlement agreement, each employer could elect to pay this amount in a lump sum or for a period not to exceed 20 years. The Fire Protection District entered into the Paulson Agreement to amortize its share of the liability which was calculated as of December 31, 2002 as $3,914,020.23 payable over 20 years including interest at a rate equal to 8% per annum. The Fire Protection District has timely paid its obligation in accordance with the Paulson Agreement.

For general information concerning the Association, see "THE CONTRA COSTA EMPLOYEES' RETIREMENT ASSOCIATION" and APPENDIX B–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ASSOCIATION FOR THE YEAR ENDED DECEMBER 31, 2004."

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2005 Bonds are set forth below:

SOURCES OF FUNDS:	
Aggregate Principal Amount of Series 2005 Bonds	$129,900,000.00
TOTAL SOURCES	$129,900,000.00
USES OF FUNDS:	
Refunding of 2005 Debenture	$124,917,000.00
Prepayment of Paulson Obligation(1)	3,709,579.92
Costs of Issuance(2)	1,273,420.08
TOTAL USES	$129,900,000.00

(1) Represents principal of and accrued interest to the date of delivery of the Series 2005 Bonds.

(2) Includes Underwriter's discount; fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Trustee, the actuary and the rating agencies; the premium for the Policy with respect to the Insured Series 2005 Bonds; printing costs and other miscellaneous costs and expenses.

THE SERIES 2005 BONDS

General

The Series 2005 Bonds will be issued only in fully registered form, in denominations of $5,000 and any integral multiple thereof and will mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside cover hereof. Interest on the Series 2005 Bonds will be payable semiannually on February 1 and August 1 of each year commencing February 1, 2006 (each, an "Interest Payment Date").

The Series 2005 Bonds will each be dated their date of original delivery 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"). DTC will act as securities depository of the Series 2005 Bonds. Ownership interests in the Series 2005 Bonds may be purchased in book-entry form only in Authorized Denominations. Purchasers will not receive physical certificates representing their interests in the Series 2005 Bonds purchased. Payments of principal of and interest on the Series 2005 Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Series 2005 Bonds. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payment of interest on the Series 2005 Bonds will be made to the person whose name appears in the Series 2005 Bond registration books kept by the Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such registered owner at the address as it appears in such books except that in the case of a Owner of $1,000,000 or greater in aggregate principal amount of Outstanding Series 2005 Bonds, such payment will, at such Owner's written request, provided by such Owner prior to the Record Date preceding such Interest Payment Date, be made by wire transfer of immediately available funds in accordance with written instructions provided by such Owner.

Redemption Provisions

Optional Redemption. The Series 2005 Bonds are subject to optional redemption prior to maturity at the option of the Fire Protection District, in whole or in part (and if in part from such maturities as specified by the Fire Protection District) on any date, at a redemption price equal to the greater of:

- 100% of the principal amount of the Series 2005 Bonds to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal of and interest on the Series 2005 Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-days months) at the Treasury Rate (defined below) plus 12.5 basis points;

plus in each case, accrued and unpaid interest on the Series 2005 Bonds being redeemed to the date fixed for redemption.

The following definitions apply only to this section "–Redemption Provisions–*Optional Redemption.*"

"Comparable Treasury Issue" means the United States Treasury security or securities selected by Lehman Brothers Inc. which has an actual or interpolated maturity comparable to the remaining average life of the Series 2005 Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of debt securities of comparable maturity to the remaining average life of such Series 2005 Bonds.

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

"Reference Treasury Dealer" means Lehman Brothers Inc. and it successors and three other firms, specified by the Fire Protection District from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); *provided, however,* that if any of them ceases to be a Primary Treasury Dealer, the Fire Protection District will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price.

Selection of Bonds for Redemption. If less than all Outstanding Series 2005 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the Serial Bonds of such maturity date to be redeemed by lot and will promptly notify the Fire Protection District in writing of the certificate numbers of the Series 2005 Bonds so selected for redemption.

Notice of Redemption. Whenever redemption is authorized under the Trust Agreement, the Trustee is required to send 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 prior to the redemption date of any such Series 2005 Bonds or portions thereof to (i) the respective Holders of the Series 2005 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services is required to be given by registered mail or overnight delivery or facsimile transmission or by other acceptable means. While the Series 2005 Bonds are held by DTC or its nominee, all such mailed notices shall be sent to DTC, or its nominee, as the registered owner of the Series 2005 Bonds to be redeemed.

Neither the failure of an owner to receive any such notice, nor any immaterial defect in any such notice shall invalidate any of the proceedings for the redemption of any Series 2005 Bonds.

Right to Rescind Notice. The Fire Protection District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the Holders of the Series 2005 Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Bond Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2005 Bonds called for redemption. Notice of rescission of redemption is required to be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2005 Bond of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Any portion of the Series 2005 Bonds subject to redemption where such redemption has been rescinded will remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the redemption date will constitute an Event of Default under the Trust Agreement.

Effect of Redemption. If notice of redemption has been duly given as described in the Trust Agreement and funds for the payment of the redemption price of the Series 2005 Bonds or such portions thereof so called for redemption are held by the Trustee, then on the redemption date designated in such notice of redemption, interest will cease to accrue on such Series 2005 Bonds or such portions thereof and the Holders of such Series 2005 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Additional Bonds

The Fire Protection District may from time to time issue additional bonds to defease, retire or refund all or any portion of the Series 2005 Bonds or to refund any other evidences of indebtedness of the Fire Protection District arising pursuant to the Act, which such additional bonds may be issued on a parity with the Series 2005 Bonds without the consent of any Bondowner. See APPENDIX C–"SUMMARY OF THE TRUST AGREEMENT–Procedure for the Issuance of Additional Bonds."

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS

General

The Series 2005 Bonds have been duly authorized by the Board of Directors and the Fire Protection District is obligated to satisfy its obligations under the Series 2005 Bonds from any money lawfully available in any fund of the Fire Protection District. The Series 2005 Bonds are absolute and unconditional obligations of the Fire Protection District and are not limited as to payment from any special funds of the Fire Protection District. ***The assets of the Association are not available for payment of the Series 2005 Bonds and the Series 2005 Bonds do not constitute an obligation of the Association.***

Debt Service Fund

Pursuant to the Trust Agreement, the County Auditor-Controller agrees and covenants in the Trust Agreement, to the extent permitted by law, to transfer and deposit to the Debt Service Fund (which fund is maintained by the County Treasurer-Tax Collector in the County treasury so long as any Series 2005 Bonds are Outstanding) from the apportionment of property taxes due to the Fire Protection District in November of the prior calendar year, and in any event no later than January 15 of each year, the amount sufficient to pay the obligations of the Fire Protection District on the Series 2005 Bonds in such calendar year. Any money remaining in the Debt Service Fund after making the required deposits in the Bond Fund are required to be transferred to the Pension Obligation Stabilization Fund maintained by the County Treasurer. See also "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT–Revenues–*Property Taxes.*"

Bond Fund

The Trust Agreement provides that on or before the fifteenth day of the month immediately preceding each Payment Date, commencing January 15, 2006, the Trustee will notify the Treasurer of the amount of debt service on the Series 2005 Bonds due on the next succeeding Payment Date. On the earlier of the last business day immediately preceding each Payment Date, or one Business Day prior to any notice required to be given to the Series 2005 Bond Insurer pursuant to the Trust Agreement, the Treasurer is required to withdraw from the Debt Service Fund and deposit with the Trustee in immediately available funds an amount of money which, together with moneys transferred from the Pension Obligation Stabilization Fund, if any, is equal to the obligations of the Fire Protection District on the Series 2005 Bonds on such date. Moneys in the Bond Fund will be deposited by the Trustee in the following accounts in the following order of priority, the requirements of each such account (including making up any deficiencies in any such account) at the time of deposit to be satisfied before any deposit is made to any account subsequent in priority:

Interest Account; and
Principal Account

Interest Account. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Series 2005 Bonds on each Interest Payment Date, including the payment of accrued interest on any Series 2005 Bonds purchased or redeemed prior to maturity.

Principal Account. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal due on the Series 2005 Bonds, at maturity.

Notwithstanding the foregoing, in the event the amounts deposited by the County Auditor-Controller in the Debt Service Fund as described above are insufficient for the purpose of paying the Series 2005 Bonds by any Payment Date, the Fire Protection District is obligated to the extent permitted by law, to deposit or cause to be deposited with the Trustee the amount due on the Series 2005 Bonds on such payment dates from any money lawfully available in any fund of the Fire Protection District.

Pension Obligation Stabilization Fund. Pursuant to the Trust Agreement, the Treasurer will establish, maintain and hold in trust a separate special fund (the "Pension Obligation Stabilization Fund") in which, the Fire Protection District, at its sole option, may make deposits at any time. Amounts on deposit in the Pension Obligation Stabilization Fund may be used and withdrawn by the Treasurer and transferred to the Trustee to pay principal of and interest on the Series 2005 Bonds when due if insufficient moneys for the payment thereof are on deposit in the Principal Account and the Interest Account or (together with any other moneys available therefor) for the payment or redemption of all or a portion of the Series 2005 Bonds then Outstanding.

Moneys in the Pension Obligation Stabilization Fund may also be used and will be withdrawn by the Treasurer, upon the Written Request of the Fire Protection District: (i) to pay increased pension funding costs; (ii) to pay reserve replenishment costs (see "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT–Reserve Policy"); or (iii) upon a unanimous vote of the full Board of Directors, for any other lawful purpose of the Fire Protection District.

Redemption Fund

The Trustee is required to establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the Fire Protection District with the Trustee for the purpose of optionally redeeming Series 2005 Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund are required to be used and withdrawn by the Trustee solely for the purpose of optionally redeeming Series 2005 Bonds as specified by the Fire Protection District in a Written Request of the Fire Protection District delivered to the Trustee.

THE SERIES 2005 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE FIRE PROTECTION DISTRICT FOR WHICH THE FIRE PROTECTION DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE FIRE PROTECTION DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2005 BONDS NOR THE OBLIGATION OF THE FIRE PROTECTION DISTRICT TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2005 BONDS CONSTITUTES AN INDEBTEDNESS OF THE FIRE PROTECTION DISTRICT, THE COUNTY, THE ASSOCIATION THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

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Debt Service Schedule

The following table sets forth the semi-annual and fiscal year debt service schedule for the Series 2005 Bonds.

Date	Principal Amount	Interest	Total	Fiscal Year Total
February 1, 2006	–	$3,220,052.24	$3,220,052.24	–
June 30, 2006	–	–	–	$3,220,052.24
August 1, 2006	$1,620,000	3,167,264.50	4,787,264.50	–
February 1, 2007	–	3,133,973.50	3,133,973.50	–
June 30, 2007	–	–	–	7,921,238.00
August 1, 2007	2,130,000	3,133,973.50	5,263,973.50	–
February 1, 2008	–	3,088,178.50	3,088,178.50	–
June 30, 2008	–	–	–	8,352,152.00
August 1, 2008	2,685,000	3,088,178.50	5,773,178.50	–
February 1, 2009	–	3,028,705.75	3,028,705.75	–
June 30, 2009	–	–	–	8,801,884.25
August 1, 2009	3,285,000	3,028,705.75	6,313,705.75	–
February 1, 2010	–	2,954,464.75	2,954,464.75	–
June 30, 2010	–	–	–	9,268,170.50
August 1, 2010	3,940,000	2,954,464.75	6,894,464.75	–
February 1, 2011	–	2,865,026.75	2,865,026.75	–
June 30, 2011	–	–	–	9,759,491.50
August 1, 2011	4,645,000	2,865,026.75	7,510,026.75	–
February 1, 2012	–	2,757,727.25	2,757,727.25	–
June 30, 2012	–	–	–	10,267,754.00
August 1, 2012	5,410,000	2,757,727.25	8,167,727.25	–
February 1, 2013	–	2,630,592.25	2,630,592.25	–
June 30, 2013	–	–	–	10,798,319.50
August 1, 2013	6,240,000	2,630,592.25	8,870,592.25	–
February 1, 2014	–	2,482,080.25	2,482,080.25	–
June 30, 2014	–	–	–	11,352,672.50
August 1, 2014	7,140,000	2,482,080.25	9,622,080.25	–
February 1, 2015	–	2,310,363.25	2,310,363.25	–
June 30, 2015	–	–	–	11,932,443.50
August 1, 2015	8,110,000	2,310,363.25	10,420,363.25	–
February 1, 2016	–	2,114,101.25	2,114,101.25	–
June 30, 2016	–	–	–	12,534,464.50
August 1, 2016	9,155,000	2,114,101.25	11,269,101.25	–
February 1, 2017	–	1,889,803.75	1,889,803.75	–
June 30, 2017	–	–	–	13,158,905.00
August 1, 2017	10,290,000	1,889,803.75	12,179,803.75	–
February 1, 2018	–	1,636,155.25	1,636,155.25	–
June 30, 2018	–	–	–	13,815,959.00
August 1, 2018	11,510,000	1,636,155.25	13,146,155.25	–
February 1, 2019	–	1,350,707.25	1,350,707.25	–
June 30, 2019	–	–	–	14,496,862.50
August 1, 2019	12,825,000	1,350,707.25	14,175,707.25	–
February 1, 2020	–	1,030,723.50	1,030,723.50	–
June 30, 2020	–	–	–	15,206,430.75
August 1, 2020	14,245,000	1,030,723.50	15,275,723.50	–
February 1, 2021	–	673,174.00	673,174.00	–
June 30, 2021	–	–	–	15,948,897.50
August 1, 2021	15,770,000	673,174.00	16,443,174.00	–
February 1, 2022	–	275,770.00	275,770.00	–
June 30, 2022	–	–	–	16,718,944.00
August 1, 2022	10,900,000	275,770.00	11,175,770.00	–
June 30, 2023	–	–	–	11,175,770.00
TOTAL	$129,900,000	$74,830,411.24	$204,730,411.24	$204,730,411.24

Financial Guaranty Insurance Policy

Payment of the principal of and interest on the Insured Series 2005 Bonds (defined as the Series 2005 Bonds maturing on August 1, 2010 through August 1, 2022, inclusive) when due will be insured by a financial guaranty insurance policy to be issued by MBIA concurrently with the delivery of the Series 2005 Bonds. See "FINANCIAL GUARANTY INSURANCE" and APPENDIX G–"SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY." No representation is made by the Fire Protection District, the Underwriter or the Trustee as to the accuracy, completeness or adequacy of information provided under the "FINANCIAL GUARANTY INSURANCE POLICY" and contained in APPENDIX G, or as to the absence of material adverse changes in the condition of MBIA subsequent to the date hereof, including to but not limited to a downgrade in the credit ratings of MBIA.

FINANCIAL GUARANTY INSURANCE FOR THE INSURED SERIES 2005 BONDS

The following information has been provided by MBIA Insurance Corporation (the "MBIA") for use in this Official Statement. Reference is made to APPENDIX G for a specimen of the financial guaranty insurance policy (the "Policy").

The MBIA Insurance Corporation Insurance Policy

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Fire Protection District to the Trustee or its successor of an amount equal to (i) the principal of and interest on, the Insured Series 2005 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Insured Series 2005 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Insured Series 2005 Bonds. The Policy does not, under any circumstance, insure against loss relating to: (i) optional redemption; (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Insured Series 2005 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Insured Series 2005 Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Insured Series 2005 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of an Insured Series 2005 Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Insured Series 2005 Bonds or presentment of such other proof of ownership of the Insured Series 2005 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Insured Series 2005 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Insured Series 2005 Bonds in any legal proceeding related to payment of insured amounts on the Insured Series 2005 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Insured Series 2005 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Insured Series 2005 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Insured Series 2005 Bonds. MBIA does not guaranty the market price of the Insured Series 2005 Bonds nor does it guaranty that the ratings on the Insured Series 2005 Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2004, MBIA had admitted assets of $10.4 billion (unaudited), total liabilities of $7.0 billion (unaudited), and total capital and surplus of $3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2005 MBIA had admitted assets of $10.6 billion (unaudited), total liabilities of $7.0 billion (unaudited), and total capital and surplus of $3.6 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2005 and for the three month periods ended March 31, 2005 and March 31, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at http://www.mbia.com and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2004; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Insured Series 2005 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2005) are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA at its principal executive offices.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Series 2005 Bonds. However, it does not purport to be an exhaustive list of risks or other considerations which may be relevant to an investment in the Series 2005 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Limitation of Remedies

The rights of the owners of the Series 2005 Bonds are subject to the limitations on legal remedies against fire districts in the State of California (the "State"), including applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, now or hereafter in effect, and to the application of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or in law. Bankruptcy proceedings, if initiated, could subject the owners of the Series 2005 Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Limited Ability to Increase Revenues

The Fire Protection District receives its funding primarily from its allocated share of the 1% *ad valorem* property tax collected within its Service Area. The collection of property tax represents approximately 92% of total revenues received by the Fire Protection District and approximately 94% of its General Fund revenues. Events that are beyond the control of the Fire Protection District (such as a successful appeal by a property owner for a reduction in the assessed value of its property in the Service Area, or destruction of property caused by natural or other disasters) could occur, thereby causing a reduction in the property tax revenue received by the Fire Protection District. A reduction in property tax collections could have an adverse impact on the ability of the Fire Protection District to make timely payment of principal of and interest on the Series 2005 Bonds.

Additionally, the Fire Protection District has no power to increase the *ad valorem* property tax. See also the other limitations on property taxes described under "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

The receipt of the property tax by the Fire Protection District is dependent on the timely payment of property taxes by property owners within the Service Area. Substantial delinquencies or other reductions in the payment of property taxes on real property in the Service Area by a large number of property owners could have an adverse effect on the ability of the Fire Protection District to make timely debt service payments on the Series 2005 Bonds. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") pursuant to which the County advances 100% of the tax levy to the participating tax entity rather than the actual tax collections. However, the County could, in the future, discontinue such plan. See "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT–Revenues–*Property Taxes*."

Pension Benefit and Post Retirement Health Benefit Liability

Many factors influence the amount of the Fire Protection District's pension benefit liability, including, without limitation, inflationary factors, changes in statutory provisions of the Act, changes in the levels of benefit provided or in the contribution rates of the Fire Protection District, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods, and differences between the actual and anticipated investment experience of the Association. Any of these factors could give rise to additional liability of the Fire Protection District to the Association as a result of which the Fire Protection District would be obligated to use revenues to make additional payments to the Association. See "PLAN OF FINANCE" and "CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION."

In addition, employees who retire from the Fire Protection District are permitted to continue participation in the medical and dental health plans at subsidized rates, a portion of which are subsidized by General Fund revenues of the Fire Protection District. The cost of providing this benefit has increased substantially in recent years and future cost increases are expected. See "CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT–Post Retirement Benefits."

Reissuance of Series 2005 Bonds Upon Defeasance

Defeasance of any Series 2005 Bond may result in a reissuance thereof, in which event a holder will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in the Series 2005 Bonds.

Risk of Earthquake and Other Natural Disasters

There are several earthquake faults in the greater San Francisco Bay Area that potentially could result in damage to buildings, roads, bridges, and property within the Service Area in the event of an earthquake. Past experiences, including the 1989 Loma Prieta earthquake measuring 7.1 on the Richter scale with an epicenter approximately 60 miles south of the County, resulted in minimal damage to the infrastructure and property in the Service Area. Earthquake faults that could affect the Service Area include but may not be limited to the Hayward Fault in the western part of the County, and the Concord/Green Valley, Diablo and Calaveras Faults within the eastern portions of the County. See also "CONTRA COSTA FIRE PROTECTION DISTRICT–Self Insurance Program–*Property Insurance*."

Approximately 92% of total revenues and approximately 94% of General Fund Revenues of the Fire Protection District consist of property tax collections. If a severe seismic event were to occur in the Service Area, the resulting property damage, including flooding, could have a negative impact on assessed values and result in a reduction in revenues available to the Fire Protection District to make payments of debt service on the Series 2005 Bonds.

Changes in Law

There can be no assurance that the State Legislature will not at some future time enact legislation that will amend or create laws resulting in a reduction of moneys securing or available to pay the Series 2005 Bonds. Similarly, the State electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys securing or available to pay the Series 2005 Bonds.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Described below are certain measures which have impacted or may in the future impact the revenues of the Fire Protection District.

Article XIII A

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually at a rate not to exceed 2% per year, to reflect inflation, or a reduction in the consumer price index or comparable local data, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition and certain bonds approved by voters for school districts and community college districts pursuant to Proposition 39 for which approval of 55% of the voters is required.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disable persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the Fire Protection District.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As amended in June 1990, the appropriations limit for the Fire Protection District in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The appropriations limit for the Fire Protection District for Fiscal Year 2004-05 was \$291,153,343 and the amount shown in its budget as the appropriations subject to limitation was \$70,890,242. The projected appropriations limit for the Fire Protection District for Fiscal Year 2005-06 is \$330,138,000 and the amount shown in its budget as the appropriations subject to limitation is \$75,326,000. The Fire Protection District has never exceeded its appropriation limit.

Right to Vote on Taxes Initiative - Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the California Constitution, which contain a number of provisions affecting the ability of cities, counties and special districts to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of cities and counties require a majority vote and taxes for specific purposes require a two-thirds vote.

Any tax the Fire Protection District would attempt to levy would be considered a special tax and would require two-thirds voter approval. The voter approval requirements of Proposition 218 reduce the flexibility of the Board of Directors to raise revenues and no assurance can be given that the Fire Protection District will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements. In addition, Article XIII D contains new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks.

Article XIII D also contains 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 existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The city, county or special district 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, county or special district may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or 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 or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIII C removed 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 Fire Protection District will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges. "Assessment," "fee" and "charge" are not defined in Article XIII C, and it is not clear whether the definitions of these terms in Article XIII D (which are generally property related as described above) would be applied to Article XIII C. If the Article XIII D definitions are not held to apply to Article XIII C, the initiative power could potentially apply to revenue sources which currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the Fire Protection District will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

In addition, Proposition 218 added several requirements making it generally more difficult for local agencies to levy and maintain assessments for municipal services and programs.

Finally, Proposition 218 requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general government purposes of a county or city requires a majority vote and taxes for specific purposes, such as Fire Protection District purposes require a two-thirds vote. The voter approval requirements reduce the flexibility of the Board of Directors to deal with fiscal problems by raising revenue and no assurance can be given that the Fire Protection District will be able to raise taxes in the future to meet increased expenditure requirements.

Future Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts, including the Fire Protection District, to increase revenues or to increase appropriations which may affect the revenues of the Fire Protection District or its ability to expend its revenues.

CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

History and Overview

The Contra Costa County Fire Protection District (the "Fire Protection District") represents the consolidation and annexation of 10 predecessor fire agencies. The first consolidation took place in 1964 with the merger of the Central Fire Protection District and the Mt. Diablo Fire Protection District to form the Fire Protection District. In 1966, the Mountain View Fire District was annexed, in 1969, the Fire Department of the City of Martinez, the Lafayette Fire Protection District and the Bay Point Fire Protection District were annexed, and in 1971 the Briones Fire Protection District was annexed into the Fire Protection District. The second phase of consolidation and annexation occurred during July 1994 when the Riverview, West County and Pinole Fire Protection Districts were dissolved, and their territories were annexed into the Fire Protection District.

The Fire Protection District is located in the County, and covers approximately 304 square miles, serving a population exceeding 554,000 residents, which makes the Fire Protection District the largest in the County and the eighth largest in the State. The Fire Protection District contains nine incorporated cities: Antioch, Clayton, Concord, Lafayette, Martinez, Pittsburg, Pleasant Hill, San Pablo and Walnut Creek; and certain unincorporated areas within the County, including the areas of Bay Point, El Sobrante, Pacheco and Port Chicago (collectively, the "Service Area"). For a map of the Service Area, see page v.

The Fire Protection District provides fire protection and life safety services within the Service Area. The services include: fire suppression and prevention; emergency medical technician and paramedic services; rescue services; building plan review; fire code enforcement; public education; fire and arson investigation; and weed abatement. The Fire Protection District operates 30 fire stations (consisting of 28 full-time fire stations and two reserve fire stations), 24 paramedic-based engine companies, six truck companies, and two reserve firefighter engine companies. Of the 30 fire stations, one is operated pursuant to a long-term lease, the remaining 29 are owned by the Fire Protection District. The Fire Protection District also owns an administration building; the Contra Costa Regional Fire Communications Dispatch Center (the "Communications Dispatch Center"); a training center and house; a drill tower; an emergency medical services building; an apparatus shop; a supply warehouse building and a satellite Fire Prevention Bureau (the "FPB") office. The satellite FPB office is located in Antioch and provides fire prevention services within the eastern part of the Service Area. The administrative offices of the Fire Protection District are located at 2010 Geary Road, Pleasant Hill, California. For a map showing the location of the fire stations within the Fire Protection District, see page 21.

The Communications Dispatch Center is an around-the-clock emergency communications dispatch center located in Pleasant Hill near the administrative offices. The Communications Dispatch Center provides communication and dispatch services for eight of the 10 fire agencies located in the County; the exceptions are the City of Richmond Fire Department and the San Ramon Valley Fire Protection District. In calendar year 2004, the Communications Dispatch Center dispatched approximately 70,000 emergency calls. The Communications Dispatch Center operates using a computer-aided dispatch (CAD) system that verifies the location of a 911 call on a geographic information system (GIS)-driven map of the County. The CAD recommends the appropriate response, taking into consideration the location of the incident and the type of assistance required, and an Automatic Vehicle Location, using GPS satellite technology, ensures that the closest available unit is dispatched.

The Fire Protection District also participates in the State Safe Haven Program and Project Safe Place. The Safe Haven Program permits any person having lawful custody of a minor child, 72 hours old or younger, to surrender physical custody of the child to any employee of a public or private hospital emergency room or any additional location designated by the county board of supervisors without prosecution for child abandonment. The Board of Supervisors designated all fire stations in the County as receiving facilities for surrendered infants. Project Safe Place is a program designated to provide young people at risk of abuse, neglect or serious family problems with access and referral to immediate help and safety.

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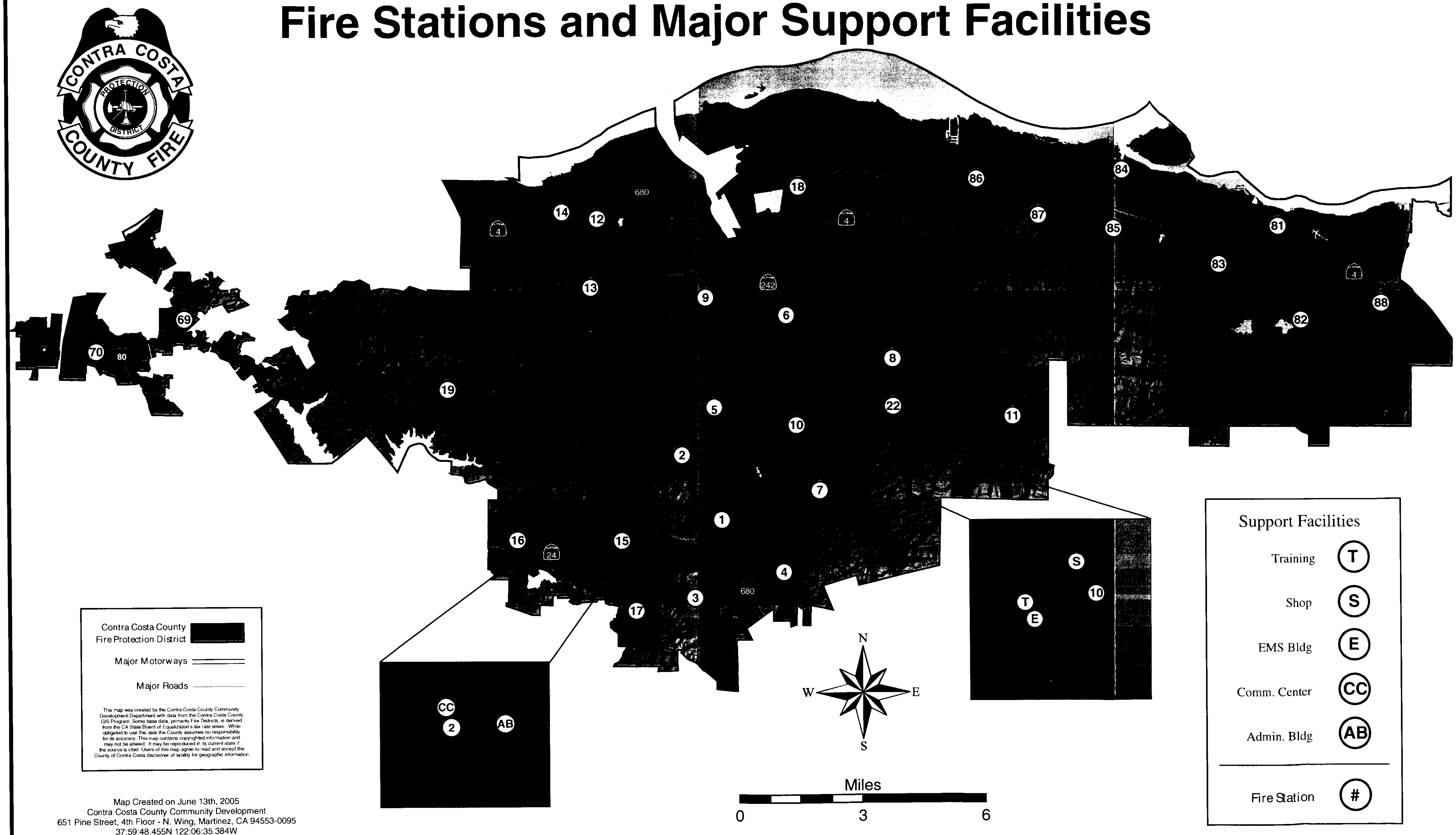
Contra Costa County Fire Protection District

Fire Stations and Major Support Facilities



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Governance

The Fire Protection District is governed by the Board of Directors which is responsible for establishing policy for the Fire Protection District. The Board of Supervisors also serves as the Board of Directors of the Fire Protection District and are listed on page i. A Fire Chief appointed by the Board of Directors acts as the Chief Administrative Officer of the Fire Protection District and is responsible for carrying out the policies established by the Board of Directors, and for the day-to-day management of the Fire Protection District and its resources. The Fire Chief reports operationally to the County Administrator. Once appointed, the Fire Chief serves at the pleasure of the Board of Directors. The Fire Protection District also employs two Assistant Fire Chiefs and a Chief of Administrative Services who oversee and manage fire suppression activities; emergency medical service responses; rescues; fire prevention; the Communications Dispatch Center; the vehicle maintenance shop; facilities maintenance; supply; budget and finance; human resources; and clerical support operations of the Fire Protection District. The two assistant fire chiefs are appointed by and serve at the pleasure of the Fire Chief.

The County Treasurer-Tax Collector and the County Auditor-Controller act as the Treasurer and the Auditor-Controller, respectively, of the Fire Protection District.

Brief biographies of the Fire Chief and the Senior Managers of the Fire Protection District are set forth below:

Keith B. Richter, Fire Chief. Chief Richter was appointed as Fire Chief by the Board of Directors in May 1998. Prior to joining the Fire Protection District, he served from 1977 to 1998 in various positions from Firefighter to Assistant Chief-Operations Division with the City of Tucson Fire Department.

Chief Richter holds a Bachelor of Science in Fire Administration from Cogswell Polytechnic College, is a graduate of the National Fire Academy Executive Fire Officer Program, has completed the Senior Executives in State and Local Government Program at the Kennedy School of Government, Harvard University, and is attending the Masters Program in Executive Fire Service Leadership, Grand Canyon University. Chief Richter is a member of the California Fire District Association, the National Fire Protection Association, the National Society of Executive Fire Officers, the California Fire Chiefs Association, and the International Association of Fire Chiefs, and is a member of the Board of Directors of the Metropolitan Fire Chiefs Association.

Richard D. Grace, Assistant Chief - Operations Division. Assistant Chief Grace was appointed to his position in April 2003. He oversees the 30 fire stations and is responsible for management of emergency operations of the Fire Protection District, which includes responding to fires, rescues and emergency medical calls. He also supervises training and emergency medical oversight functions. Prior to joining the Fire Protection District, Assistant Chief Grace served from 1976 through 2003 in various capacities, from Firefighter/EMT to Division Chief-Emergency Operations Division with the City of Portland Fire and Rescue Department.

Assistant Chief Grace holds a Bachelor of Arts in Political Science and a Masters of Public Administration from Portland State University. He also holds certifications as a Certified Fire Investigator, an Emergency Medical Technician-Basic and a Hazardous Material Technician and is certified under the Uniform Fire Code. Assistant Chief Grace is a member of the International Association of Arson Investigators, the Uniform Fire Code Association, the National Fire Protection Association, the Western Fire Chiefs Association and the International Association of Fire Chiefs.

John W. Ross, Assistant Chief - Support Services Division. Assistant Chief Ross was appointed to his position in April 2003. He is responsible for administering and managing the Fire Prevention Bureau including fire code enforcement, building plan review, weed abatement, fire and arson investigations and public education; the Communications Dispatch Center; the vehicle maintenance shop (which services approximately 200 vehicles); buildings and grounds maintenance and repair activities; and supply operation. Prior to joining the Fire Protection District, he served as Fire Chief of the Town of Payson Fire Department in Arizona from 1998 through 2003. Prior to that he served from 1974 through 1998 in various positions from firefighter to Assistant Chief-Fire Prevention Bureau with the City of Tucson Fire Department.

Assistant Chief Ross is pursuing a Bachelor of Science in Fire Administration from Cogswell Polytechnic College. He has also completed the Advanced Public Executive Program at Arizona State University and has completed management and leadership courses at the National Fire Academy. Assistant Chief Ross is a member of the Western Fire Chiefs Association and the International Association of Fire Chiefs.

Michael H. George, Chief of Administrative Services. Mr. George joined the Fire Protection District in June 1980. He is responsible for budgeting and finance matters including the preparation and revision of budgets and monitoring and controlling the fiscal activities of the Fire Protection District. He is also responsible for managing the human resources and clerical functions, including supervising the Personnel Officer and the Office Manager. Prior to joining the Fire Protection District, Mr. George served as a personnel analyst from 1971 to 1980 with the County Human Resources Department.

Mr. George holds a Bachelor of Science in Industrial Engineering from the University of Dayton, Ohio. He has completed training courses conducted by the California Special Districts Association including a "Finance Professionals Administration Workshop" and seminars on topics including Fiscal Leadership and Strategic Financial Planning, Asset Preservation, Infrastructure Self-Assessment, Financial Control, Successful Budget Formats and Debt Financing vs. Pay-As-You Go. Mr. George has also completed training in various personnel-related topics including hiring and firing, labor negotiations and handling of grievances. Mr. George is a current member of the Supervisory Committee that oversees the Contra Costa Federal Credit Union and is a past member of the California Fire Chiefs Association and the International Personnel Management Association.

Employees

The employees of the Fire Protection District are classified as either safety or general employees for retirement purposes. Safety employees include, among others, the fire chief, assistant chiefs, battalion chiefs, the fire marshal, the training chief, fire captains, fire engineers, firefighter-paramedics, firefighters, fire investigators and inspectors, and certain training and fire prevention employees. Safety employees comprise approximately 85% of the workforce.

All other employees, including, certain administrative and clerical staff, apparatus mechanics, technicians and dispatchers are classified as general employees.

A summary of the number of permanent full-time budgeted positions in the Fire Protection District is set forth in Table 1.

Table 1
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
PERMANENT FULL-TIME BUDGETED POSITIONS

	Number of Permanent Full-Time Budgeted Positions		
Fiscal Year	Safety	General	Total
2001-02	342	58	400
2002-03	348	59	407
2003-04	345	58	403
2004-05	344	62	406
2005-06	344	62	406

Source: Contra Costa County Fire Protection District.

Of the total number of permanent full-time budgeted positions for Fiscal Year 2005-06, as of the date of this Official Statement, 369 are filled, representing 311 safety employees and 58 general employees. Of the safety employees, 75 are over the age of 50 and of those, 11 have 30 or more years of service. Of the general employees, 17 are over the age of 50 and of those, five have 30 or more years of service. See also "CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION."

Emergency Preparedness

In 1999 the Fire Protection District upgraded its facilities to anticipate natural and technological disasters. Generators at the Communications Dispatch Center were replaced, uninterruptible power supplies were installed, the computer network and telephone systems were upgraded and made less vulnerable to failure and the underground fuel storage tanks were replaced with above-ground concrete vaults. In addition the Training Center Facility was modified to serve as the County's backup Emergency Operations Center and improvements to the power, telecommunications and water supply systems were installed.

Following the terrorist attacks of September 11, 2001, the Fire Protection District reviewed its existing facilities and safety and security procedures. As a result, additional security gates and fencing were installed, telecommunications facilities were upgraded and other security measures were installed in the Communications Dispatch Center and Administration Building. In addition, procedures to deal with bioterrorism events were developed and implemented.

Budget Process

Overview. The Fiscal Year of the Fire Protection District for budgeting purposes is from July 1 to June 30 of the following year. State law requires the Fire Protection District to adopt a preliminary budget on or before June 30 for the upcoming Fiscal Year, and a final budget on or before October 1. The Fire Protection District's budget process is on the same schedule as the budget process for the County.

The Fire Protection District's budget is categorized into the following five components: Salaries and Benefits; Services and Supplies; Other Charges (primarily, payments to the County for services received); Fixed Assets (capital); and Debt Service. Generally, in December of each year, the Chief of Administrative Services initiates the budget process for the upcoming Fiscal Year by sending budget request forms with respect to the "Services and Supplies" and "Other Charges" budget components to managers and other personnel involved in the budget preparation process. The completed forms are then reviewed by middle management (*i.e.* the battalion chiefs, the training chief, the fire marshal, etc.) and ultimately by Senior Managers to determine the amounts to be budgeted for Services and Supplies and Other Charges.

Based on discussions with the Fire Chief and the Assistant Chiefs, the Chief of Administrative Services determines the number of positions that will be funded in the preliminary budget, calculates the overall salary and benefit costs and determines the amounts required for capital projects and debt service. In developing the preliminary budget, the Chief of Administrative Services projects current Fiscal Year's expenditures and revenues, forecasts the upcoming Fiscal Year's expenditures and revenues, and projects end-of-year fund balances for both the current and upcoming Fiscal Years.

Once completed, the preliminary budget is submitted to the County Administrator's Office and Auditor-Controller's Office and is subsequently approved by the Board of Directors. The Fire Chief and Chief of Administrative Services formally present the budget to the Board of Directors for consideration. After conducting public hearings and deliberating the details of the budget, the Board of Directors adopts the final budget (the "Adopted Budget"). Until the Adopted Budget is approved, the operations of the Fire Protection District are governed by the preliminary budget.

In order to ensure the budget remains in balance throughout the Fiscal Year, the Chief of Administrative Services monitors actual versus budgeted expenditures and revenue receipts. Each month, the Chief of Administrative Services prepares reports that detail expenditure activity within program budgets and provides summary information on all expenditures by line item. If any action is necessary to ensure expenditures and revenues are in alignment, the Chief of Administrative Services recommends appropriate corrective action to the Fire Chief. Additionally, the Adopted Budget may be adjusted from time-to-time during the course of the Fiscal Year to reflect redirection of appropriations and receipt of additional unanticipated revenues (*e.g.* grants, insurance proceeds, etc.) (the "Adjusted Budget").

Accounts and Records. The County Auditor-Controller processes financial transactions initiated by the Fire Protection District. Revenues of the Fire Protection District, which are primarily derived from property taxes (representing approximately 92% of total revenues and approximately 94% of General Fund revenues), are deposited with the County Treasurer-Tax Collector and all claims against the Fire Protection District are paid and warrants issued by the County Auditor-Controller.

Claims or invoices for goods and services received by the Fire Protection District must be approved by a manager before payment is authorized. Upon approval, the Chief of Administrative Services or other Senior Manager executes documents which are forwarded to the County Auditor-Controller to process payment. The Auditor-Controller's Office verifies that the amounts to be paid are within the budgeted appropriations. If they are not, the Auditor-Controller's Office will not pay such amounts until action has been taken to provide the needed appropriations by recognizing additional revenue, processing internal adjustments between existing expenditure accounts or effecting transfers from other funds.

Cash and Cash Equivalents. For purposes of the statement of net assets/balance sheet, the Fire Protection District considers all short-term highly liquid investments, including restricted assets, amounts held with fiscal agent and amounts held in the County's investment pool to be cash and cash equivalents. Amounts held with the fiscal agent and investments held in the County's investment pool are available on demand to the Fire Protection District.

Cash and Investments. The Fire Protection District maintains specified cash deposits and investments with the County and participates in the investment pool of the County (the "County Investment Pool"). The Fire Protection District's share of the County Investment Pool is separately accounted for and interest earned, net of related expenses, is appropriated quarterly and at the end of the Fiscal Year based upon the relationship of its daily cash balance to the total of the pooled account. The County has an investment oversight committee that meets quarterly to monitor and report on all investment activities of the County Treasurer's Office. At June 30, 2004, the combined total amount of the Fire Protection District's cash and investments held with the County Investment Pool was $38,262,714. As of June 8, 2005, the estimated combined total amount held with the County was $36,244,282.

At June 30, 2005, all cash held by fiscal agents was covered by federal depository insurance or by collateral held by such agents in the name of the Fire Protection District. The cash and investments at June 30, 2005, are set forth in Table 2 were as follows:

Table 2
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
CASH AND INVESTMENTS
(AS OF JUNE 30, 2005)

Cash in County treasury	$28,156,259
Investments held in Treasury	5,485,000
TOTAL	$33,641,259

Source: Contra Costa County Treasurer.

State law requires that all monies of the County, County school districts, and certain special districts located within the County including the Fire Protection District, be held in the County Treasury by the County Treasurer. The County Treasurer has authority to implement and oversee the investment of such funds in the County Investment Pool in accordance with Section 53600 *et seq.* of the Government Code. The County Treasurer accepts funds only from agencies located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, State and federal funding and other fees and charges.

The Contra Costa County Investment Policy (the "Policy") governs the investments in the County Investment Pool. The Policy has historically been more restrictive than that mandated under the Government Code. Although the Policy permits reverse repurchase agreements between the County and primary dealers with the Federal Reserve Bank of New York, the County currently does not intend to engage in such transactions.

In order of priority, the objectives of the Policy are the preservation of capital, liquidity and yield. The preservation of capital is the foremost goal of any investment decision, and investments generally are made so that securities can be held to maturity. Once safety and liquidity objectives have been achieved, the Treasurer then attempts to generate a favorable return by maximizing interest earnings without comprising the first two objectives. A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted quarterly to the County Administrator, the Auditor-Controller and the Board of Supervisors.

The investment portfolio is sufficiently flexible to enable the County to meet all disbursement requirements that are anticipated from any fund.

Compensated Absences and Sick Leave. In general, 40-hour employees receive eight hours sick leave per month, with unlimited accrual, and accrue vacation based on their years of service, starting with three weeks (or 10 hours per month) and graduating up to a maximum of seven weeks (23-1/3 hours per month) after 30 years of service. Employees who average a 56-hour work week (fire suppression personnel who work 24-hour shifts and three shifts in a nine-day cycle) receive 12 hours sick leave per month and accrue vacation based on their years of service in a manner proportionate to 40-hour employees. In the event of separation, employees are paid for their unused vacation hours.

Employees are not paid for unused sick leave hours, except management employees (including Fire Chief, Senior Managers and others) who are eligible to be paid for accrued unused sick leave upon separation. In order to qualify for this benefit, eligible management employees are required to have a balance of at least 70% of their sick leave accruals, have been employed for a minimum of three years and have separated employment from the Fire Protection District for a reason other than retirement. The maximum amount payable under this plan is 50% of unused sick leave; payments are viewed as being in lieu of retirement benefits since payment is not available if the management employee is eligible to retire. A limited number of represented non-management employees (clerical and maintenance) are eligible to receive compensatory time-off in lieu of overtime pay. Generally, 40-hour employees receive personal holiday time at the rate of two hours per month. Management employees are credited with 60 hours of administrative leave each calendar year to recognize the fact that they receive no compensation for working overtime. Both compensatory time-off and personal holiday time are paid at separation, whereas administrative leave is not. The total accrued liability for unused personal holiday time and vacation for the Fire Protection District as of June 30, 2003 was valued at $3,202,659, $3,191,024 as of June 30, 2004 and is estimated to be $3,200,000 as of June 30, 2005. In compliance with GASB Statement No. 16, *Accounting for Compensated Absences*, the amounts reported include estimated employer liability for payroll taxes.

Alternatively, as an incentive to judiciously use sick leave accruals, the Fire Protection District employees can convert 100% of accrued, unused sick leave as an additional service credit upon retirement for the purpose of determining retirement benefits.

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Presented in Table 3 is the Statement of Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2001-02 through 2003-04 and the projected results for Fiscal Year 2004-05. See also APPENDIX A–"CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS PREPARED BY THE COUNTY AUDITOR-CONTROLLER FROM COMBINED INFORMATION PRESENTED IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORTS OF THE COUNTY FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND JUNE 30, 2004."

Table 3
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES[1]
ACTUAL FISCAL YEARS 2001-02 THROUGH 2003-04 AND PROJECTED FISCAL YEAR 2004-05

	2001-02	2002-03	2003-04	(Projected) 2004-05
REVENUES				
Taxes[2]	$58,204,005	$62,332,449	$66,255,529	$70,897,242
Licenses, Permits and Fees	149,470	74,655	107,350	102,974
Fines/Forfeitures/Penalties	0	2,136	1,229	0
Use of Money and Property	454,398	241,812	166,527	192,082
Intergovernmental[3]	2,256,838	2,811,782	2,969,194	3,742,835
Charges for Services	2,217,171	2,067,718	2,363,528	3,197,068
Other Revenues	534,663	50,835	48,738	798,461
TOTAL REVENUES	$63,816,545	$67,581,386	$71,912,095	$78,930,662
EXPENDITURES				
Salaries and Benefits	$46,863,842	$54,972,573	$60,183,302	$65,830,358
Services and Supplies	6,834,352	6,218,726	5,649,730	7,337,448
Other Charges[4]	1,867,845	2,260,415	2,530,538	2,657,061
Capital	5,563,184	4,523,828	3,013,218	4,203,066
Expenditure Transfers	50,000	0	0	0
Reimbursements - Govt. to Govt.	0	191	0	0
Debt Service[5]	–	–	369,122	369,122
TOTAL EXPENDITURES	$61,179,222	$67,975,734	$71,745,911	$80,397,055
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	2,637,323	(394,348)	166,184	(1,466,393)
Fund Balance at Beginning of Year	$26,165,122	$29,450,500	$29,056,152	$29,222,337
GASB 34 Transfers In	648,055	–	–	–
Fund Balance at End of Year[6]	$29,450,500	$29,056,152	$29,222,337	$27,755,944

(1) Columns may not total due to independent rounding.
(2) Represents property taxes. Amounts shown are net of the amounts required to be paid to redevelopment agencies.
(3) Includes payments from the State attributable to property taxes equal to homeowners' exemptions and pass-thru payments from the redevelopment agencies. See "–Revenues–*Property Taxes*–Tax Levies, Collections and Delinquencies."
(4) Represents amounts paid to the County for services provided by various departments including, but not limited to, Human Resources, the County Auditor-Controller, property tax administration charges, medical exams, etc.
(5) Represents payments made pursuant to the Paulson Agreement. See "PLAN OF FINANCE–Paulson Obligation."
(6) The Board of Directors adopted the Reserve Policy that requires maintenance of minimum reserves equal to 10% of General Fund budgeted expenditures. See "–Reserve Policy."

Sources: County Auditor-Controller for Fiscal Years 2001-02 through 2003-04 and Contra Costa County Fire Protection District for (Projected) Fiscal Year 2004-05.

Reserve Policy

On June 21, 2005, the Board of Directors unanimously adopted a resolution establishing a reserve policy to maintain the long-term financial stability of and provide contingency funding for the Fire Protection District (the "Reserve Policy"). The Reserve Policy requires that the Fire Protection District maintain a minimum reserve (based on available fund balance) in an amount equal to 10% of the General Fund budgeted expenditures. The reserve may be used only for emergencies, non-recurring expenditures or capital acquisitions, as determined by the Board of Directors in accordance with the Reserve Policy. In the event that the reserve falls below the 10% minimum requirement, any request to utilize the reserve funds must be approved by the Board of Directors and must be accompanied with recommendations to restore the reserve to the minimum requirement.

The Board of Directors is required each Fiscal Year to review the final General Fund budget for compliance with the Reserve Policy.

Recent Budgets

Set forth in Table 4 below is a description of the comparative budgeted and actual amounts for revenues and expenditures of the Fire Protection District for Fiscal Years 2002-03 and 2003-04, the adjusted budget for Fiscal Year 2004-05 and the Adopted Budget for Fiscal year 2005-06. For the financial statements of the Fire Protection District for Fiscal Years 2002-03 and 2003-04, see APPENDIX A–"CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS PREPARED BY THE COUNTY AUDITOR-CONTROLLER FROM COMBINED INFORMATION PRESENTED IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORTS OF THE COUNTY FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND JUNE 30, 2004."

Fiscal Year 2002-03. The Fire Protection District adopted its Fiscal Year 2002-03 Final Budget (the "2002-03 Budget") on August 13, 2002. The 2002-03 Budget realized $67.6 million in total revenues, of which approximately 92.2% came from property taxes. Total actual expenditures were $68.0 million for Salaries and Benefits, Services and Supplies, Other Charges and Fixed Assets (capital) which includes vehicles, major construction projects and major equipment costs.

Fiscal Year 2003-04. The Fire Protection District adopted its Fiscal Year 2003-04 Final Budget (the "2003-04 Budget") on June 24, 2003. The 2003-04 Budget realized $71.9 million in total revenues, of which approximately 92.1% came from property taxes. Total actual expenditures were $71.7 million for Salaries and Benefits, Services and Supplies, Other Charges, Fixed Assets (capital) and Debt Service.

Fiscal Year 2004-05. The Fire Protection District adopted its Fiscal Year 2004-05 Final Budget (the "2004-05 Budget") on June 29, 2004. The 2004-05 Budget anticipates $78.9 million in total revenues, of which approximately 89.8% is expected to come from property taxes. Total projected expenditures are $80.4 million for Salaries and Benefits, Services and Supplies, Other Charges, Fixed Assets (capital) and Debt Service.

Fiscal Year 2005-06. The Fire Protection District adopted its Fiscal Year 2005-06 Final Budget (the "2005-06 Adopted Budget") on June 28, 2005. The 2005-06 Budget anticipates $82.4 million in total revenues, of which approximately 91.4% is expected to come from property taxes. Total projected expenditures is $93.5 million for Salaries and Benefits, Services and Supplies, Other Charges including lease-purchase costs for six fire engines (See "–Long Term Obligations"), fixed assets (capital) and Debt Service. The 2005-06 Adopted Budget does not reflect the issuance of the Series 2005 Bonds. Upon issuance of the Series 2005 Bonds budget adjustments will be necessary and are expected to be made during September 2005.

Table 4
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL AMOUNTS
FOR FISCAL YEARS 2002-03 AND 2003-04,
ADJUSTED BUDGET FOR FISCAL YEAR 2004-05
AND ADOPTED BUDGET FOR FISCAL YEAR 2005-06

	Adjusted Budget 2002-03	Actual 2002-03[1]	Adjusted Budget 2003-04	Actual 2003-04[1]	Adjusted Budget 2004-05	Adopted Budget 2005-06
REVENUES						
Taxes[2]	$63,459,000	$62,332,449	$67,289,000	$66,255,529	$70,897,242	$75,326,000
Licenses, Permits and Fees	282,000	74,655	145,000	107,350	102,974	161,000
Intergovernmental[3]	1,166,000	2,811,782	1,166,000	2,969,194	3,742,835	3,606,000
Charges for Services	1,705,875	2,067,718	2,748,273	2,363,528	3,197,068	3,173,904
Use of Money and Property	322,094	241,812	214,200	166,527	192,082	150,000
Fines/Forfeitures/Penalties	–	2,136	–	1,229	0	0
Miscellaneous	–	50,835	1,100,000	48,738	798,461	0
TOTAL REVENUES	$66,934,969	$67,581,386	$72,662,473	$71,912,095	$78,930,662	$82,416,904
EXPENDITURES						
Salaries and Benefits	$58,353,880	54,972,573	$64,874,853	$60,183,302	$65,830,358	$76,612,080
Services and Supplies	11,136,803	6,218,726	8,441,988	5,649,730	7,337,448	8,253,681
Other Charges[4]	2,370,533	2,260,415	3,372,182	2,530,538	2,657,061	2,925,186
Fixed Assets	12,710,781	4,523,828	11,552,722	3,013,218	4,203,066	5,295,715
Reimbursements - Govt. to Govt.	192	191	–	–	–	–
Debt Service[5]	–	–	369,122	369,122	369,122	369,122
TOTAL EXPENDITURES	$84,572,189	$67,975,734	$88,610,867	$71,745,911	$80,397,055	$93,455,784
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(17,637,219)	(394,348)	(15,948,394)	166,184	(1,466,393)	(11,038,880)
Fund Balance at Beginning of Year	–	$29,450,500	–	$29,056,152	$29,222,337	27,755,944
Fund Balance at End of Year[6]	–	$29,056,152	–	$29,222,337	$27,755,944	$16,717,064

(1) Columns may not total due to independent rounding.
(2) Represents property taxes. Amounts shown are net of the amounts required to be paid to redevelopment agencies.
(3) Includes payments from the State attributable to property taxes equal to homeowners' exemptions and pass-thru payments from the redevelopment agencies. See "–Revenues–*Property Taxes*–Tax Levies, Collections and Delinquencies."
(4) Represents amounts paid to the County for services provided by various departments including, but not limited to, Human Resources, the County Auditor-Controller, property tax administration charges, medical exams, etc.
(5) Represents payments made pursuant to the Paulson Agreement. See "PLAN OF FINANCE–Paulson Obligation."
(6) The Board of Directors adopted the Reserve Policy that requires maintenance of minimum reserves equal to 10% of General Fund budgeted expenditures. See "–Reserve Policy."

Source: Contra Costa County Fire Protection District and County Auditor-Controller.

Revenues

Approximately 92% of the total revenues of the Fire Protection District consist of property taxes collected by the County and allocated to the Fire Protection District. For a description of the sources representing the remaining 8% of revenues of the Fire Protection District, see "*–Other Revenues.*" The Fire Protection District receives its allocated portion of the 1% *ad valorem* property tax collected by the County in compliance with Article XIII A of the State Constitution and implementing legislation related thereto. The State Constitution prohibits an increase in such property tax, subject to certain exceptions, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Property Taxes. The County administers the property tax levy and collection system for the County and all its political subdivisions, including the Fire Protection District, as required by State law. State law exempts $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State.

Table 5 below summarizes the assessed valuations within the Service Area and the property taxes received by the Fire Protection District.

Table 5
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
SERVICE AREA ASSESSED VALUATIONS AND PROPERTY TAXES

	Assessed Value			
Fiscal Year	Local Secured	Unsecured	Total	Property Taxes Received(1)
2000-01	$40,210,256,469	$1,712,630,392	$41,922,886,861	$53,201,848
2001-02	43,512,592,560	2,457,550,210(2)	45,970,142,770	58,204,005
2002-03	46,735,594,733	2,729,908,650	49,465,503,383	62,332,450
2003-04	50,739,912,002	2,345,330,977(3)	53,085,242,979	66,255,529
2004-05†	54,769,997,694	2,321,265,770	57,091,263,464(4)	70,049,751

† Projected.

(1) Amounts shown exclude additional property taxes received from the State in lieu of homeowners' property tax exemptions. Those amounts are reflected in "Intergovernmental" revenues. See Table 3–"Statement of Revenues, Expenditures and Changes in Fund Balances Actual Fiscal Years 2001-02 through 2003-04 and Projected Fiscal Year 2004-05" and Table 4–"Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Amounts for Fiscal Year 2002-03 and 2003-04, Adjusted Budget for Fiscal Year 2004-05 and Adopted Budget for Fiscal Year 2005-06." The amount received by the Fire Protection District from this source has averaged $1.07 million over the last 10 years.

(2) Increase compared to Fiscal Year 2001-02 is due to electric power plants being removed from the Unitary Roll and placed on the Local Roll.

(3) Decrease compared to Fiscal Year 2004-05 is due to electric power plants being removed from the Local Roll and placed on the Utility Roll.

(4) Does not reflect assessment appeals in the Service Area in the aggregate amount of $1.46 billion. See "–Assessment Appeals."

Source: County Auditor-Controller.

<u>Tax Levies, Collections and Delinquencies</u>. The County administers the property tax levy and collection system for the County and all local governments in the County. Taxes are levied for each fiscal year on taxable real and personal property that is 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 County 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 the 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 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

County Treasurer-Tax Collector's power of sale and may be subsequently sold by the County Treasurer-Tax Collector.

Legislation established the "supplemental roll" in 1984, which directs the County Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new 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 are made on a monthly basis and are due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10 and the second on April 10. 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. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent.

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 interest, belonging to the taxpayer.

The County and its political subdivisions operate under the Teeter Plan pursuant to provisions of Sections 4701-4717 of the California Revenue and Taxation Code. See "–Teeter Plan." Pursuant to those sections, the accounts of all political subdivisions that levy taxes on the County tax rolls are credited with 100% of their respective tax levies regardless of actual payments and delinquencies. The County Treasury's cash position (from taxes) is protected by a special fund (the "–Teeter Plan") into which all County-wide delinquent penalties are deposited. The County has used this method since Fiscal Year 1950-51.

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

There are nine separate redevelopment agencies within the Service Area. Pursuant to the Community Redevelopment Law of the State, redevelopment agencies are allocated a portion of the increase in taxable valuation of property within each redevelopment district above the applicable base year value. In Fiscal Year 2004-05 the Fire Protection District lost approximately $10.25 million in net property tax revenue to the redevelopment agencies (representing a $12.78 million gross loss, less approximately $2.53 million in pass-thru payments required to be made to the Fire Protection District by the redevelopment agencies pursuant to the Community Redevelopment Law). The amounts of property tax revenues presented in this Official Statement represent the net property tax revenue received by the Fire Protection District.

Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is set forth in Sections 4701-4717 of Revenue and Taxation Code of the State of California. The name "Teeter" refers to the then Auditor-Controller of the County, Desmond Teeter, who originated this method of tax distribution. Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While the County bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State.

Largest Taxpayers. The largest taxpayers in the Service Area, as shown on the Fiscal Year 2004-05 secured tax roll, and the amounts and percentage of their total secured assessed valuation for all taxing jurisdictions within the Service Area are listed in the following table.

Table 6
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
LARGEST SECURED TAXPAYERS IN THE SERVICE AREA
FISCAL YEAR 2004-05

Taxpayer	Land Use	Secured Assessed Value	% Total Secured Assessed Value
Equilon Enterprises LLC	Heavy Industrial	$1,730,545,999	3.16%
Delta Energy Center	Power Plant	509,700,000	0.93
Mirant Delta LLC	Power Plant	292,600,000	0.53
USS Posco Industries	Heavy Industrial	283,467,110	0.52
First Walnut Creek Mutual	Cooperatives – Rossmoor	212,993,620	0.39
Second Walnut Creek Mutual	Cooperatives – Rossmoor	163,077,570	0.30
Bank of America	Office Building	160,294,284	0.29
Wells Fargo Bank	Regional Shopping Center/Mall	153,212,993	0.28
Dow Chemical Company	Heavy Industrial	105,434,354	0.19
Chevron USA Inc.	Office Building	93,956,363	0.17
Macerich Northwest Associates	Shopping Center	93,773,920	0.17
Sierra Pacific Properties	Office Building	92,848,270	0.17
SUBTOTAL		$3,891,904,483	7.11
All Others		50,878,093,214	92.89
TOTAL		$54,769,997,694	100.00%

Source: California Municipal Statistics, Inc.

Pending Assessment Appeals. Property tax values determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner which would also result in a reduction in property tax revenues received by the Fire Protection District.

In Fiscal Year 2004-05, major property tax assessment appeals by businesses, the oil industry and power plants total an aggregate of $1,466,021,986 in disputed value. Hearings on these appeals are scheduled to occur in Fiscal Year 2005-06. If all of the appeals are granted in full, the potential loss of revenue to the Fire Protection District in Fiscal Year 2005-06 based on the reduced assessed value would be approximately $1,011,555.

Table 7 lists the secured taxpayers who have filed such appeals for amounts greater than $50 million, the assessed value, the reduction requested and year for which the reduction was requested.

Table 7
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
PENDING ASSESSMENT APPEALS WITHIN THE SERVICE AREA
AS OF FISCAL YEAR 2004-05

Property Owner	No. Parcels	Assessed Value	Reduction Request	Fiscal Year Appeal Valuation Request
Principal Taxpayers				
Equilon Enterprises LLC	4	$1,621,548,340	$1,001,341,256	2004-05
Calpine Corp./Los Medanos Energy Center	1	377,443,028	247,443,028	2004-05
USS Posco Industries	1	273,927,999	163,247,999	2004-05
California State Teachers Retirement System	1	58,989,703	53,989,703	2004-05
TOTAL	7	$2,331,909,070	$1,466,021,986	

Pending Appeals as a Percentage of Service Area 2.56%

Source: County Auditor-Controller.

The County Assessor believes the values assessed to property in the Service Area are accurate and does not expect that there will be significant reductions in assessed value. The County Assessor does not provide estimates of expected reductions in the case of assessment appeals.

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Overlapping Debt Statement.

2004-05 Assessed Valuation:	$57,091,263,464
Redevelopment Incremental Valuation:	8,358,670,885
Adjusted Assessed Valuation:	$48,732,592,579

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/05
Bay Area Rapid Transit District	14.545%	$ 14,545,000
Contra Costa Community College District	46.975	43,029,100
Martinez Unified School District	99.960	35,043,446
Mt. Diablo Unified School District	94.741	159,847,015
Pittsburg Unified School District	99.970	43,711,883
San Ramon Valley Unified School District	0.748	908,080
West Contra Costa Unified School District	13.128	49,969,681
Acalanes Union High School District	66.044	79,243,623
Liberty Union High School District	1.801	1,226,169
Brentwood Union School District	3.450	1,769,605
Lafayette School District	99.753	26,010,595
Orinda Union School District	0.219	34,887
Walnut Creek School District	99.999	30,544,695
City of Lafayette	100.	10,185,000
West Contra Costa Healthcare District Parcel Tax Obligations	12.084	3,141,840
East Bay Municipal Utility District	13.198	402,539
East Bay Regional Park District	21.486	31,249,238
Community Facilities Districts	100.	240,113,810
1915 Act Bonds	Various	111,061,858
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$882,038,064
Less: East Bay Municipal Utility District (100% self-supporting)		402,539
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$881,635,525
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	46.908%	$148,036,957
Contra Costa County Pension Obligations	46.908	260,215,094
Contra Costa County Office of Education Certificates of Participation	46.908	795,091
Contra Costa County Mosquito Abatement District Certificates of Participation	46.908	136,033
Contra Costa County Fire Protection District	**100.**	- (1)
Contra Costa Community College District Certificates of Participation	46.975	594,234
Alameda-Contra Costa Transit District Certificates of Participation	1.385	287,180
Antioch Unified School District Certificates of Participation	95.357	15,539,197
Mt. Diablo Unified School District Certificates of Participation	94.741	6,167,639
Pittsburg Unified School District Certificates of Participation	99.970	13,151,054
West Contra Costa Unified School District Certificates of Participation	13.128	1,232,719
Liberty Union High School District Certificates of Participation	1.801	44,755
Brentwood Union School District Certificates of Participation	3.450	209,415
City of Antioch General Fund Obligations	100.	30,471,544
City of Concord General Fund and Judgment Obligations	100.	37,735,000
City of Martinez Certificates of Participation	99.948	1,785,931
City of Pleasant Hill General Fund Obligations	100.	8,265,000
City of Walnut Creek General Fund Obligations	100.	1,500,000
Pleasant Hill Recreation and Park District Certificates of Participation	100.	2,815,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$528,981,843
GROSS COMBINED TOTAL DEBT		$1,411,019,907 (2)
NET COMBINED TOTAL DEBT		$1,410,617,368

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

Ratios to 2004-05 Assessed Valuation:
Total Gross Overlapping Tax and Assessment Debt 1.54%
Total Net Overlapping Tax and Assessment Debt.. 1.54%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt .... -%
Gross Combined Total Debt... 2.90%
Net Combined Total Debt 2.89%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

Other Revenues. While property taxes represent the principal source of revenue each year, the Fire Protection District also receives revenues from the following sources: homeowners' exemption property tax relief payments from the State; redevelopment agency pass-thru amounts; Measure H allocations (a voter-approved parcel tax for emergency medical supplies, equipment, training and paramedic costs) from the County Health Services Department; weed abatement charges; interest earnings; developer fees; proceeds from the sale of surplus real property and equipment; and dispatch charges collected pursuant to agreements for providing communications/dispatching services to other fire agencies including the East Contra Costa, Crockett-Carquinez, Moraga-Orinda and Rodeo-Hercules fire protection districts and the City of Pinole Fire Department. These revenues represent approximately 8% of the total revenues of the Fire Protection District.

Financial Statements

The financial statements of the Fire Protection District are prepared by the County Auditor-Controller and are combined with financial statements of the other five fire protection districts within the County as presented in the Comprehensive Annual Report of the County in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements of the Fire Protection District report all funds together with its General Fund. Property tax revenue represents approximately 92% of the total revenues and approximately 94% of General Fund revenues.

The County was required under GASB to implement GASB Statement No. 34 and Statement No. 37 by Fiscal Year 2001-02. As a result, commencing in Fiscal Year 2004-05 the financial statements of the Fire Protection District will also include financial statements prepared using full accrual accounting for all of the activities of the Fire Protection District, which includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

For the Fiscal Year ended June 30, 2005, the Fire Protection District will implement GASB Statement No. 40, Deposit and Risk Disclosures, that addresses common deposit and investment risk related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

See APPENDIX A–"CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS PREPARED BY THE COUNTY AUDITOR-CONTROLLER FROM COMBINED INFORMATION PRESENTED IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORTS OF THE COUNTY FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND JUNE 30, 2004."

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Table 8 presents the Balance Sheets of the Fire Protection District for the Fiscal Years 2001-02, 2003-04 and 2003-04 based on the financial statements of the Fire Protection District as extracted from the Comprehensive Annual Financial Reports of the County for such Fiscal Years.

Table 8
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
BALANCE SHEET
(FISCAL YEAR 2001-02 THROUGH FISCAL YEAR 2003-04)

	2001-02	2002-03	2003-04
ASSETS:			
Cash and Investments	$29,370,568	$32,168,506	$31,945,889
Accounts Receivable	4,384,864	2,147,405	2,619,498
Due from Other Funds	595,837	462,383	232,067
Prepaid Items	209,383	893,696	955,381
TOTAL ASSETS	$34,560,652	$35,671,990	$35,752,835
LIABILITIES:			
Accounts Payable	$4,858,597	$5,654,826	$5,997,373
Due to Other Funds	231,572	946,703	520,191
Deferred Revenue	19,983	14,309	12,935
TOTAL LIABILITIES	$5,110,152	$6,615,838	$6,530,499
FUND BALANCE:			
Reserved from Prepaid Items	$209,383	$893,696	$955,381
Undesignated	29,241,117	28,162,456	28,266,955
TOTAL FUND BALANCE	$29,450,500	$29,056,152	$29,222,336
TOTAL	$34,560,652	$35,671,990	$35,752,835

Source: County Auditor-Controller.

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Employer-Employee Relations

Fire Protection District employees are represented in four bargaining units by four labor organizations. Currently 95% of the budgeted positions within Fire Protection District are represented by unions. Safety employees (personnel who perform firefighting, fire prevention, fire training, hazardous materials response, emergency medical services, fire or arson investigation or related duties) represent approximately 85% of budgeted positions and pursuant to State law, are prohibited from engaging in work stoppage actions that endanger public safety. Table 9 presents the names of the unions, the length of the contracts, the expiration date and the status (or expected status) of negotiations.

Table 9
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
EMPLOYEE ORGANIZATION CONTRACTS

Union/Association	No. of Budgeted Positions	Length of Contract (Years)	Expires	Status of Negotiations
International Association of Fire Fighters, Local 1230	346	6	March 2006	Expected to commence in late 2005 or early 2006
United Chief Officers Association	12	6	June 2006	Spring 2006
Public Employees Union, Local #1	14	6	September 2005	Commenced in June 2005
United Clerical, Technical and Specialized Employees, AFSCME Local 2700	13	6	September 2005	Commenced in June 2005

Source: Contra Costa County Fire Protection District.

Long Term Obligations

The Fire Protection District has never defaulted on the payment of principal or interest on any of its long-term obligations, including its lease-purchase obligations or its Paulson Obligation indebtedness. Following is a brief summary of the Fire Protection District's lease obligations and other long term obligations.

Lease-Purchase Obligations. The Fire Protection District recently entered into an agreement with Comerica for the lease-purchase of six fire engines. The term of the lease is seven years at an interest rate of 3.78%. Payments in the amount of $155,403.46 are due semi-annually on October 26 and April 26, commencing October 26, 2005.

Long-Term Obligations. The outstanding Paulson Obligation will be refunded with a portion of the proceeds of the Series 2005 Bonds. See "PLAN OF FINANCE–Paulson Obligation." Other than retiree health benefits, the Fire Protection District has no other outstanding long-term debt obligations. See "–Post Retirement Benefits."

Self Insurance Programs

Workers' Compensation. The Fire Protection District is exposed to various risks of loss related to State-mandated workers' compensation benefits that are to be provided to its employees injured within the scope of employment. On January 1, 1978, the Fire Protection District was granted permission by State regulators to self-insure against this risk, which since January 1, 1996 has been $750,000 per accident. Self-insured losses are paid from an internal service fund held by the County Treasurer and regularly funded by the Fire Protection District. The Fire Protection District purchases commercial insurance for claims in excess of the self-insurance limit of $750,000. No workers' compensation claim exceeding the combined amount of self-insurance and excess insurance has ever been filed against the Fire Protection District and no claims seeking reimbursement from an excess coverage insurance carrier are pending.

The Fire Protection District makes payments to a separate internal service fund based primarily upon independent actuarial estimates of the total cost of all future claim benefits. As of June 30, 2004, the internal service fund had $3.952 million in assets and $11.997 million in liabilities, which was based on the requirements of GASB 10, requiring that liabilities for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the internal service fund in Fiscal Years 1999 through 2005 are set forth in Table 10.

In its 2004-05 Final Budget, the Fire Protection District appropriated 10% of its direct payroll expense (estimated to be $45 million) to the internal service fund. In Fiscal Year 2005-06 the Fire Protection District expects to increase its contribution to the internal service fund to an amount equal to 15% of its direct payroll expense.

Table 10
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
SELF-INSURED WORKERS COMPENSATION PROGRAM LIABILITY
(Fiscal Years Ending June 30)

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments and Other Expenses	Beginning Fiscal Year Open Claims and Other Liabilities	Current Year-End Open Claims and Other Liabilities	End of Year Assets	End of Year Fund Equity (Deficit)
1999	$8,388	$1,436	$2,482	$5,328	$6,321	$8,335	$2,014
2000	8,335	1,314	1,130	6,321	5,727	7,925	2,198
2001	7,925	1,570	1,222	5,727	6,385	7,869	1,484
2002	7,869	1,823	3,990	6,385	7,871	7,188	(683)
2003	7,188	1,529	5,930	7,871	10,782	5,698	(5,084)
2004	5,698	1,867	4,808	10,782	11,977	3,952	(8,025)
2005†	3,952	4,541	3,395	11,977	13,079	6,200	(6,879)

† Unaudited, estimated.
Source: Contra Costa County Risk Management Division, County Administrator's Office.

Current and future liabilities for the workers' compensation, public liability and automobile liability, are determined annually by an outside actuarial firm.

General and Automobile Liability. The Fire Protection District manages risk by participating in a public agency risk pool, pursuant to the Contra Costa County Joint Exercise of Powers Agreement for providing Public Liability and other Insurance (the "JPA"). The JPA was formed in 1988 to develop and fund self insurance programs, including the joint insurance fund, the purchase of excess insurance policies, administrative and legal services. The manager of the Risk Management Division within the office of the County Administrator administers the program. The JPA purchases general and automobile liability coverage in the amount of $25 million, above a $1 million self-insured retention.

The participants in the JPA include the County and all districts and agencies that are governed by the Board of Supervisors as their board of directors, including the Fire Protection District, and other independent fire protection districts. The Board of Supervisors acts as the governing board of the JPA.

An internal service fund held by the County Treasurer-Tax Collector is maintained to cover the costs of claims and expenses below the $1 million self-insured retention. Each participant in the JPA is annually assessed for insurance coverage. The Fire Protection District was assessed $234,371 for Fiscal Year 2004-05 coverage and will be assessed $257,244 for Fiscal Year 2005-06 coverage.

As of June 30, 2004 the internal service fund had $28.8 million in assets and $21.035 million in liabilities.

Current and future liabilities for workers' compensation, public liability, automobile liability are determined annually by an outside independent actuarial firm.

No claim has exceeded the combined amount of self-insurance and excess insurance or has ever been filed against the Fire Protection District or the participants, and no claims seeking reimbursement from an excess insurance carrier are pending.

Property Insurance. The Fire Protection District participates in the County's pooled commercial property insurance program with a majority of other California counties. The property insurance program has a $50,000 per occurrence deductible, with limits of up to $2.4 billion available to the member counties for loss from fire, lightening, windstorms and other common perils, as well as flood, which has a minimum deductible of 2% of the total insured value per location, subject to a $100,000 minimum deductible per occurrence. The property insurance program also insures against loss from earthquake with limits of up to $500 million being available to the member counties, which has a minimum deductible of 5% of the total insured value per location, subject to a minimum $100,000 deductible per occurrence.

For losses above $500 and below the $50,000 deductible, the Fire Protection District participates in two internal service funds held by the County Treasurer-Tax Collector that had a total of $717,000 in assets and $4,000 in liabilities as of June 30, 2004. The Fire Protection District was assessed $167,515 in Fiscal Year 2004-05 for coverage and will be assessed $181,792 for Fiscal Year 2005-06 coverage for losses paid by the two internal services funds, administrative costs and the cost of the commercially-purchased insurance.

Currently, the Fire Protection District has no claims pending under the commercially purchased Property Insurance Program.

Post Retirement Benefits

In addition to receiving retirement payments, retired employees of the Fire Protection District are permitted to continue participation in the medical and/or dental health plans. The number of Fire Protection District retirees participating in this benefit program was 297 as of April 1, 2003; 321 as of April 1, 2004; and 323 as of April 1, 2005. The contribution made by the Fire Protection District toward payment of the premiums in each of those Fiscal Years was $1,575,589 and $2,122,939, respectively, and is projected to be $2,268,530 for Fiscal Year 2004-05. The cost of retiree health care is recognized when the Fire Protection District makes its contribution on a pay-as-you-go basis. To be eligible for this benefit, the retiring employee must have been a member of a participating health plan as of the date of retirement.

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to other post-employment benefits ("OPEB") such as health care and other non-pension benefits. GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods on the income statement. GASB 45 also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. These disclosure requirements will be effective for the Fire Protection District in Fiscal Year ending June 30, 2009.

The County expects to retain the services of an actuary to determine the extent of the OPEB liability attributable to the County and its member agencies, including the Fire Protection District in Fiscal Year 2005-06. The amount of the liability attributable to the Fire Protection District and the increase in the annual expense to be recognized has not yet been determined, however, GASB 45 is likely to result in a substantial increase in the annual expense recognized by the Fire Protection District for post-retirement health care benefits.

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The information in this section concerning the Association has been included to provide brief information concerning the Association and its investment policies. Neither the Association nor its assets are responsible for payment for any portion of the Series 2005 Bonds.

Overview

The Contra Costa County Employees' Retirement Association (the "Association") is a cost-sharing multiple-employer defined pension benefit plan governed by the County Employees' Retirement Law of 1937, as amended (the "Act"). The plan was established on July 1, 1945 and covers substantially all of the employees of the County, its special districts, the Housing Authority of the County and 18 other member agencies.

The plan provides for retirement, disability, and death and survivor benefits, in accordance with the Act. Annual cost-of-living adjustments to retirement benefits can be granted by the Board of Retirement of the Association (the "Board of Retirement") as provided by State statutes.

The Board of Retirement is responsible for the general management of the Association and is comprised of 11 members, one of whom is a safety alternate and one of whom is a retiree alternate. Four members are appointed by the Board of Supervisors; four members, including the safety alternate, are elected by the active membership of the Association; and two members, including the retiree alternate are elected by retirees. The County Treasurer serves as an *ex-officio* member of the Board of Retirement. Members of the Board of Retirement, with the exception of the County Treasurer, serve three-year terms of office, with no term limits.

The Board of Retirement has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies and policies. The State Constitution and the Act authorize the Board of Retirement to invest in any investment deemed prudent in the opinion of the Board of Retirement. See "–Investment Policy of the Association."

The Association is divided into seven separate benefit sections in accordance with the Act. These sections are known as: General Tier I-Enhanced; General Tier I-Non-Enhanced; General Tier II; General Tier III-Enhanced; General Tier III-Non-Enhanced; Safety-Enhanced and Safety-Non-Enhanced.

On October 1, 2002, the Board of Supervisors adopted Resolution No. 2002/608, providing enhanced benefit changes equal to 3% of eligible salary per year of service to safety employees retiring at age 50 (commonly known as 3% at 50) and 2% of eligible salary per year of service to general employees retiring at age 55 (commonly known as 2% at 55), effective July 1, 2002 and January 1, 2003, respectively. The enhanced benefits did not apply to bargaining units represented by the California Nurses Association or to the nonrepresented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, or to the supervisors and managers of those employees until January 1, 2005. In addition, each special district (including the Fire Protection District) that is a participant of the Association and whose staff are not County employees covered by Resolution No. 2002/608, could elect to participate in the enhanced benefits. The Fire Protection District adopted enhanced benefits for safety employees on October 1, 2002, retroactive to July 1, 2002, and effective January 1, 2003 with respect to general employees.

Legislation was signed by the Governor in 2002 which allowed the County, effective October 1, 2002, to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created October 1, 1998 and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

As of December 31, 2003, Tier II includes only the employees described above for whom the County did not adopt the enhanced benefits and employees of one special district agency. County employees who were moved to Tier III effective October 1, 2002, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III. The Safety section covers all employees in active law enforcement, active fire suppression work or certain other "safety" classifications as designated by the Board of Retirement.

Effective November 1, 2002, an additional flat monthly retiree benefit of $200 is being provided for all former members who retired prior to January 1, 1983, and are currently receiving pension benefits (including spousal continuance benefits). The cost of this benefit improvement, as determined by the actuary of the Association was $22,955,000 and has been funded by the Association.

Service retirement benefits are based on age, length of service and final average salary. For the Tier I, Tier III and Safety sections, the retirement benefit is based on the 12 highest consecutive pay months, in accordance with Government Code Section 31462. For Tier II, the benefit is based on a three-year average salary. The majority of Fire Protection District employees are in the Safety benefit section. Substantially all of the general employees are in the Tier I benefit section. For additional information regarding the benefit sections, see APPENDIX B–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ASSOCIATION FOR THE YEAR ENDED DECEMBER 31, 2004.

See APPENDIX B–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ASSOCIATION FOR THE YEAR ENDED DECEMBER 31, 2004."

Set forth in Table 11 is five-year historical funding information for the Association.

Table 11
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS
($ in 000's)

Actuarial Valuation Date	Actuarial Value of Assets† (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b–a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	$2,355,179	$2,643,526	$288,347	89.09%	$488,384	59.04%
12/31/01	2,613,220	2,983,551	370,331	87.59	523,621	70.73
12/31/02	3,296,736	3,677,624	380,888	89.64	580,415	65.62
12/31/03	3,538,722	4,141,390	602,668	85.45	600,274	100.40
12/31/04	3,673,858	4,481,243	807,385	81.98	619,132	130.41

† Excludes assets for non-valuation reserves.
Source: Association Comprehensive Annual Financial Report for the Year Ended December 31, 2004.

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As of December 31, 2004, the employees of the Fire Protection District comprised approximately 3.9% of the active members of the Association. Listed in Table 12 are the payments made by the Fire Protection District to the Association for normal retirement costs, as well as in certain years, UAAL amortized payments.

Table 12
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FIRE PROTECTION DISTRICT CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Annual Percentage Contributed†
1999	$4,484,137	93.7%
2000	4,880,040	91.3
2001	4,553,787	94.1
2002	5,486,419	98.6
2003	12,626,971	100.0

† The contribution percentage is less than 100% due to action taken by the Retirement Board to phase-in, over three years, increased contribution requirements associated with the significant actuarial assumption changes and the expansion of earnable compensation by the "Ventura Decision." See "PLAN OF FINANCE–Paulson Obligation."

Source: County Auditor-Controller.

Association Funding Status. The actuarial report prepared by the Association's independent actuary, The Segal Company, reflects the financial status of the Association as of December 31, 2004. The market value of the plan's assets as of such date was $3,718,615,896 and the return on assets was 12.27%.

The value of the plan's unfunded actuarial accrued liability ("UAAL") as of December 31, 2004 is estimated by the actuary to be $807,384,825 using a 7.9% actuarial rate of return. This includes the Fire Protection District's portion of the liability ($124,917,000) as well as that of the other entities comprising the Association. The GASB Statement No. 25 liabilities calculated for 2004, as shown in the Actuarial Valuation and Review as of December 31, 2004, showed that the funded ratio was approximately 82.0%.

The Act authorizes the Board of Retirement to grant annual automatic and ad hoc cost-of-living (a "COLA") increases to all eligible retired members. The Act requires the Board of Retirement to grant an annual automatic COLA, effective April 1 of each year. This benefit is based on the San Francisco-Oakland-San Jose area Consumer Price Index and is limited to 3% for Tier I, Tier III and Safety members, and 4% for Tier II members. The Government Code allows the granting of a supplemental cost-of-living benefit, on a prefunded basis to eligible retirees whose unused Consumer Price Index increase accumulations equal or exceed 20%. This supplemental is a permanent part of the retirees' monthly benefit and is known as "New Dollar Power."

The Series 2005 Bonds are being issued to refinance the UAAL of the Fire Protection District in the amount of $124,917,000 and to prepay the outstanding Paulson Obligation attributable to the Fire Protection District. The actuarial valuation and review of December 31, 2004 updated the amount of unrecognized net investment gains and losses to be booked by the Association over the next 4.5 years. The total unrecognized investment gain as of December 31, 2004 was approximately $32.447 million. See Table 14–"Market Stabilization Account (Deferred Return)." A portion of these amounts will be added or subtracted to the UAAL of the Fire Protection District over the five year market stabilization period.

The Association has established and maintains various reserves and designations from member and County contributions and the accumulations of investment income thereof, after satisfying investment and administrative expenses, including a Market Stabilization Account.

The Market Stabilization Account represents the deferred return developed by the smoothing of realized and unrealized gains and losses based on five-year smoothing. This method smoothes only the semi-annual deviation of total market return (net of expenses) from the applicable return target per annum. An 8.35% assumed rate was used in determining contribution rates for the period January 1, 2003, through June 30, 2004. As of December 31, 2003, the Market Stabilization Account was in a negative position due to market losses over three of the four prior years. As of December 31, 2004, the net balance in the Market Stabilization Account was $32,447,222. See Table 14–"Contra Costa County Employees' Retirement Association-Market Stabilization Account (Deferred Return)." The assumed rate of return from July 1, 2004 through June 30, 2005 was 8.00% and is 7.9% for the period July 1, 2005 through June 30, 2006.

Table 13 sets forth the balances as of December 31, 2004, in reserves and designated net assets:

Table 13
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RESERVES AND DESIGNATED NET ASSETS
ASSUMING A 7.9% ACTUARIAL RATE OF RETURN
(AS OF DECEMBER 31, 2004)

Category	Amount
Valuation Reserves	$3,673,858,074
Post Retirement Death Benefit	12,310,600
Statutory Contingency Reserve (one percent)	0
Market Stabilization Account	32,447,222
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$3,718,615,896

Source: Association Comprehensive Annual Financial Report for the Year Ended December 31, 2004.

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Table 14 sets forth the schedule for recognizing estimated deferred gains and losses. The actual amounts recognized in future years may vary depending on whether the rate of return on the Association's assets is equal to the assumed 7.9% rate of return.

Table 14
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MARKET STABILIZATION ACCOUNT (DEFERRED RETURN)
(AS OF DECEMBER 31, 2004)

Ending Period	Remaining Amount	2005	2006	2007	2008	2009
December 2000	$(14,322,525)	$(14,322,525)	–	–	–	–
June 2001	(41,678,346)	(41,678,346)	–	–	–	–
December 2001	(56,180,849)	(37,453,899)	$(18,726,950)	–	–	–
June 2002	(92,953,562)	(46,476,781)	(46,476,781)	–	–	–
December 2002	(134,531,322)	(53,812,529)	(53,812,529)	$(26,906,264)	–	–
June 2003	76,322,786	25,440,929	25,440,929	25,440,929	–	–
December 2003	170,506,975	48,716,279	48,716,279	48,716,279	$24,358,139	–
June 2004	(45,741,670)	(11,435,418)	(11,435,418)	(11,435,418)	(11,435,418)	–
December 2004	171,025,735	38,005,719	38,005,719	38,005,719	38,005,719	$19,002,859
TOTAL	$32,447,222	$(93,016,572)	$(18,288,751)	$73,821,244	$50,928,441	$19,002,859

Source: Association records.

The revenues of the Association by source, net assets at the end of the year and the total return on market value for the five years ending December 31, 2004 is set forth in Table 15.

Table 15
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF REVENUES, NET ASSETS AT MARKET VALUE
AND RETURN ON MARKET VALUE
2000 THROUGH 2004

	Source of Revenues				
Year (December 31)	Employee Contributions	Employer Contributions	Investment Income/ (Loss)(1)	Net Assets at Market Value End of Year(2)	Total Return on Market Value(3)
2000	$15,463,367	$52,986,645	$30,409,387	$2,931,261,879	0.8%
2001	18,681,239	55,182,505	(114,531,847)	2,704,728,752	(4.2)
2002	26,605,875	57,474,043	(267,980,549)	2,365,537,423	(10.3)
2003	51,602,939	108,728,047(4)	608,574,613	3,313,494,947	23.4
2004	65,297,397	118,245,418	416,012,994	3,718,615,896	12.3

(1) Net of investment expenses.
(2) Net of benefits paid, administrative costs, refund of contributions and other deductions. See also APPENDIX B–"COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ASSOCIATION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004."
(3) Before deduction of administrative fees and investments costs.
(4) Excludes proceeds in the amount of $319,094,719 of pension obligation bonds issued by the County in 2003.
Sources: Association Comprehensive Annual Financial Reports for the years Ended December 31, 2000 through 2004 and Actuarial Valuation Reports as of December 31, 2000 through 2004.

Investment Policy of the Association

The Board of Retirement adopted its investment guidelines in 1985 and has amended those guidelines, the most recent amendment having been adopted on July 28, 2004 (the "Investment Policy") The Investment Policy prescribes, among other things, asset class targets for investment of Association funds. The asset allocation targets and their associated ranges, which are a function of the returns and risks from various asset class and the nature of the Association's liabilities, currently are set forth in Table 16.

Table 16
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT POLICY ASSET ALLOCATION TARGETS
(AS OF APRIL 2005)

Asset Type	Current Investment Allocation	Allocation Range
Domestic Equity	39%	35% to 55%
International Equity	12	7 to 13
Domestic Fixed Income	29	25 to 40
International Fixed Income	4	3 to 7
Real Estate	10	5 to 12
Alternative Investments	5	0 to 7
Cash	1	0 to 2
TOTAL	100%	

The Association contracts with 35 investment managers who are responsible for investment of their respective portion of the portfolio. The Investment Policy prescribes investment guidelines to be followed by the investment managers as well as monitoring procedures regarding their performance.

In April 2005 the Association adopted new asset allocation targets, increasing the target for the domestic equity to 43%, and decreasing the international equity target to 10.5%, the domestic fixed income target to 23%, the real estate target to 9% and the cash equivalent target to 0.5%. A 2% target allocation was also established for commodities and high yield fixed income. The new target allocations will be reflected in a revision to the Investment Policy expected to be adopted in 2005.

The Association issues a stand-alone financial report, a copy of which is attached as APPENDIX B.

Impact of the Ventura Decision

For a discussion of the decision rendered by the Supreme Court of the State in the matter of *Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County Employees' Retirement Association* and the two lawsuits against the County on similar issues that were filed by certain retirees and were consolidated into one case, entitled *Vernon D. Paulson, et al. v. Board of Retirement of the Contra Costa Employees' Retirement Association, et al.*, see "PLAN OF FINANCE–Paulson Obligation."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, interest on the Series 2005 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2005 Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX D–"PROPOSED FORM OF OPINION OF BOND COUNSEL."

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Series 2005 Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2005 Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Series 2005 Bonds that are "U.S. holders" (as defined below), deals only with Series 2005 Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold Series 2005 Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of Series 2005 Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Series 2005 Bond. A "non-U.S. investor" is a holder (or beneficial owner) of a Series 2005 Bond that is not a U.S. Person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Tax Status of the Series 2005 Bonds

The Series 2005 Bonds will be treated, for federal income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

The Series 2005 Bonds are expected to be sold at par. A holder of a Series 2005 Bond that purchases a Series 2005 Bond for less than its adjusted issue price (expected to be its principal amount) will have purchased such Series 2005 bond with market discount. If such difference is not considered to be *de minimis*, then such discount ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2005

Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred. A holder of a Series 2005 Bond may have a basis in its pro rata share of the Series 2005 Bonds that is greater than the principal amount of such Series 2005 Bonds. Holders of Series 2005 Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Series 2005 Bonds under section 171 of the Code.

Sale and Exchange of Series 2005 Bonds

Upon a sale or exchange of a Series 2005 Bond, a holder generally will recognize gain or loss on the Series 2005 Bonds equal to the difference between the amount realized on the sale and its adjusted tax basis in such Series 2005 Bond. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Series 2005 Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Series 2005 Bond will (in general) equal its original purchase price increased by any original issue discount (other than original issue discount reduced due to acquisition premium) and decreased by any principal payments received on the Series 2005 Bonds. In general, if the Series 2005 Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations. See also "RISK FACTORS–Reissuance of Series 2005 Bonds Upon Defeasance."

Foreign Investors

Distributions on the Series 2005 Bonds to a non-U.S. holder that has no connection with the United States other than holding its Series 2005 Bond generally will be made free of withholding tax, as long as that the holder has complied with certain tax identification and certification requirements.

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Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used; and cannot be used, for the purposes of avoiding taxpayer penalties. The advice was written to support the promotion or marketing of the Series 2005 Bonds.

ERISA CONSIDERATIONS

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

The Underwriter, as a result of its own activities or because of the activities of an affiliate, may be considered Parties in Interest, with respect to certain plans. Prohibited transactions may arise under Section 406 of ERISA and Section 4975 of the Code if Series 2005 Bonds are acquired by a Plan with respect to which the Underwriter or any of its affiliates are Parties in Interest. Certain exemptions from the prohibited transaction rules could be applicable, however, depending in part upon the type of Plan fiduciary making the decision to acquire a Series 2005 Bond and the circumstances under which such decision is made. Included among these exemptions are those transactions regarding securities purchased during the existence of an underwriting, investments by insurance company pooled separate accounts, investments by insurance company general accounts, investments by bank collective investment funds, transactions effected by "qualified professional asset managers," and transactions affected by certain "in-house asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. In order to ensure that no prohibited transaction under ERISA or Section 4975 of the Code will take place in connection with the acquisition of a Series 2005 Bond by or on behalf of a Plan, each prospective purchaser of a Series 2005 Bond that is a Plan or is acquiring on behalf of a Plan will be required to represent that either (i) no prohibited transactions under ERISA or Section 4975 of the Code will occur in connection with the acquisition of such Series 2005 Bond or (ii) the acquisition of such Series 2005 Bond is subject to a statutory or administrative exemption.

Any Plan fiduciary who proposes to cause a Plan to purchase Series 2005 Bonds should (i) consult with its counsel with respect to the potential applicability of ERISA and the Code to such investments and whether any exemption would be applicable and (ii) determine on its own whether all conditions have been satisfied. Moreover, each Plan fiduciary should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in the Series 2005 Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery by the Fire Protection District of the Series 2005 Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, Quint & Thimmig LLP, San Francisco, California, for the Fire Protection District by the County Counsel, as counsel to the Fire Protection District and by Lofton & Jennings, San Francisco, California, Disclosure Counsel. The fees of Bond Counsel, Underwriter's Counsel and Disclosure Counsel are contingent upon the sale of the Series 2005 Bonds.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Agreement with respect to the Series 2005 Bonds between the Fire Protection District and Digital Assurance Certification LLC ("DAC") as Dissemination Agent (the "Continuing Disclosure Agreement"), the Fire Protection District has agreed to provide to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State of California as a state repository for purposes of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission (each, a "Repository") certain annual financial information and operating data, including its financial statements as extracted from the Comprehensive Audited Financial Report of the County by not later than each March 31 following the Fiscal Year commencing March 31, 2006. In addition, in the Disclosure Agreement, the Fire Protection District has agreed to provide, or cause to be provided, to each Repository in a timely manner notice of the following "Listed Events" if determined by the Fire Protection District to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) modifications to the rights of owners of the applicable Series 2005 Bonds; (4) optional, contingent or unscheduled bond calls; (5) defeasances; (6) rating changes; (7) unscheduled draws on the debt service reserves reflecting financial difficulties; (8) unscheduled draws on credit enhancements reflecting financial difficulties; and (9) substitution of credit or liquidity providers, or their failure to perform. These covenants have been made in order to assist the Underwriter in complying with the Rule.

This will be the initial undertaking of the Fire Protection District to provide annual reports or notices of material events under the Rule.

The specific nature of the information to be contained in the annual undertaking is set forth in APPENDIX E–"FORM OF CONTINUING DISCLOSURE AGREEMENT."

FINANCIAL STATEMENTS

The Fire Protection District's financial statements for the Fiscal Years ended June 30, 2003 and June 30, 2004 that appear in APPENDIX A were prepared by the County Auditor-Controller from combined information with respect to the other five fire protection districts within the County as presented in the Comprehensive Annual Financial Reports of the County for the Fiscal Years ended June 30, 2003 and June 30, 2004.

The Comprehensive Annual Financial Report of the Association for the Year Ended December 31, 2004 appear in Appendix B. Macias Gini & Company LLP, the auditor of the Association has not consented to the use of its report in this Official Statement and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by such firm with respect to any event subsequent to its report dated April 15, 2004.

NO MATERIAL LITIGATION

To the best knowledge of the Fire Protection District there is no action, suit or proceeding known to be pending or threatened restraining or enjoining the execution or delivery of the Series 2005 Bonds or the Trust Agreement or any other document relating to the Series 2005 Bonds, or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the Fire Protection District. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the Fire Protection District's insurance limits. In the opinion of the Fire Protection District Counsel, such suits and claims as are presently pending will not have a material adverse affect on the ability of the Fire Protection District to make debt service payments on the Series 2005 Bonds.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies ("S&P") have assigned uninsured ratings of "Aa3" and "AA-" to the Series 2005 Bonds based solely on the estimation of Moody's and S&P of the ability of the Fire Protection District to make payments on the Series 2005 Bonds when due on a stand-alone basis. Moody's and S&P have assigned ratings of "Aaa" and "AAA," respectively, to the Insured Series 2005 Bonds with the understanding that upon delivery of the Insured Series 2005 Bonds, the Policy will be issued by MBIA. See "FINANCIAL GUARANTY INSURANCE ON THE SERIES 2005 BONDS." and APPENDIX G–"SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY." Such ratings reflect only the views of Moody's and S&P, and do not constitute a recommendation to buy, sell or hold the Series 2005 Bonds. Explanation of the

Investors Service, 99 Church Street, New York, New York 10007-2701, telephone number (212) 553-0300; and Standard and Poor's Ratings Services, 55 Water Street, New York, New York 10041, telephone number (212) 208-1767. There is no assurance that either such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of either 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 and/or the ability to trade the Series 2005 Bonds.

UNDERWRITING

The Series 2005 Bonds are being purchased by Lehman Brothers Inc., as Underwriter. The Underwriter has agreed, subject to certain conditions, to purchase such Series 2005 Bonds at the purchase price of \$129,404,469.93 (representing the aggregate principal amount of the Series 2005 Bonds of \$129,900,000.00, less an Underwriter's discount of \$495,530.07).

The Purchase Contract relating to the Series 2005 Bonds (the "Purchase Contract") provides that the Underwriter will purchase all of the Series 2005 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell the Series 2005 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

The Fire Protection District has retained the services of Tamalpais Advisors, Inc., Sausalito, California in connection with the sale of the Series 2005 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent financial consultant and is not engaged in underwriting, trading or investment activities. Fees of the Financial Advisor with regard to the issuance of the Series 2005 Bonds are contingent upon the issuance and delivery of the Series 2005 Bonds.

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MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Fire Protection District and the purchasers or owners of any of the Series 2005 Bonds.

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

CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

By: /s/ Keith B. Richter
Fire Chief

APPENDIX A

CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS PREPARED BY THE COUNTY AUDITOR-CONTROLLER FROM COMBINED INFORMATION PRESENTED IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORTS OF THE COUNTY FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND JUNE 30, 2004

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Contra Costa County Fire Protection District
Portion of CAFR Figures
Balance Sheet
FYE 6/30/2003

	Fund: 202000	202600	203100	203300	203400	203500	203800	**Total**
Assets:								
Cash and Investments	25,736,949.33		2,668,546.66	727,409.82	30,286.73	111,330.75	2,893,982.72	**32,168,506.01**
Accounts Receivable	2,002,585.63		59,886.96	396.55	123.37	84,412.16		**2,147,404.67**
Due from Other Funds	444,492.18					10,319.10	7,572.43	**462,383.71**
Prepaid Items	833,794.50					59,901.66		**893,696.16**
	29,017,821.64	0.00	2,728,433.62	727,806.37	30,410.10	265,963.67	2,901,555.15	**35,671,990.55**
Liabilities:								
Accounts Payable	5,559,259.28					95,484.40	82.76	**5,654,826.44**
Due to Other Funds	940,394.05		67.00	48.00	1.00	788.79	5,403.80	**946,702.64**
Deferred Revenue	14,309.21							**14,309.21**
	6,513,962.54	0.00	67.00	48.00	1.00	96,273.19	5,486.56	**6,615,838.29**
Fund Balance:								
Reserved for Ppd Items	833,794.50					59,901.66		**893,696.16**
Undesignated	21,670,064.60		2,728,366.62	727,758.37	30,409.10	109,788.82	2,896,068.59	**28,162,456.10**
	22,503,859.10	0.00	2,728,366.62	727,758.37	30,409.10	169,690.48	2,896,068.59	**29,056,152.26**
	29,017,821.64	0.00	2,728,433.62	727,806.37	30,410.10	265,963.67	2,901,555.15	**35,671,990.55**

Deflation entry of Due From/To Other Funds occurred within the Fire Protection Funds for the CAFR. It is unknown if any of it was attributable to CCCFPD. (Result would be a reduction of both Due From Other Funds and Due To Other Funds for the same amount).

Contra Costa County Fire Protection District
Portion of CAFR Figures
Budgetary Comparison Schedule
FYE June 30, 2003

		Budget-Original	Budget-Adjusted	Actual	Variance
REVENUES:					
Taxes					
	202000	63,459,000.00	63,459,000.00	62,779,350.29	(679,649.71)
	202000	0.00	0.00	(446,901.58)	(446,901.58)
	Total Taxes	**63,459,000.00**	**63,459,000.00**	**62,332,448.71**	**(1,126,551.29)**
Licences, Permits, and Fr Fees					
	203500	282,000.00	282,000.00	74,924.90	(207,075.10)
	202000	0.00	0.00	(270.00)	(270.00)
	Total Licenses, Permits and Fr Fees	**282,000.00**	**282,000.00**	**74,654.90**	**(207,345.10)**
Fines, Forfeitures, and Penalties					
	202000	**0.00**	**0.00**	**2,136.50**	**2,136.50**
Use of Money and Property					
	203100	36,894.00	36,894.00	36,238.48	(655.52)
	203300	5,000.00	5,000.00	10,544.75	5,544.75
	203400	200.00	200.00	608.52	408.52
	203800	30,000.00	30,000.00	49,722.98	19,722.98
	202000	250,000.00	250,000.00	144,696.91	(105,303.09)
	Total Use of Money and Property	**322,094.00**	**322,094.00**	**241,811.64**	**(80,282.36)**
Intergovernmental					
	202000	**1,166,000.00**	**1,166,000.00**	**2,811,781.53**	**1,645,781.53**
Charges for Services					
	203100	0.00	0.00	185,079.75	185,079.75
	203300	19,000.00	19,000.00	24,074.40	5,074.40
	203400	1,100.00	1,100.00	705.00	(395.00)
	203500	803,000.00	803,000.00	801,177.71	(1,822.29)
	203800				0.00
	202000	882,775.00	882,775.00	1,056,681.24	173,906.24
	Total Charges for Services	**1,705,875.00**	**1,705,875.00**	**2,067,718.10**	**361,843.10**
Miscellaneous					
	203100				0.00
	202000	0.00	0.00	50,834.90	50,834.90
	Total Miscellaneous	**0.00**	**0.00**	**50,834.90**	**50,834.90**
	Total Revenues	**66,934,969.00**	**66,934,969.00**	**67,581,386.28**	**646,417.28**
EXPENDITURES:					
Public Protection-					
Salaries and Benefits					
	203500	1,253,740.00	1,253,740.00	1,061,644.88	192,095.12
	202000	57,100,140.00	57,100,140.00	53,910,928.40	3,189,211.60
	Total Salaries and Benefits	**58,353,880.00**	**58,353,880.00**	**54,972,573.28**	**3,381,306.72**
Services and Supplies					
	203100	2,537,306.00	2,537,306.00	0.00	2,537,306.00
	203300	716,416.00	716,416.00	0.00	716,416.00
	203400	30,300.00	30,300.00	0.00	30,300.00
	203500	80,635.00	80,635.00	9,900.73	70,734.27

Contra Costa County Fire Protection District
Portion of CAFR Figures
Budgetary Comparison Schedule
FYE June 30, 2003

	Budget-Original	Budget-Adjusted	Actual	Variance
203800	374,347.00	353,007.00	26,759.76	326,247.24
202000	7,519,330.55	7,419,138.55	6,182,065.42	1,237,073.13
Total Services and Supplies	**11,258,334.55**	**11,136,802.55**	**6,218,725.91**	**4,918,076.64**
Other Charges				
203100	1,000.00	1,000.00	364.00	636.00
203300	1,000.00	1,000.00	277.00	723.00
203400	100.00	100.00	4.00	96.00
203500	1,980.00	1,980.00	0.00	1,980.00
203800	1,000.00	22,340.00	22,338.44	1.56
202000	2,194,113.00	2,344,113.00	2,237,431.70	106,681.30
Total Other Charges	**2,199,193.00**	**2,370,533.00**	**2,260,415.14**	**110,117.86**
Fixed Assets				
203100	6,000.00	6,000.00	0.00	6,000.00
203500	70,000.00	70,000.00	67,331.60	2,668.40
203800	3,500,000.00	3,500,000.00	949,903.11	2,550,096.89
202000	9,134,781.07	9,134,781.07	3,506,593.56	5,628,187.51
Total Fixed Assets	**12,710,781.07**	**12,710,781.07**	**4,523,828.27**	**8,186,952.80**
Reimbursements-Gov/Gov				
202000	**50,000.00**	**192.00**	**191.44**	**0.56**
Total Public Protection	**84,572,188.62**	**84,572,188.62**	**67,975,734.04**	**16,596,454.58**
Debt Service-Principal				**0.00**
Total Expenditures	**84,572,188.62**	**84,572,188.62**	**67,975,734.04**	**16,596,454.58**
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	**(17,637,219.62)**	**(17,637,219.62)**	**(394,347.76)**	**17,242,871.86**
Fund Balance at Beg of Year			**29,450,500.02**	
Fund Balance at End of Year			**29,056,152.26**	

Contra Costa County Fire Protection District
Portion of CAFR Figures
Statement of Revenue, Expenditures and Changes in Fund Balance
FYE 6/30/2003

	Fund:								
	202000	202600	203100	203300	203400	203500	203800	CAFR Adj	**Total**
Revenues:									
Taxes	62,332,448.71								**62,332,448.71**
Licenses, permits, etc.	(270.00)					74,924.90			**74,654.90**
Fines, forfeitures, etc.	2,136.50								**2,136.50**
Use of Money & Prop	144,696.91		36,238.48	10,544.75	608.52		49,722.98		**241,811.64**
Intergovernmental	2,811,781.53								**2,811,781.53**
Charges for Services	1,056,681.24		185,079.75	24,074.40	705.00	801,177.71			**2,067,718.10**
Other Revenue	50,834.90								**50,834.90**
	66,398,309.79	0.00	221,318.23	34,619.15	1,313.52	876,102.61	49,722.98		**67,581,386.28**
Expenditures:									
Public protection	65,837,210.52		364.00	277.00	4.00	1,138,877.21	999,001.31		**67,975,734.04**
Debt Svc-Principal									**0.00**
	65,837,210.52	0.00	364.00	277.00	4.00	1,138,877.21	999,001.31	0.00	**67,975,734.04**
Excess of Rev over Exp	561,099.27	0.00	220,954.23	34,342.15	1,309.52	(262,774.60)	(949,278.33)	0.00	**(394,347.76)**
Other Financing Sources/ Uses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Fund Bal-Beg of Year	21,942,759.83		2,507,412.39	693,416.22	29,099.58	432,465.08	3,845,346.92		**29,450,500.02**
Fund Bal-End of Year	22,503,859.10	0.00	2,728,366.62	727,758.37	30,409.10	169,690.48	2,896,068.59	0.00	**29,056,152.26**
								(None)	

Contra Costa County Fire Protection District
Portion of CAFR Figures
Balance Sheet
FYE 6/30/2004

Fund:	202000	202600	203100	203300	203400	203500	203800	**Total**
Assets:								
Cash and Investments	26,383,838.01		2,850,622.28	768,245.86	87,664.16	(107,994.12)	1,963,513.14	**31,945,889.33**
Accounts Receivable	2,544,739.62		3,377.48	650.79	261.25	70,181.72	287.08	**2,619,497.94**
Due from Other Funds	224,565.61		1,296.21			6,205.56		**232,067.38**
Prepaid Items	801,410.43					153,970.82		**955,381.25**
	29,954,553.67	0.00	2,855,295.97	768,896.65	87,925.41	122,363.98	1,963,800.22	**35,752,835.90**
Liabilities:								
Accounts Payable	5,886,669.34					88,703.54	22,000.00	**5,997,372.88**
Due to Other Funds	516,934.53		1,997.35	107.00	1.00	1,035.92	115.00	**520,190.80**
Deferred Revenue	12,935.63							**12,935.63**
	6,416,539.50	0.00	1,997.35	107.00	1.00	89,739.46	22,115.00	**6,530,499.31**
Fund Balance:								
Reserved for Ppd Items	801,410.43					153,970.82		**955,381.25**
Undesignated	22,736,603.74		2,853,298.62	768,789.65	87,924.41	(121,346.30)	1,941,685.22	**28,266,955.34**
	23,538,014.17	0.00	2,853,298.62	768,789.65	87,924.41	32,624.52	1,941,685.22	**29,222,336.59**
	29,954,553.67	0.00	2,855,295.97	768,896.65	87,925.41	122,363.98	1,963,800.22	**35,752,835.90**

Deflation entry of Due From/To Other Funds occurred within the Fire Protection Funds for the CAFR. It is unknown if any of it was attributable to CCCFPD. (Result would be a reduction of both Due From Other Funds and Due To Other Funds for the same amount).

Contra Costa County Fire Protection District
Portion of CAFR Figures
Budgetary Comparison Schedule
FYE June 30, 2004

	Budget-Original	Budget-Adjusted	Actual	Variance
REVENUES:				
Taxes				
202000	67,289,000.00	67,289,000.00	66,804,252.92	(484,747.08)
202000	0.00	0.00	(548,723.98)	(548,723.98)
Total Taxes	**67,289,000.00**	**67,289,000.00**	**66,255,528.94**	**(1,033,471.06)**
Licences, Permits, and Fr Fees				
203500	**145,000.00**	**145,000.00**	**107,350.43**	**(37,649.57)**
Fines, Forfeitures, and Penalties				
202000	**0.00**	**0.00**	**1,229.36**	**1,229.36**
Use of Money and Property				
203100	7,000.00	7,000.00	27,545.61	20,545.61
203300	2,000.00	2,000.00	8,410.14	6,410.14
203400	600.00	600.00	1,016.81	416.81
203800	4,600.00	4,600.00	19,316.69	14,716.69
202000	200,000.00	200,000.00	110,237.62	(89,762.38)
Total Use of Money and Property	**214,200.00**	**214,200.00**	**166,526.87**	**(47,673.13)**
Intergovernmental				
202000	**1,166,000.00**	**1,166,000.00**	**2,969,193.94**	**1,803,193.94**
Charges for Services				
203100	134,000.00	134,000.00	91,271.60	(42,728.40)
203300	26,000.00	26,000.00	33,359.90	7,359.90
203400	400.00	400.00	56,522.50	56,122.50
203500	955,000.00	955,000.00	837,078.47	(117,921.53)
203800	735,323.00	735,323.00	0.00	(735,323.00)
202000	897,550.00	897,550.00	1,345,295.26	447,745.26
Total Charges for Services	**2,748,273.00**	**2,748,273.00**	**2,363,527.73**	**(384,745.27)**
Miscellaneous				
203100	1,100,000.00	1,100,000.00	12,500.00	(1,087,500.00)
202000	0.00	0.00	36,237.87	36,237.87
Total Miscellaneous	**1,100,000.00**	**1,100,000.00**	**48,737.87**	**(1,051,262.13)**
Total Revenues	**72,662,473.00**	**72,662,473.00**	**71,912,095.14**	**(750,377.86)**
EXPENDITURES:				
Public Protection-				
Salaries and Benefits				
203500	1,199,788.00	1,199,788.00	1,072,157.90	127,630.10
202000	64,432,160.00	64,044,187.00	59,480,266.59	4,563,920.41
CAFR Adjustment	(369,122.00)	(369,122.00)	(369,122.00)	0.00
Total Salaries and Benefits	**65,262,826.00**	**64,874,853.00**	**60,183,302.49**	**4,691,550.51**
Services and Supplies				
203100	1,464,208.00	814,208.00	4,800.00	809,408.00
203300	354,758.00	354,758.00	451.76	354,306.24
203400	145.00	145.00	0.00	145.00

Contra Costa County Fire Protection District
Portion of CAFR Figures
Budgetary Comparison Schedule
FYE June 30, 2004

	Budget-Original	Budget-Adjusted	Actual	Variance
203500	10,000.00	10,000.00	9,336.96	663.04
203800	506,395.00	296,395.00	6,519.06	289,875.94
202000	7,101,595.95	6,966,481.95	5,628,622.67	1,337,859.28
Total Services and Supplies	**9,437,101.95**	**8,441,987.95**	**5,649,730.45**	**2,792,257.50**
Other Charges				
203100	705,159.00	705,159.00	1,585.21	703,573.79
203300	1,000.00	1,000.00	287.00	713.00
203400	31,264.00	31,264.00	24.00	31,240.00
203800	500.00	10,500.00	6,287.25	4,212.75
202000	2,595,359.00	2,624,259.00	2,522,354.42	101,904.58
Total Other Charges	**3,333,282.00**	**3,372,182.00**	**2,530,537.88**	**841,644.12**
Fixed Assets				
203100	1,800,000.00	2,450,000.00	0.00	2,450,000.00
203300	400,000.00	400,000.00	0.00	400,000.00
203800	3,129,096.89	3,329,096.89	960,893.75	2,368,203.14
202000	4,879,437.82	5,373,624.82	2,052,324.24	3,321,300.58
Total Fixed Assets	**10,208,534.71**	**11,552,721.71**	**3,013,217.99**	**8,539,503.72**
Total Public Protection	**88,241,744.66**	**88,241,744.66**	**71,376,788.81**	**16,864,955.85**
Debt Service- Principal (CAFR Adjustment)	**369,122.00**	**369,122.00**	**369,122.00**	**0.00**
Total Expenditures	**88,610,866.66**	**88,610,866.66**	**71,745,910.81**	**16,864,955.85**
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	**(15,948,393.66)**	**(15,948,393.66)**	**166,184.33**	**16,114,577.99**
Fund Balance at Beg of Year			**29,056,152.26**	
Fund Balance at End of Year			**29,222,336.59**	

Contra Costa County Fire Protection District
Portion of CAFR Figures
Statement of Revenue, Expenditures and Changes in Fund Balance
FYE 6/30/2004

Fund:	202000	202600	203100	203300	203400	203500	203800	CAFR Adj	**Total**
Revenues:									
Taxes	66,255,528.94								**66,255,528.94**
Licenses, permits, etc.						107,350.43			**107,350.43**
Fines, forfeitures, etc.	1,229.36								**1,229.36**
Use of Money & Prop	110,237.62		27,545.61	8,410.14	1,016.81		19,316.69		**166,526.87**
Intergovernmental	2,969,193.94								**2,969,193.94**
Charges for Services	1,345,295.26		91,271.60	33,359.90	56,522.50	837,078.47			**2,363,527.73**
Other Revenue	36,237.87		12,500.00						**48,737.87**
	70,717,722.99	0.00	131,317.21	41,770.04	57,539.31	944,428.90	19,316.69		**71,912,095.14**
Expenditures:									
Public protection	69,683,567.92		6,385.21	738.76	24.00	1,081,494.86	973,700.06	(369,122.00)	**71,376,788.81**
Debt Svc-Principal								369,122.00	**369,122.00**
	69,683,567.92	0.00	6,385.21	738.76	24.00	1,081,494.86	973,700.06	0.00	**71,745,910.81**
Excess of Rev over Exp	1,034,155.07	0.00	124,932.00	41,031.28	57,515.31	(137,065.96)	(954,383.37)	0.00	**166,184.33**
Other Financing Sources/ Uses	0.00	0.00	0.00	0.00		0.00	0.00	0.00	**0.00**
Fund Bal-Beg of Year	22,503,859.10		2,728,366.62	727,758.37	30,409.10	169,690.48	2,896,068.59		**29,056,152.26**
Fund Bal-End of Year	23,538,014.17	0.00	2,853,298.62	768,789.65	87,924.41	32,624.52	1,941,685.22	0.00	**29,222,336.59**

CAFR Adjustment was the reclassification of the 2004 principal payment for the retirement litigation settlement out of salaries and benefits expense.

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE ASSOCIATION FOR THE YEAR ENDED DECEMBER 31, 2004

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Contra Costa County
Employees' Retirement Association

Comprehensive Annual Financial Report

for the year ended December 31, 2004

A Component Unit of the
County of Contra Costa, California

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Comprehensive Annual Financial Report

for the year ended December 31, 2004

Issued By:

Marilyn Leedom, CEBS — Retirement Admininstrator

Rick Koehler, CPA, CGFM — Accounting Manager

Contra Costa County Employees' Retirement Association
A Component Unit of the County of Contra Costa, California
1355 Willow Way, Suite 221
Concord, California 94520

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Comprehensive Annual Financial Report

for the year ended December 31, 2004

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II. Financial Section

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III. Investment Section

IV. Actuarial Section

V. Statistical Section

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Employees' Retirement Association

Introductory Section

Know where you stand

Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.646.5741 fax: 925.646.5747

Letter of Transmittal

April 15, 2005

Board of Retirement
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Dear Board Members:

I am pleased to present the Contra Costa County Employees' Retirement Association's (CCCERA) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2004, our 59th year of operation.

The Contra Costa County Employees' Retirement Association is a public employee retirement system that was established by the County of Contra Costa on July 1, 1945, and administered by the Board of Retirement (Board) to provide service retirement, disability, death and survivor benefits for County employees and 17 other participating agencies under the California State Government Code, Section 31450 et.seq. (County Employees Retirement Law of 1937).

REPORT CONTENTS

CCCERA management is responsible for both the accuracy of the data and the completeness and fairness of the presentation of financial information within this CAFR, including all disclosures. The Comprehensive Annual Financial Report is divided into five sections:

The INTRODUCTORY SECTION describes the system's management and organizational structure, a letter of transmittal, a listing of the members of The Board of Retirement and a listing of professional consultants.

The FINANCIAL SECTION presents the financial condition and funding status of CCCERA. This section contains the opinion of the independent certified public accountants, Brown Armstrong CPAs, Management's Discussion and Analysis of CCCERA's financial activities, the financial statements, and the related supplementary financial information.

The INVESTMENT SECTION provides an overview of CCCERA's investment program. This section contains reports on investment activity, investment policies, investment results and various investment schedules and charts/graphs.

The ACTUARIAL SECTION communicates CCCERA's funding status and presents other actuarial related information. This section contains the certification of the consulting actuary, The Segal Company, actuarial statistics, and general plan provisions.

The STATISTICAL SECTION presents information on CCCERA's operations on a multi-year basis.

CCCERA AND ITS SERVICES

CCCERA was established on July 1, 1945, to provide retirement allowances and other benefits to the safety and general members employed by Contra Costa County. Currently, Contra Costa County and 17 other participating agencies are members of CCCERA. The participating agencies include:

Bethel Island Municipal Improvement District
Byron, Brentwood, Knightsen Union Cemetery District
Central Contra Costa Sanitary District
Contra Costa County Employees' Retirement Association
Contra Costa Housing Authority
Contra Costa Mosquito and Vector Control District
Diablo Water District
Local Agency Formation Commission (LAFCO)
Ironhouse Sanitary District
Rodeo Sanitary District
In-Home Supportive Services Authority (IHSS)
First 5 - Children & Families Commission
Contra Costa Fire Protection District
East Contra Costa Fire Protection District
Moraga-Orinda Fire Protection District
Rodeo-Hercules Fire Protection District
San Ramon Valley Fire Protection District

In addition, CCCERA administers retirement, disability or survivor benefits to retirees or beneficiaries of the following former participating agencies:

Alamo-Lafayette Cemetery District
City of Pittsburg
Delta Diablo Sanitation District
Office of Education
Stege Sanitary District

CCCERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the regulations, procedures and policies adopted by CCCERA's Board.
The Contra Costa County Board of Supervisors may also adopt resolutions, as permitted by the County Employees Retirement Law of 1937, which may affect benefits of CCCERA members.

The 11 member Board is responsible for the general management of CCCERA. Of the eleven members, two are alternates, one for safety and one for retirees. Four Board members are appointed by the Contra Costa County Board of Supervisors. Four Board members, including the safety alternate, are elected by CCCERA's active membership.Two Board members are elected by the retirees, one as an alternate. The County Treasurer serves as an ex-officio member. Board members, with the exception of the County Treasurer, serve three year terms in office, with no term limits.

FINANCIAL INFORMATION

The accompanying financial statements are prepared using the accrual basis of accounting. Contributions from employers and members are recognized as revenue when earned. Expenses are recorded when corresponding liabilities are incurred, regardless of when payment is due or made.

An overview of CCCERA's fiscal operations for the year ended December 31, 2004, is presented in the Management's Discussion and Analysis (MD&A), located in the financial section of the CAFR. This transmittal letter, together with the MD&A, provides an expanded view of the activities of CCCERA.

Brown Armstrong CPAs, CCCERA's independent auditor, has audited the accompanying financial statements. Management believes an adequate system of internal control is in place and the accompanying statements, schedules and tables are fairly presented and free from material misstatement.

ACTUARIAL FUNDING STATUS

CCCERA's funding objective is to meet long-term benefit promises by maintaining a well-funded plan status and obtaining optimum investment returns. Pursuant to provisions in the County Employees Retirement Law of 1937, CCCERA engages an independent actuarial firm to perform an actuarial valuation of the system annually. Economic assumptions are reviewed annually. Additionally, every 3 years, a triennial experience study of the members of CCCERA is completed. The non-economic assumptions are updated at the time each triennial experience study is performed. The most recent triennial experience study, which was completed by The Segal Company, was performed as of December 31, 2003. The Segal Company's actuarial valuation as of December 31, 2003, determined the funding status (the ratio of system assets to system liabilities) to be 85.5%, using approved assumptions. A more detailed discussion of funding is provided in the Actuarial Section of this report.

INVESTMENTS

The Board has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies and policies. The California Constitution and Government Code Sections 31594 and 31595 authorize the Board to invest in any investment deemed prudent in the Board's opinion.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment objectives and defines the principal duties of the Board, custodian bank and investment managers. The asset allocation is an integral part of the Investment Policy and is designed to provide an optimum mix of asset classes with return expectations that reflect expected liabilities. A summary of the asset allocation can be found in the Investment Section of this report.

On a market value basis, the total net assets held in trust increased from $3.3 billion at December 31, 2003, to $3.7 billion at December 31, 2004. For the year ended December 31, 2004, CCCERA's investment portfolio returned 13.4%, before investment management fees, reflecting market conditions throughout the year. The Association's annualized rate of return was 8.2% over the last three years and 4.9% over the last five years, net of fees.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CCCERA for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirments, and we are submitting it to the GFOA for evaluation.

CCCERA was awarded the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for 2004. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, and to serve as a benchmark by which all defined benefit public plans should be measured. CCCERA has met these standards.

SERVICE EFFORTS AND ACCOMPLISHMENTS

Personnel - In October 2004, CCCERA hired its first Chief Investment Officer (CIO) to oversee the management of $3.7 billion in trust assets. This position enables CCCERA to increase the number of on-site meetings with existing managers, plus add more in-depth internal analysis of fund performance and tracking. The CIO is the primary liaison with all investment managers and the retained investment consultant. Risk analysis, strategic planning and investment policy development are key facets of the CIO classification.

Imaging - CCCERA continues to image files for electronic storage of documents and historical records, facilitating efficient recovery of documents by staff. The imaging system is an integral part of the disaster recovery program. In 2004, all CRT monitors were replaced with LCD flat panels to improve viewing of imaged files.

Website Update - CCCERA's website provides current agendas and minutes for Board Meetings, plus postings since 2002. All CAFRs, downloadable brochures, newsletters, and forms are available on the web site, with future content in development. Site planning includes an interactive benefits calculator, revised employee handbooks, secure PIN member database access, and feature articles on timely issues important to our members. The website is considered an important element of improved service delivery as the proposed benefit system software project takes shape.

Group Counseling - Due to budget constraints, Contra Costa County closed the existing Training Institute, which previously hosted pre-retirement benefit seminars presented by CCCERA staff. CCCERA is exploring the feasibility of hosting pre-retirement sessions in addition to Group Counseling. This project requires interdepartmental planning and funding. CCCERA's successful in-house Group Counseling program increased from 12 to 18 sessions in 2004, due to member demand. In addition to these sessions, CCCERA staff make presentations off-site to Special District employee groups who request the service.

ACKNOWLEDGEMENT

The compilation of this report reflects the combined and dedicated effort of many people on CCCERA's staff. It is intended to provide complete and reliable information as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of CCCERA.

I would like to take this opportunity to express my thanks to the Board of Retirement, the consultants and staff for their commitment to the Association and for their diligent work to assure the continued successful operation of CCCERA.

Respectfully submitted,

Marilyn Leedom

Marilyn Leedom, CEBS
Retirement Administrator

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Members of The Retirement Board

AS OF DECEMBER 31, 2004

TRUSTEES	TERM EXPIRES	APPOINTED/ ELECTED BY
Bob Rey, Chairperson	June 30, 2005	Safety Members
Clifton A. Wedington, CFP Vice-Chairperson	June 30, 2005	Board of Supervisors
Brian Hast, Secretary	June 30, 2007	General Members
Richard Cabral	June 30, 2005	General Members
John Gioia	June 30, 2005	Board of Supervisors
Paul Katz	June 30, 2005	Board of Supervisors
William J. Pollacek, County Treasurer		Permanent by Office
Jerry Telles	June 30, 2007	Retirees
Maria Theresa Viramontes	June 30, 2007	Board of Supervisors
Louis Kroll (alternate)	June 30, 2005	Safety Members
Sharon Naramore (alternate)	June 30, 2007	Retirees

List of Professional Consultants

As of December 31, 2004

Actuary

The Segal Company

Benefit Statement Consultant

The Segal Company

Data Processing

Contra Costa County Department of Information Technology

Auditor

Brown Armstrong CPAs

Legal Counsel

County Counsel of Contra Costa County
Steefel, Levitt & Weiss

Investment Consultant

Milliman, USA

Master Custodian

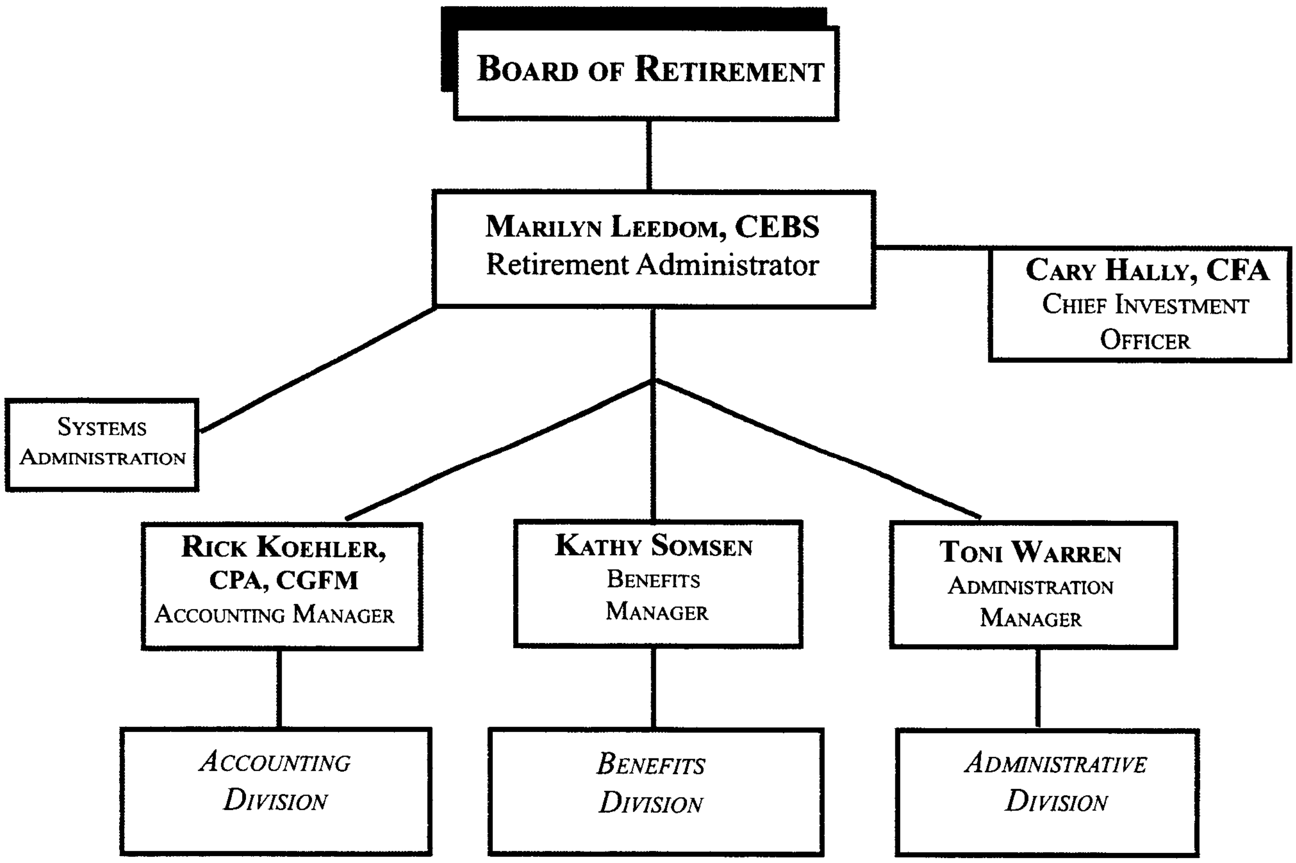
State Street Bank & Trust

Proxy Guideline Voting Agent Service

Institutional Shareholder Services

Note: List of Investment Managers is located on page 56 of the Investment Section of this report.

Administrative Organization Chart



GFOA Certificate of Achievement Award

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Contra Costa County Employees' Retirement Association, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2003

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards

2004 Award

Presented to

Contra Costa County Employees' Retirement System

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council of Teacher Retirement (NCTR)

Alan H. Winkle
Alan H. Winkle
Program Administrator

Employees' Retirement Association

Financial Section

Account for all the factors

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
Certified Public Accountants

Main Office
4200 Truxton Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 Fax 661-324-4997
e-mail: barrinfo@barrcpa.com

Shafter Office
560 Central Avenue
Shafter, California 93263
Tel 661-746-2145 Fax 661-746-1218

INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement of the
Contra Costa County Employees' Retirement Association

We have audited the accompanying statement of plan net assets of the Contra Costa County Employees' Retirement Association (CCCERA), a component unit of the County of Contra Costa, California, as of December 31, 2004, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of CCCERA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of CCCERA as of December 31, 2004, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the schedules designated as required supplementary information in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information designated as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other data included in this report, designated as the investment, actuarial and statistical sections in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2005, on our consideration of CCCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

Bakersfield, California
April 1, 2005

Management's Discussion and Analysis

We are pleased to provide this overview and analysis of the financial activities of Contra Costa County Employees' Retirement Association (CCCERA) for the year ended December 31, 2004. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our Letter of Transmittal, as well as the Financial Statements.

Financial Highlights

‡ The net assets of CCCERA at the close of the calendar year total $3.7 billion (net assets held in trust for pension benefits), an increase of $405.1 million, or 12.2% from the prior year, primarily as a result of market gains.

‡ Total Additions as reflected in the Statement of Changes in Plan Net assets, for the year were $599.5 million, which includes employee and employer contributions of $183.5 million and an investment gain of $415.7 million and net securities lending income of $344,000.

‡ Employer contributions decreased from $427.8 million in 2003 to $118.2 million in 2004 primarily because Contra Costa County contributed $319.1 million on May 1, 2003 from the issuance of pension obligation bonds. Contribution rate increases attributed to a reduced interest assumption, from 8.35% to 8.0%, also took effect in July 2004. Also included in the 2004 amount is $2.8 million paid by County departments as a result of employees converting prior Tier 2 service to Tier 3 service.

‡ Employee contributions increased from $51.6 million to $65.3 million over the same period primarily as the result of the reduction of the interest rate assumption from 8.35% to 8.0%.

‡ An addition to the Employer Reserves in the amount of $34.2 million was recorded in 2003 for the final Paulson Cost as a result of completion of that project. This is the final amount that was due from all employers (see Note 10 of the financial statements).

‡ Total Deductions as reflected in the Statement of Changes in Plan Net Assets increased from $174.3 million to $194.4 million over the prior year, or approximately11.6%. Benefits paid to retirees and beneficiaries increased from $163.9 million in 2003 to $179 million in 2004. Delta Diablo Sanitation District terminated its membership with CCCERA effective June 30, 2004 and its assets were transferred to CalPERS in 2004 for their active members (See Note 11 for additional disclosure).

‡ CCCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2003, the date of our last actuarial valuation, the funded ratio for CCCERA was 85.5%. In general, this indicates that for every dollar of benefits due, we have approximately $0.86 to cover it.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to CCCERA's financial statements, which are comprised of these components:

1. Statement of Plan Net Assets
2. Statement of Changes in Plan Net Assets
3. Notes to the Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

The Statement of Plan Net Assets is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of year-end. The net assets, which are the assets less the liabilities, reflect the funds available for future use.

The Statement of Changes in Plan Net Assets, on the other hand, provides a view of current year additions to and deductions from the plan. The trend of additions versus deductions to the plan will indicate whether CCCERA's financial position is improving or deteriorating over time.

Both financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standard Board (GASB), using the accrual basis of accounting. CCCERA complies with all material requirements of these principles and guidelines.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date, not settlement date. In addition, both realized and unrealized gains and losses are shown on investments, and all Property and Equipment (capital assets) are depreciated over their useful lives.

Other factors, such as market conditions, should be considered in measuring CCCERA's overall financial strength.

The Notes to the Financial Statements are an integral part of the financial report and provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide detailed discussion of key policies, programs and activities that occurred during the year.

Required Supplementary Information. In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning CCCERA's progress in funding its obligations to provide pension benefits to members. The Schedule of Funding Progress, a required supplementary schedule, includes historical trend information for the past six years about the actuarially funded status of the plan, and the progress made in accumulating sufficient assets to pay benefits when due. The other required supplementary schedule, the Schedule of Employer Contributions, presents historical trend information about annual required contributions of the employer and the actual contributions made. These schedules provide information to help promote understanding of the changes in the funded status of the plan over time.

Other Supplementary Information. The schedules of administrative expenses and investment expenses are presented following the required supplementary information.

Financial Analysis

Assets and Funding Ratio

As of December 31, 2004, CCCERA has $3.7 billion in net assets, which means that total assets of $4.5 billion exceed total liabilities of $800 million. The net assets represent funds available for future payments. Of importance and unlike private pension funds, public pension funds are not required to disclose the future liability of obligations owed to retirees. Only current liabilities are reported on the Statement of Plan Net Assets.

As of December 31, 2004, net assets increased by 12.2% over the prior year primarily due to an increase in the fair market value of investments. Current assets and current liabilities also increased by offsetting amounts due to the recording of the security lending cash collateral.

Capital Assets

CCCERA's investment in capital assets decreased from $359,971 to $215,238 (net of accumulated depreciation and amortization). This investment in capital assets includes equipment, furniture and leasehold improvements. The total decrease in CCCERA's investment in capital assets for the current year was 40.2% over 2003. CCCERA is in the process of reviewing its technology infrastructure, and has purchased computer servers and equipment for its imaging project. CCCERA remains committed to the addition of a Pension Benefit System and is moving forward to issue an RFP in early 2005.

PLAN NET ASSETS

	2004	2003	Increase/ (Decrease) Amount	Increase/ (Decrease) Percentages
Current Assets	$ 994,564,538	$ 955,725,327	$ 38,839,211	4.1%
Investments	3,511,106,642	3,119,754,538	391,352,104	12.5%
Capital Assets	215,238	359,971	(144,733)	-40.2%
Total Assets	4,505,886,418	4,075,839,836	430,046,582	10.6%
Total Liabilities	787,270,522	762,344,889	24,925,633	3.3%
Total Plan Net Assets	**$3,718,615,896**	**$ 3,313,494,947**	**$ 405,120,949**	**12.2%**

CCCERA has annual valuations performed by its independent actuary, The Segal Company. The purpose of the valuation is to determine what future contributions by the members and employers are needed to pay all the expected future benefits. Despite variations in the stock market, CCCERA's management and actuary concur that CCCERA remains in a financial position to meet its obligations to the plan participants and beneficiaries. The current financial position results from a strong and successful investment program over the long term.

CCCERA's Activities

CHANGES IN PLAN NET ASSETS

Additions	2004	2003	Increase/ (Decrease) Amount	Increase/ (Decrease) Percentage
Employer Contributions	$ 118,245,418	$ 427,822,766	$ (309,577,348)	-72.4%
Employee Contributions	65,297,397	51,602,939	13,694,458	26.5%
Net Investment Income	415,668,827	608,336,466	(192,667,639)	-31.7%
Net Security Lending Income	344,167	238,147	106,020	44.5%
Total	**$ 599,555,809**	**$ 1,088,000,318**	**$(488,444,509)**	**-44.9%**

Deductions

Pension Benefits	$ 178,979,297	$ 163,923,104	$ 15,056,193	9.2%
Refunds	909,468	1,036,599	(127,131)	-12.3%
Administrative	4,089,459	4,292,028	(202,569)	-4.7%
Other Expenses	5,776,115	5,021,267	754,848	15.0%
Membership Withdrawal	4,680,521	0	4,680,521	100.0%
Total	**$ 194,434,860**	**$ 174,272,998**	**$ 20,161,862**	**11.6%**

Final Paulson Cost (to reserves)	**$ 0**	**$ 34,230,204**	**$ (34,230,204)**	**-100%**
Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	**$ 405,120,949**	**$ 947,957,524**	**$(542,836,575)**	**-57.3%**

Additions to Plan Net Assets

The primary sources to finance the benefits that CCCERA provides to its members are accumulated through the collection of member (employee) and employer contributions and through the earnings on investments (net of investment expenses). Net investment income for the year ended December 31, 2004, totaled $415.7 million. The final Paulson settlement liability of $34.2 million was reflected as an increase in the employer reserves in 2003. This amount was the final liability owed by the employers and has been paid either by lump sum or will be paid over time per a contract executed between CCCERA and the employer. (See Note 10 for a summary of installment payments due.)

By year end, overall additions had decreased by $488.4 million, or -44.9%, from the prior year due primarily to fewer investment gains and the one time receipt of Pension Obligation Bond proceeds from the County in 2003. The investment section of this report reviews the result of investment activity for the year ended December 31, 2004.

Deductions from Plan Net Assets

The primary uses of CCCERA's assets include the payment of benefits to retirees and their beneficiaries, refund of contributions to terminated employees, and the cost of administering the system. Deductions in the year ended December 31, 2004, totaled $194.4 million, an increase of 11.6% over December 31, 2003. The increase is attributed to the additional benefit payments for retirees as well as the growth in the number and average amount of benefits paid to retirees. In addition, Delta Diablo Sanitation District's assets of $4.7 million were transferred out of the fund. (See Note 11 for more detail of DDSD's withdrawal.)

The Board of Retirement approves the annual budget for CCCERA. The California Government Code Section 31580.2 limits the annual administrative expense to eighteen one hundredths of one percent (0.18%) of the total assets of the retirement system. CCCERA has consistently met its administrative expense budget for the current year and prior years.

CCCERA's Fiduciary Responsibilities

CCCERA's Board and management staff are fiduciaries of the pension trust fund. Under the California Constitution, the assets can only be used for the exclusive benefit of plan participants and their beneficiaries.

Economic and Market Review

The stock market has posted back-to-back yearly gains for the first time since 1999. Investors will be closely watching in 2005 whether it will be three years in a row. The initial consensus is that moderate gains are possible for 2005, but with interest rates rising, the pace of corporate profit gains slowing, the Iraq war and the threat of terrorist attacks weighing on investor's minds, it is not a certainty.

Most of 2004's gains in the market came in the weeks after October 25 as stocks staged a year-end rally. The Dow Jones Industrial Average gained 3.15% in 2004, finishing at 10783.01 after gaining 25% in 2003. This is short of the record of 11722.98 hit five years ago in January 2000, but is moving closer and within reach. The S&P 500 was up 8.99% for 2004, after being up over 26% for the previous year. The Nasdaq Composite Index, which surged 50% in 2003, cooled off some and was up 8.59% for 2004, closing at 2175.44. The Nasdaq still would have to double in value to return to the record of 5048.62 hit in March 2000.

The Fed's five increases in short-term rates in 2004, to 2.25%, were the most in 10 years and brought short-term interest rates to their highest level in more than three years. These moves by the Fed were part of an effort to bring interest rates back to more normal levels when compared with inflation. For several years, rates were cut to prevent a potential bout of deflation, or falling prices. But with solid economic growth in 2004 and a choppy job market, those fears were put to rest and bond investors gave the recovery a split decision. In 2004, yields on shorter-term notes rose but yields on longer-term bonds fell from their peaks as the bonds' prices rose. Usually in economic recoveries, bond prices fall and yields rise as investors expect to see inflation. Part of the bond investor's response may be attributed to the Fed providing advance notice of its intentions throughout 2004. Corporate bonds, mortgage bonds and agency bonds all performed well in 2004.

Investors will continue to evaluate the market effects of the economic recovery, the job markets, the Iraq war, terrorism concerns, and the President's agenda on the overhaul of Social Security, changes to the Tax Code and the Tort System in 2005. Hope abounds that 2005 will continue a year of moderate gains for the stock market.

Requests for Information

This financial report is designed to provide the Board of Retirement, membership, taxpayers, investment managers and creditors with a general overview of CCCERA's financial condition and to demonstrate CCCERA's accountability for the funds under its stewardship.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

CCCERA
1355 Willow Way, Suite 221
Concord, CA 94520-5728

Respectfully submitted,

Rick Koehler

Rick Koehler, CPA, CGFM
Retirement Accounting Manager

April 15, 2005

Statement of Plan Net Assets

As of December 31, 2004

Assets:	
Cash equivalents	$ 324,177,985
Cash collateral - securities lending	332,937,664
Total cash & cash equivalents	657,115,649
Receivables:	
Contributions	5,244,608
Investment trades	285,421,487
Investment income	12,588,142
Installment contracts - Paulson	32,353,721
Other	1,372,205
Total receivables	336,980,163
Investments at fair value:	
Stocks	1,746,928,390
Bonds	1,311,420,447
Real estate	366,127,999
Alternative investments	86,629,806
Total investments	3,511,106,642
Other Assets:	
Prepaid expenses/deposits	468,726
Capital assets, net of accumulated depreciation of $530,595	215,238
Total assets	4,505,886,418
Liabilities:	
Investment trades	368,779,935
Security lending	332,937,664
Employer contributions unearned	64,949,247
Retirement allowance payable	15,452,375
Accounts payable	3,705,110
Unclaimed contributions	457,387
Contributions refundable	248,169
Other liabilities	740,635
Total liabilities	787,270,522
Net Assets Held In Trust for Pension Benefits	**$ 3,718,615,896**

(A schedule of funding progress is presented on page 42)

See accompanying notes to financial statements.

Statement of Changes in Plan Net Assets

For the Year Ended December 31, 2004

Additions:	
Contributions:	
Employer	$ 118,245,418
Employee	65,297,397
Total contributions	183,542,815
Investment income:	
Net appreciation in fair value of investments	271,670,774
Net increase in fair value of real estate	57,987,583
Interest	61,066,377
Dividends	15,694,272
Real estate income, net	24,647,426
Investment expense	(20,042,432)
Other Income	4,644,827
Net investment income, before securities lending income	415,668,827
Securities lending income:	
Earnings	3,260,436
Rebates	(2,675,025)
Fees	(241,244)
Net securities lending income	344,167
Net investment income	416,012,994
Total additions (contributions and net investment income)	599,555,809
Deductions:	
Benefits paid	178,979,297
Contribution prepayment discount	5,496,298
Administrative	4,089,459
Refunds of contributions	909,468
Other	279,817
Membership withdrawal (See Note 11)	4,680,521
Total deductions	194,434,860
Net Increase	405,120,949
Net Assets Held in Trust for Pension Benefits:	
Beginning of year, as previously stated	3,313,494,947
End of year	**$3,718,615,896**

See accompanying notes to financial statements.

Notes To The Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1. PLAN DESCRIPTION

The Contra Costa County Employees' Retirement Association (CCCERA) is governed by the Board of Retirement (Board) under the County Employees' Retirement Law of 1937 (1937 Act), as amended. Members should refer to the 1937 Act for more complete information.

General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provisions of the 1937 Act on July 1, 1945. It provides benefits upon retirement, death or disability of members. CCCERA operates as a cost-sharing, multiple employer defined benefit pension plan that covers substantially all of the employees of the County of Contra Costa (the County) and 17 other member agencies. CCCERA membership at December 31, 2004 is presented below.

Retirees and Beneficiaries Receiving Benefits	6,118
Inactive Vested Members entitled to but not yet receiving benefits	1,517
Current Employees:	
Vested:	
General Employees	4,878
Safety Employees	1,195
Non-Vested:	
General Employees	2,795
Safety Employees	490
TOTAL MEMBERSHIP	**16,993**

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. CCCERA is a component unit of the County and is presented in the County's basic financial statements as a pension trust fund.

Benefit Provisions

The Plan is currently divided into seven benefit sections in accordance with the 1937 Act. These sections are known as General Tier I, enhanced and non-enhanced; Tier II; Tier III enhanced and non-enhanced; Safety enhanced and non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3% at 50 for safety members and 2% at 55 for general members, effective July 1, 2002 and January 1, 2003, respectively. The enhanced benefits do not apply to bargaining units represented by the California Nurses Association or to the nonrepresented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, or to the supervisors and managers of those employees until January 1, 2005. In addition, each Special District that is a participant of

CCCERA and whose staff are not County employees covered by Resolution No. 2002/608, may elect to participate in the enhanced benefits. As of December 31, 2004, four general member special districts have adopted enhanced benefits for their employees. Previously, two Special District Fire agencies have adopted the enhanced benefits for their safety and general employees, one in 2001 and the other in 2002.

Legislation was signed by the Governor in 2002 which allowed Contra Costa County, effective October 1, 2002, to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created October 1, 1998 and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal members who elected Tier I membership. As of December 31, 2004, Tier II includes only the employees described in the paragraph above for whom the County did not adopt the enhanced benefits and employees of one special district agency. County employees who were moved to Tier III effective October 1, 2002, continue to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

Safety includes members in active law enforcement, active fire suppression work or certain other "Safety" classifications as designated by the Retirement Board.

Benefits are administered by the Board under the provisions of the 1937 Act. Annual cost-of-living adjustments (COLA) to retirement benefits may be granted by the Board as provided by State statutes. Service retirements are based on age, length of service and final average salary. Subject to vested status, employees may withdraw contributions plus interest credited or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

Pertinent provisions for each section follow:

General - Tier I
Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

General - Tier II
Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with ten years of service credit required. Those members who elected in 1980 to transfer from General - Tier I to General -Tier II are eligible for non-service connected

disability retirement with five years of service. The definition of disability is more strict under General - Tier II than in the General - Tier I plan. The retirement benefit is based on a three-year average salary in accordance with Government Code Section 31462.

General - Tier III

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit or non-service connected with ten years of service credit required. The definition of disability is the same as Tier II. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

Safety

Members may elect service retirement at age 50 with 10 years of service, or with 20 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

Cost of Living Adjustments (COLA)

The 1937 Act authorizes the Retirement Board to grant annual automatic and ad hoc cost-of-living increases to all eligible retired members. Article 16.5 requires the Board to grant an annual automatic COLA effective April 1st. This benefit is based on the San Francisco-Oakland-San Jose area Consumer Price Index and is limited to three percent for Tier I, Tier III and Safety members, and four percent for Tier II members. Government Code Section 31874.3 allows the granting of a supplemental cost-of-living benefit, on a prefunded basis to eligible retirees whose unused Consumer Price Index increase accumulations equal or exceed 20 percent. This supplemental increase is a permanent part of the retirees' monthly benefit and is known as "New Dollar Power."

Terminations

Effective January 1, 2003, a member with less than five years of service may elect to leave accumulated contributions on deposit in the retirement fund indefinitely as a result of the passing of AB2766, which amends Section 31629.5 of the Retirement Law of 1937. A member who continues membership under this ruling is granted a deferred non-vested status and is subject to the same age, service, and disability requirements that apply to other members for service or disability retirement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CCCERA's financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. All investment purchases and sales are recorded on the trade date. The net appreciation (depreciation) in fair value of investments held by CCCERA is recorded as an increase (decrease) to investment income based on the valuation of investments at June 30th and December 31st.

Cash Equivalents

Cash equivalents include deposits in the County Treasurer's commingled cash pool and certain investments held by the County Treasurer, custodian bank and other investment managers. Cash equivalents are highly liquid investments with maturity of three months or less when purchased. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value.

Methods Used to Value Investments

Investments are reported at fair value. Fair value is the amount that CCCERA can reasonably expect to receive in a current sale between a willing buyer and a willing seller - that is, other than in a forced or liquidation sale. The fair values of equity and fixed income securities are derived from quoted market prices. The fair values of private market investments are estimated from fair values provided by real estate investment funds, generally using periodic independent appraisals, and alternative investment managers. Investments listed as alternative investments are comprised of a U.S. timberland fund and private equity partnerships, that invest in a diversified portfolio of venture capital, buyout and other special situations partnerships, and the U.S. power industry.

Receivables

Receivables consist primarily of interest, dividends, installment contracts, investments in transition, i.e., traded but not yet settled, and contributions owed by the employing entities as of December 31, 2004.

Capital Assets

Capital assets, consisting of leasehold improvements, furniture and office equipment, are presented at historical cost, less accumulated depreciation. Depreciation is calculated using the straight-line method, with estimated lives of ten years for leasehold improvements and ranging from four to five years for office equipment. Depreciation for the year ended December 31, 2004 was $144,732.

Compensated Absences
The liability for accumulated annual leave earned by CCCERA employees totalling $166,467, included in other liabilities on the *Statement of Plan Net Assets*, is recorded when earned by the employee. Upon termination of employment, an employee receives compensation for hours of unused annual leave limited by the number of annual leave hours which can be accumulated in two years of employment.

Pre-1981 Retiree Health Care Benefits
Government Code Section 31592.2 authorizes the Retirement Board to pay for healthcare costs of County retired members from the County (Employer) Advance Reserves. In December 2002, the Board transferred $11 million from its excess earnings to the Employer Advance Reserve to cover the reimbursement of health care costs of approximately 383 pre-1981 retirees who previously were not eligible for health care coverage. The County extended an offer of health care coverage to this group and approximately 40 retirees or their beneficiaries elected coverage. Starting in January 2004, CCCERA reduced the County employer contribution rate by the amount owed for the pre-1981 retiree's health insurance premiums.

Use of Estimates
The preparation of CCCERA's financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 3. Cash Equivalents and Investments

Deposits
At year-end, the carrying amount of CCCERA's cash deposits was $217,829 (which are included in cash equivalents) and the bank balance was $640,684. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $200,000 was covered by federal depository insurance, and $440,684 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Goverment Code, a financial institution is required to secure deposits in excess of $100,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is held by the pledging financial institution's trust department or agent in CCCERA's name.

Investment Stewardship

Except as otherwise expressly restricted by the California Constitution and by law, the Board may, at its discretion, invest, or delegate CCCERA to invest the assets of CCCERA through the purchase, holding, or sale of any form or type of instrument, or financial transaction when prudent in the informed opinion of the Board. In addition, the Board has established an investment policy, which places limits on the compositional mix of cash, fixed income and equity securities, alternative investments and real estate investments. CCCERA currently employs external investment managers to manage its assets subject to the guidelines of the investment policy.

As permitted by the Government Code, CCCERA directs the County Treasurer to make specific investments on behalf of CCCERA. Investments made by the County Treasurer are subject to regulatory oversight by the County's Treasury Oversight Committee, as required by the California Government Code Section 27134.

Industry Concentrations of Portfolio Assets

The Board's investment policies and guidelines permit investments in numerous specified asset classes to take advantage of professional investment management advice and a well-diversified portfolio. The investment portfolio contained no concentration of investments in any one entity (other than those issued or guaranteed by the U.S. Government) that represented five percent or more of plan net assets.

Custodial Credit Risk Categories

Custodial credit risk categories have been established by the Governmental Accounting Standards Board (GASB) Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements. Category 1 includes investments that are insured or registered or for which the securities are held by CCCERA or its agents in CCCERA's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in CCCERA's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in CCCERA's name. Investments not represented by individual securities are not subject to categorization, including but not limited to pooled funds, mutual funds, real estate and alternative investments.

Investments stated at fair value as of December 31, 2004 are presented below:

Cash Equivalents - Categorized	
Category 2	
Repurchase Agreements	$ 830,000
Cash Equivalents - Not Categorized	
Funds pooled with County	17,362,283
Short-term Investment Funds held with Fiscal Agents	305,985,702
Total Cash Equivalents - Not Categorized	323,347,985
TOTAL CASH EQUIVALENTS	324,177,985
Investments - Categorized	
Category 1	
Domestic Stocks	1,154,588,604
Domestic Bonds	800,497,736
International Stocks	40,063,661
International Bonds	121,570,959
Total Investments - Categorized	2,116,720,960
Investments - Not Categorized	
Investments held by broker dealers under securities loans with cash collateral:	
Domestic Stocks	76,676,487
Domestic Bonds	249,103,806
Mutual Funds:	
Domestic Bonds	140,247,946
International Stocks	475,599,638
Real Estate	366,127,999
Private Equity	72,639,859
Natural Resource Funds	13,989,947
Securities lending collateral investment pool	332,937,664
Total Investments - Not Categorized	1,727,323,346
Total Investments	3,844,044,306
TOTAL CASH EQUIVALENTS & INVESTMENTS	$ 4,168,222,291

NOTE 4. SECURITIES LENDING TRANSACTIONS

The investment policy, adopted by the Board, permits the use of a securities lending program with its principal custodian bank. CCCERA lends domestic bonds and equities to various brokers for collateral that will be returned for the same securities plus a fee in the future. The custodian bank provides loss indemnification to CCCERA if the borrower fails to return the securities.

The custodian bank manages the securities lending program and receives cash and/or securities as collateral. The collateral cash can be invested and is automatically rolled into a Short Term Investment Fund (STIF). The collateral securities cannot be pledged or sold by CCCERA without borrower default. Securities on loan must be collateralized at 102% of the fair value of domestic securities plus accrued interest (in the case of debt securities).

There are no restrictions on the amount of the securities that can be loaned at one time. CCCERA has the right to terminate any loan in whole or in part by providing the custodian bank with written notice (a "Recall Notice"). Because the loans are terminable at will, the term to maturity of the security loans is generally not matched with the term to maturity of the cash collateral. There were no losses associated with securities lending transactions during the year.

At year-end, CCCERA has no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The fair value of investments on loan at December 31, 2004 is $325,780,293, which was collateralized by cash in the amount of $332,937,664, and has been reported as an asset and liability in the accompanying Statement of Plan Net Assets.

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

As permitted by the California Government Code and the investment policy, CCCERA uses forward settlement contracts, forward currency contracts, futures and options contracts and other derivative products within fixed income financial instruments. These derivative financial instruments are used to reduce financial market risks, enhance yields and to participate in all market areas without increasing investment costs. At December 31, 2004, the following derivative financial instruments were held by investment managers:

> Various investment managers for CCCERA manage fixed income portfolios that contain derivative type financial instruments. These instruments include government and corporate obligations consisting of asset-backed securities, call and put options, floating rate notes, constant maturity index, Adjustable Rate Mortgages (ARMs), Collateralized Mortgage Obligations and LIBOR Indexed ARMs. The fair value of derivative financial instruments at December 31, 2004 is $513,580,458 and reported within the domestic and international bonds, category 1, at the table in Note 3.
>
> PIMCO and Western Asset Management have made investments in forward currency contracts, which are unrecorded commitments to purchase or sell stated amounts of foreign currency. Gains or losses on the disposition of the commitments are recorded at the time of settlement. The fair values of forward currency contracts are determined by quoted currency prices from national exchanges. As of December 31, 2004, total commitments in forward currency contracts to purchase and sell foreign securities were $262,209,309 and $262,209,309, respectively, with market values of $264,984,650 and $269,757,473, respectively.

NOTE 6. CONTRIBUTIONS

Employer and member basic and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Retirement Board. Covered employees are required by statute to contribute toward their pensions. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and tier. CCCERA members are required to contribute between 3.73% and 18.02% of their annual covered salary, depending on their Tier and benefit. County and Moraga Orinda Fire Protection District Safety members contribute, an additional amount per year, up to a maximum of 9.0%, of the employer's increase in contributions attributed to the adoption of the enhanced benefit package commonly known as 3% at 50. Member contributions are refundable upon termination of employment.

Employers are required to contribute at an actuarially determined rate calculated on the alternate funding method permitted by Government Code Section 31453.5. Pursuant to provisions of the 1937 Act, the Retirement Board recommends annual contribution rates for adoption by the Board of Supervisors. The "Entry Age Normal," funding method is used to calculate the rate required to provide benefits to members.

During the year, contributions totaled $183,542,815, which included $65,297,397 in employee contributions and $118,245,418 in employer contributions.These figures also include employee and employer purchase, redeposit and conversion amounts. Government Code Section 31582(b) allows the Board of Supervisors to authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund. Code Section 31585 makes the same appropriations and transfers available to Districts. Contra Costa County and 12 participating employers "prepay" or make advance payments of all of the employer's estimated annual contributions discounted by the assumed interest rate in effect on July 1. At the end of the fiscal year, a "true-up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions.

Six-year historical trend information, designed to provide information about CCCERA's progress in accumulating sufficient assets to pay benefits when due, is presented as required supplementary information on page 42.

Employer contributions for 1999 through 2002 are less than 100% due to action taken by the Board to phase-in, over a three year period, increased contribution requirements associated with the December 31, 1997 actuarial experience study, as well as the *Ventura Decision*. The Retirement Board, at its meeting on July 11, 2000, deferred for one year, the third year phase-in from the experience study and the second year phase-in of the *Ventura Decision*. This action had the effect of keeping contribution rates lower currently, while extending the time for the phase-in of rates.

On August 14, 1997, the Supreme Court of the State of California issued a decision in a case entitled *Ventura County Deputy Sheriff's Association vs. Board of Retirement of Ventura County Employees' Retirement Association* (Ventura Decision). On October 1, 1997, the Ventura Decision became final. The Supreme Court held that a County Retirement System operating under provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements received by an employee, within the employee's "compensation earnable," and "final," compensation when calculating the employee's retirement benefits. The Board voted to implement the changes to the retirement benefits as of October 1, 1997, the date the decision became final.

NOTE 7. RESERVES AND DESIGNATIONS

Reserves are established from member and employer contributions and the accumulations of investment income after satisfying investment and administrative expenses. The reserves are not fully funded to satisfy retirement and other benefits as they become due, as noted in the *Schedule of Funding Progress*. Following are brief explanations of the major classes of reserves and designations used by CCCERA:

Member Deposits Reserve represents the balance of member contributions. Additions include member contributions and related earnings; deductions include refunds of member contributions and transfers to Retired Member Reserve.

Employer Advance Reserve represents the balance of employer contributions for future retirement payments to current active members. Additions include contributions from the employer and related earnings; deductions include transfers to Retired Member Reserve, lump sum death benefits and supplemental disability payments under legislated rehabilitation programs.

Retired Member Reserve represents the balance of transfers from Member Deposits Reserve and Employer Advance Reserve and related earnings, less payments to retired members. Included in the Retired Member Reserve is the Retirement Board Reserve for the New Dollar Power cost of living supplement for Retirees.

Smoothed Market Value Valuation represents the accumulated difference between the Actuarial Value of Assets for valuation and the accumulated balances in the valuation reserves. This was a one-time adjustment to increase the valuation reserves as a result of implementing Governmental Accounting Standards Board Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

Contra Tracking Account (CTA) represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. A balance in this account is the result of applying the full interest crediting policy of the Board and will be reduced in subsequent periods when there are sufficient earnings.

Statutory Contingency Reserve represents investment earnings accumulated for future earnings deficiencies, investment losses and other contingencies. Additions include investment income and other revenues; deductions include investment expenses, administrative expenses, interest allocated to other reserves, funding of Supplemental COLA and transfers of excess earnings to other Reserves and other Designations. The Statutory Contingency Reserve is used to satisfy the California Government Code requirement that CCCERA reserve one percent of its assets against deficiencies in interest earnings in other years, losses on investments, and other contingencies. As of December 31, 2003, the Statutory Contingency Reserve was completely used in paying interest to the reserve accounts.This acccount will be replenished in subsequent periods when there are sufficient earnings according to the interest crediting policy for CCCERA.

Market Stabilization Account represents the deferred return developed by the smoothing of realized and unrealized gains and losses based on a five-year smoothing.This method smoothes only the semi-annual deviation of total market return (net of expenses) from the return target, 8.0 percent per annum. This assumption rate was used in determining contribution rates for the period July 1, 2004 through June 30, 2005. As of December 31, 2004, the Market Stabilization Account has returned to a positive amount due to significant market gains over the past two years.

Reserved and designated net assets at December 31, 2004 are as follows:

Valuation Reserves:	
Member Deposits	$ 307,042,183
Member Cost of Living	71,729,876
Employer Advance	954,739,199
Employer Cost of Living	649,467,788
Retired Member	1,210,353,614
Retired Cost of Living	469,765,921
New Dollar Power Cost of Living Supplement and Pre-Fund	32,437,702
Smoothed Market Value Valuation	146,132,597
Contra Tracking Account	(167,810,806)
Total Valuation Reserves	3,673,858,074
Supplemental Reserves:	
Post Retirement Death Benefit	12,310,600
Other Reserves/Designations:	
Statutory Contingency Reserve (one percent)	0
Total Allocated Reserves/Designations	3,686,168,674
Market Stabilization Account	32,447,222
Net Assets held in trust for pension benefits	**$ 3,718,615,896**

Note 8. Lease Obligation

CCCERA owns the Willows Office Park located at 1355 Willow Way, Concord, California and has held this property as a real estate investment since 1984. The property manager for the Willows Office Park is CB Richard Ellis. CCCERA has entered into a fair market lease to occupy a portion of the building. A commitment under an operating lease agreement for office facilities provides for minimum future rental payments through July 31, 2011. These future minimum rental payments as of December 31, 2004 are as follows:

Year Ending December 31	Amount
2004	$ 308,533
2005	304,862
2006	304,862
2007	304,862
2008	304,862
2009	304,862
2010-2011	482,678
Total	$ 2,315,522

Note 9. Risk Management

CCCERA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. CCCERA manages and finances these risks by purchasing commercial insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded CCCERA's commercial insurance coverage in any of the past three years.

Note 10. Paulson Lawsuit Settlement

During the year ended December 31, 1999, CCCERA settled its litigation, entitled *Vernon D. Paulson, et al. vs. Board of Retirement of the Contra Costa County Employees' Retirement Association, et al.* The lawsuit was brought on behalf of a class of retired members of CCCERA regarding the inclusions and the exclusions from "final" compensation that are used in calculating member's retirement benefits as a result of the Ventura Decision (see Note 6). A settlement agreement was entered into with all parties and each employer was invoiced for their share of the $34.2 million additional liability plus interest up to the date of the payment. Two employers chose to pay their share of the liability due over 20 years and one over 19.5 years, and entered into contracts with CCCERA, while the remainder of the employers paid CCCERA in a lump sum in 2003. The following summary lists the pertinent details of each agreement plus the amounts due at December 31, 2004.

Installment Payments Due from Paulson Final Liability

	City of Pittsburg	Contra Costa County	Contra Costa Fire Protection Dist.
Agreement Details:			
Effective Date of Agreement	November 7, 2003	December 16, 2003	August 28, 2003
First Payment Due	December 1, 2003	August 1, 2004	September 1, 2003
Last Payment Due	December 1, 2022	February 1, 2024	September 1, 2022
Rate of Interest	8%	8%	8%
Annual Principal and Interest Payment	$ 105,542	$ 2,759,911	$ 369,122
Original Principal	$ 1,119,124	$ 28,064,981	$ 3,914,020
Receivable at December 31, 2004:			
Future Principal Payments	$ 989,126	$ 26,806,846	$ 3,459,368
Interest Accrued for 2004	$ 6,594	$ 893,562	$ 92,250

NOTE 11. CONTINGENCIES

CCCERA is subject to legal proceedings and claims arising in the ordinary course of its operations. CCCERA's management and legal counsel estimate that the ultimate outcome of such litigation will not have a material effect on CCCERA's financial statements.

Delta Diablo Sanitation Withdrawal from Membership
Delta Diablo Sanitation District (DDSD) terminated its membership with CCCERA effective June 30, 2004. The district held an election of its active members and the result of that election was a decision to convert to California Public Employees' Retirement System (CalPERS) on July 1, 2004.

The retired and deferred members from DDSD, who either currently draw a benefit or could draw a benefit in the future, will continue with CCCERA. A determination of the value of the DDSD's accumulated assets, as well as their current and unfunded liability, was undertaken using methodology per CCCERA's Employer Termination Policy. The amount of $4,680,521 was transferred to CalPERS in 2004. Sufficient assets will remain with CCCERA to pay the ongoing benefits of the retirees and beneficiaries of DDSD.

CCCERA's independent actuary will re-determine DDSD's liability as of December 31 of each year for which CCCERA conducts a triennial experience analysis, the most recent experience analysis being December 31, 2003. If the ratio of DDSD's assets to the termination liability (as measured by the termination agreement) is below 95% or above 105%, the difference between DDSD's assets and liability will be amortized and transferred as provided in the termination agreement.

Other Membership Withdrawals
Ironhouse Sanitary District is terminating its membership with CCCERA effective March 31, 2005 and converting to California Public Employees' Retirement System (CalPERS) on April 1, 2005. A termination study has been completed by CCCERA's actuary and the appropriate amount will be transferred to CalPERS based upon the results of that study.

Required Supplementary Information

Schedule of Funding Progress (Dollars In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/98	$ 1,868,521	$ 2,320,315	$ 451,794	80.5%	$ 411,748	109.7%
12/31/99**	2,137,554	2,433,614	296,060	87.8%	463,279	63.9%
12/31/00	2,355,179	2,643,526	288,347	89.1%	488,384	59.0%
12/31/01	2,613,220	2,983,551	370,331	87.6%	523,621	70.7%
12/31/02	3,296,736	3,677,624	380,888	89.6%	580,415	65.6%
12/31/03	3,538,722	4,141,390	602,668	85.5%	600,274	100.4%

*Excludes Accounts Payable. Restated to exclude non-valuation reserves.
**Adjusted to reflect the Retirement Board's action to change the annual investment return assumption to 8.5%.

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution		Percentage Contributed
1999	$ 52,565,912	**	93.7%
2000	58,035,756	**	91.3%
2001	58,642,407	**	94.1%
2002	58,319,678	**	98.6%
2003	108,728,047	***	100.0%
2004	118,245,418		100.0%

** The contribution percentage is less than 100% due to actions taken by the Board of Retirement to phase-in, over three years, increased contribution requirements associated with the significant actuarial assumption changes and the expansion of earnable compensation required by the "Ventura Decision," which is discussed in Note 6 of the *Notes to Financial Statements*.

*** Excludes Contra Costa County pension obligation bond proceeds of $319,094,719.

Actuarial valuations of CCCERA are normally carried out as of December 31 of each year and contribution requirements resulting from such valuations become effective on July 1 of the following fiscal year, except as follows: The contribution requirements from the December 31, 2001 valuation became effective on January 1, 2003 per Retirement Board action and remained in effect through June 30, 2004.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

Latest Actuarial Valuation Methods and Assumptions

Valuation Date	December 31, 2003
Actuarial Cost Method	Entry Age Normal Funding Method
Amortization Method	Level Percent - closed
Remaining Amortization Period	19 Years
Asset Valuation Method	5 year Smoothed Market, excluding non-valuation reserves and designations*
Actuarial Assumptions	
Investment Rate of Return	7.90%
Projected Salary Increases	6.41%
Attributed to Inflation	4.00%
Cost-of-Living Adjustments	Contingent upon CPI Increases with a 3% or 4% Maximum

* The exclusion of non-valuation reserves and designations was implemented in the January 1, 1997 actuarial study. The six year history on page 42 has been restated to reflect this change.

Other Supplementary Information

Schedule of Administrative Expenses

For the Year Ended December 31, 2004

Personnel Services:	
Salaries and Wages	$ 2,002,827
Employee Retirement	959,714
Total Personnel Services	2,962,541
Professional Services:	
Actuary - Benefit Statement	42,024
Computer and Software Services and Support	27,156
County Counsel - Disability	36,882
Disability Hearing Officer/Medical Reviews	32,821
External Audit Fees	31,507
Contra Costa Dept of Information Technology	31,185
Newsletters	10,021
Other Professional Services	90,773
Total Professional Services	302,369
Office Expenses:	
Office Lease and Expenses	314,936
Office Supplies	50,111
Minor Equipment and Computer Supplies	43,546
Postage	32,669
Equipment Lease	31,287
Requested Maintenance	1,695
Communications/Telephone	15,498
Printing and Publications	21,002
Total Office Expenses	510,744
Miscellaneous:	
Fiduciary and Staff - Education/Travel	44,707
Fiduciary and Staff - Meetings/Other Travel	3,885
Insurance	116,459
Memberships	4,022
Total Miscellaneous	169,073
Depreciation and Amortization	144,732
Total Administrative Expenses	**$ 4,089,459**

Schedule of Investment Expenses

FOR THE YEAR ENDED DECEMBER 31, 2004

Investment Management Fees, by portfolio:	
Stocks	$ 6,456,108
Bonds	4,826,339
Real Estate	3,763,404
Alternative	3,570,987
Cash and Short Term	6,275
TOTAL INVESTMENT MANAGEMENT FEES	18,623,113
Investment Consulting Fees:	
Consulting Services	517,374
Attorney Services	231,232
Actuarial Services	86,813
TOTAL INVESTMENT CONSULTING FEES	835,419
Investment Custodian Fees	325,075
Other Investment Related Expenses	258,825
TOTAL INVESTMENT EXPENSES	**$ 20,042,432**

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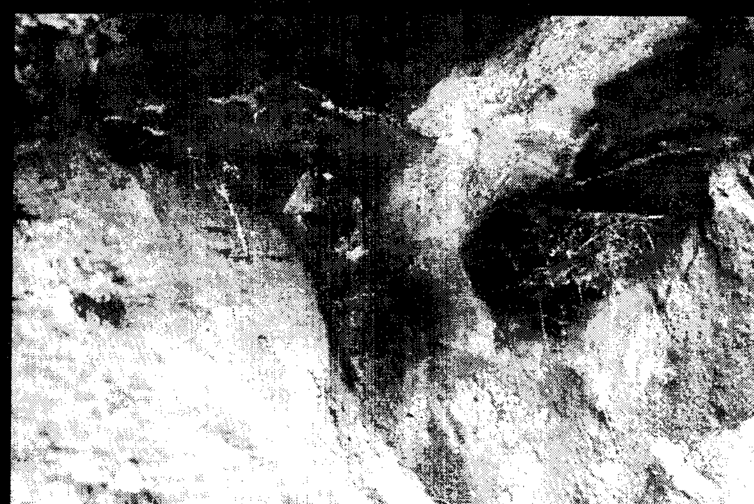
Employees' Retirement Association

Investment Section



A safe place in a risky world

Report On Investment Activity

Employees' Retirement Association
1355 willow way suite 221 concord ca 94520
925.646.5741 fax: 925.646.5747

March 2, 2005

Trustees, Board of Retirement
Contra Costa County Employees' Retirement Association

Re: *Chief Investment Officer Review of 2004 Investment Returns*

Members of the Board:

The Contra Costa County Employees' Retirement Association (CCCERA) performed very well for the calendar year ending December 31, 2004, both on an absolute basis versus performance objectives and on a relative basis versus universes of peer funds. (All return figures mentioned in this review are gross of fee and are calculated by CCCERA's investment consultant, Milliman.)

Total Fund Performance
CCCERA's Total Fund returned 13.4% for the one-year period ending December 31, 2004, which is significantly above the 7.9% actuarial interest rate and the 7.4% return for the performance objective of the CPI plus 400 basis points. For 2004, the median total fund returned 10.4% and the median public fund returned 10.0%. CCCERA exceeded both medians, ranking in the 15th percentile in the universe of total funds and ranking in the 8th percentile in the universe of public funds.

Domestic Equity Performance
For the calendar year 2004, CCCERA's domestic equities returned 13.0%, above the 12.0% return of the Russell 3000 Index and the 10.9% return of the S&P 500 Index. CCCERA's domestic equities slightly exceeded the 12.9% return of the median equity manager for the one-year period ending December 31, 2004, ranking in the 49th percentile in the universe of domestic equity managers.

International Equity Performance
CCCERA's international equities returned 18.1% for 2004, which is below the 20.7% return of the MSCI EAFE Index and the 19.9% return of the median international equity manager. This performance ranked in the 68th percentile in the universe of international equity portfolios.

Domestic Fixed Income Performance
CCCERA's total domestic fixed income returned 6.3% for the one-year period ending December 31, 2004. This performance is well above the 4.3% return of the Lehman Aggregate Index and the 4.4% return of the median fixed income manager. For 2004, CCCERA's domestic fixed income performance ranked in the 16th percentile in the universe of fixed income managers.

Trustees, Board of Retirement
March 2, 2005
Page 2

International Fixed Income Performance
For the calendar year 2004, CCCERA's international fixed income returned 6.4%. This performance is above the 5.2% return of the Citigroup Non-US Government Bond Index (fully hedged).

Real Estate Performance
CCCERA's combined real estate portfolio had outstanding performance for 2004. The combined real estate portfolio returned 30.4% for the calendar year. This return was helped by strong results of the combined portfolio's allocation to publicly traded REITs, which were up 36.9% for the year. CCCERA's real estate performance significantly exceeded the 14.5% return of the NCREIF Property Index and the 12.3% return of the median real estate portfolio.

Alternative Investment Performance
For the one-year period ending December 31, 2004, CCCERA's combined alternative investment portfolio returned 10.5%. Several components of the combined alternative investment composite are reported on a lagging quarter basis due to financial data reporting constraints.

Asset Allocation
As of December 31, 2004, CCCERA's market value of assets is $3.7 billion, an increase of approximately $400 million from the December 31, 2003 market value of $3.3 million. This is primarily the result of strong investment returns experienced in 2004.

Sincerely,

Cary Hally

Cary Hally, CFA,
Chief Investment Officer

General Information

CCCERA's investment program objective is to provide CCCERA participants and beneficiaries with benefits as required by the County Employees Retirement Law of 1937. The Plan's main investment objective is for the total fund return to exceed the CPI plus 400 basis points over a market cycle (four or five years). This is accomplished by the implementation of a carefully planned and executed long-term investment program.

The California Constitution and Government Code Section 31594 and 31595 authorize the Board to invest in any investment deemed prudent in the Board's opinion. Investment decisions are to be made in the sole interest and for the exclusive purpose of providing benefits, minimizing employer contributions and defraying reasonable expenses for administering the system. Investments are to be diversified to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

The Board has adopted an Investment Policy, which provides the framework for the management of CCCERA's investments. This policy establishes CCCERA's investment policies and objectives and defines the principal duties of the Board, custodian bank and investment managers. For the year ended December 31, 2004, the total fund return was 13.4%, greater than the targeted return of 7.4% (CPI plus 400 basis points), and greater than the median public fund return of 10.0%.

Summary of Proxy Voting Guidelines and Procedures

Voting of proxy ballots shall be in accordance with CCCERA's Proxy Voting Guidelines. CCCERA utilizes the services of Institutional Shareholders Services (ISS) to research and vote CCCERA's U.S. proxy ballots in order to protect and enhance our returns.

Investment Results Based on Fair Value*

AS OF DECEMBER 31, 2004

		Current Year	Annualized 3 Year	Annualized 5 Year
Domestic Equity		12.00%	4.80%	-1.20%
Benchmarks:	S&P 500	10.90%	3.60%	-2.30%
	Russell 2000	18.30%	11.50%	6.60%
	Russell 3000	12.00%	4.80%	-1.20%
International Equity		18.10%	12.20%	-1.10%
Benchmarks:	MSCI EAFE Index	20.70%	12.30%	-0.80%
	MSCI EM Free Index	26.00%	22.80%	4.60%
Domestic Fixed Income		6.30%	7.70%	8.20%
Benchmarks:	Lehman Aggregate	4.30%	6.20%	7.70%
	Citigroup Mortgage	4.80%	5.60%	7.20%
	Citigroup High Yield	10.80%	12.50%	7.20%
	T-Bills	1.30%	1.40%	2.90%
International Fixed Income **		6.40%	5.70%	-
Benchmark:	Cit Non US Govt Hedged	5.20%	4.60%	5.90%
Real Estate		30.40%	20.70%	16.50%
Benchmarks:	NCREIF Property Index	14.50%	10.00%	9.90%
	CPI + 500 bps	8.40%	6.80%	7.70%
Alternative Investments		10.50%	1.30%	5.00%
Total Fund		13.40%	8.20%	4.90%
CPI + 400 bps		7.40%	6.80%	6.70%

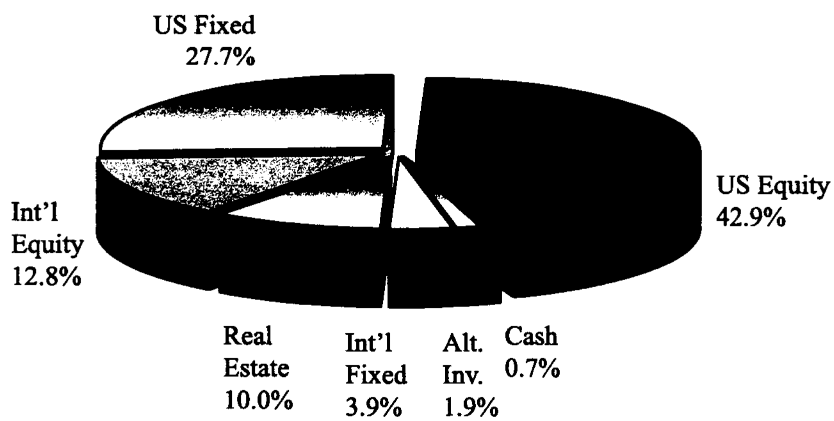
*Using time-weighted rate of return based on the market rate of return

**International Fixed Income returns not applicable for 5 years

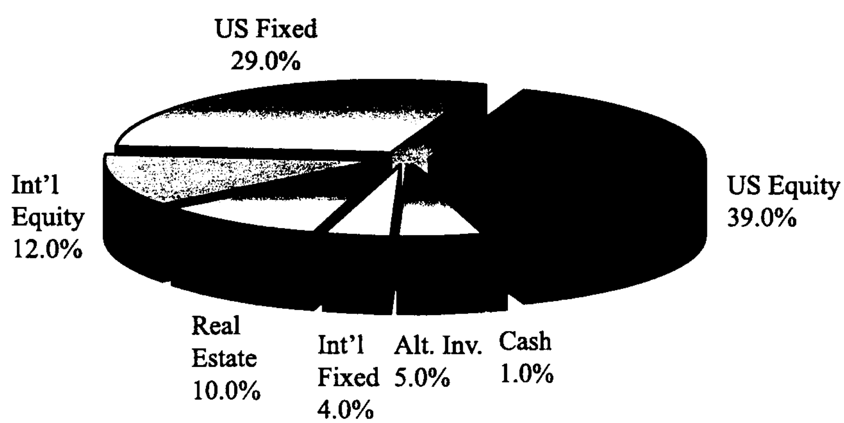
Asset Allocation

The Asset Allocation is an integral part of the Investment Policy. If a new asset class is implemented or a current asset class is expanded, the Plan's policy is modified to reflect the change or revision. The Board implements the asset allocation plan by hiring passive (index fund) and active investment managers to invest assets on CCCERA's behalf, subject to investment guidelines incorporated into each firm's investment manager contract. CCCERA's investment consultant assists the Board with the design and implementation of the asset allocation as depicted in the following chart:

As of December 31, 2004



Actual Asset Allocation



Target Asset Allocation

10 Largest Stock Holdings as of 12/31/04

CUSIP	Shares	Security Name	Fair Value
671997963	204,701	Ntgi Qm Collective Daily	$ 114,908,733
67199D945	464,060	Ntgi Qm Collective Daily Japan	48,153,222
67199W927	42,163	Ntgi Qm Collective Daily	20,424,881
929042109	264,400	Vornado Rlty Tr	20,128,772
828806109	293,600	Simon Ppty Group Inc New	18,987,112
053484101	236,500	Avalonbay Cmntys Inc	17,808,450
69806L104	279,500	Pan Pac Retail Pptys Inc	17,524,650
743315103	194,100	Progressive Corp Ohio	16,467,444
278642103	134,800	Ebay Inc	15,674,544
984332106	411,900	Yahoo Inc	15,520,392
		Total Largest Stock Holdings	**$305,598,200**

10 Largest Bond Holdings as of 12/31/04

CUSIP	Security Name	Cost	Fair Value
722005808	Pimco Fds Pac Invt Mgmt Ser	$101,723,640	$ 99,200,854
722005600	Pimco Fds Pac Invt Mgmt Ser	88,920,491	88,070,327
722005857	Pimco Fds Pac Invt Mgmt Ser	34,840,610	34,088,328
975995952	Western Asset Oppty Non Dollar	21,452,778	26,392,503
722005832	Pimco Fds Pac Invt Mgmt Ser	25,583,265	25,442,996
912828CW8	United States Treas Nts	23,966,235	23,752,221
01F052615	Fnma Tba Jan 30 Single Fam	21,326,484	21,315,000
912828CX6	United States Treas Nts	21,269,289	21,181,114
912828AN0	United States Treas Nts	21,085,644	21,011,177
672226110	Japan (Government of)	$ 19,922,547	20,666,361
		Total Largest Bond Holdings	**$381,120,881**

A complete list of portfolio holdings is available on request.

Schedule of Investment Management Fees

FOR THE YEAR ENDED DECEMBER 31, 2004

Investment Activity		
Stock Managers		
	Domestic	$ 5,348,828
	International	1,107,280
	Subtotal	6,456,108
Bond Managers		
	Domestic	4,385,403
	International	440,936
	Subtotal	4,826,339
Real Estate Managers		3,763,404
Alternative Investment Managers		3,570,987
Cash & Short Term with County Treasurer		6,275
	Total Fees from Investment Activity (see page 45)	18,623,113
Securities Lending Activity		
	Management Fee	241,244
	Borrower Rebate	2,675,025
	Total Fees from Securities Lending Activity	2,916,269
TOTAL INVESTMENT MANAGEMENT FEES		$ 21,539,382

Investment Summary

As of December 31, 2004

Type of Investment	Fair Value	Percent of Total Fair Value
Deposit	$ 217,829	0.01%
Short Term Investments held by Fiscal Agent	638,705,537	15.32%
Short Term Investments held by the County	18,192,283	0.44%
Total Short Term Investments	657,115,649	15.76%
US Government and Agency Instruments	449,276,031	9.87%
Private Placement Bonds	352,934,418	8.47%
Domestic Corporate Bonds	387,639,039	9.30%
International Bonds	121,570,959	2.92%
Total Bonds	1,311,420,447	31.46%
Domestic Stocks	1,231,265,091	29.54%
International Stocks	515,663,299	12.37%
Total Stocks	1,746,928,390	41.91%
Real Estate	366,127,999	8.78%
Alternative Investments	86,629,806	2.08%
Total Investments	**$ 4,168,222,291**	**100%**

Investment Managers

As of December 31, 2004

Alternative Assets
Adams Street Partners
Bay Area Equity Fund
Energy Investors Funds Group (EIF/Liberty)
Nogales Investors LLC
Pathway Capital Management
Prudential Timber Investments Inc

Equity - Domestic
Boston Partners
Dreyfus Investment Advisors, Inc
Emerald Advisors, Inc
ING Aeltus Investment Management
Intech
PIMCO
Progress Investment Management
Rothschild Asset Management
Trust Company of the West
Wentworth, Hauser and Violich

Equity - International
Capital Guardian Trust Company
Northern Trust Company

Fixed Income - International
Fischer, Francis, Trees & Watts, Inc

Cash & Short Term
Contra Costa County Treasurer
State Street Corporation

Fixed Income - Domestic
AFL-CIO Housing Investment Trust
Fountain Capital Management LLC
ING Clarion Investment Management
Nicholas-Applegate Capital Management
PIMCO
Western Asset Management

Real Estate
Adelante Capital Management
DLJ Real Estate Capital Partners LP
FFCA Institutional Advisors, Inc
Fidelity Management Trust Company
Hearthstone Advisors
Invesco Realty Advisors
Prudential Investment Management Service
SSR Realty Advisors
US Realty Advisors

Securities Lending Program
State Street Corporation

Employees' Retirement Association

Actuarial Section

Wisdom and experience guide long-term planning

Actuary Certification Letter

SEGAL

THE SEGAL COMPANY
120 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

February 4, 2005

Board of Retirement
Contra Costa County Employees'
Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

Dear Members of the Board:

The Segal Company prepared the December 31, 2003 actuarial valuation of the Contra Costa County Employees' Retirement Association (CCCERA). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the parameters for the Governmental Accounting Standards Board Statement No. 25.

As part of the December 31, 2003 actuarial valuation, The Segal Company (Segal) conducted an examination of all participant data for reasonableness; however, the scope of this examination does not qualify as an audit. Summaries of the employee data used in performing the actuarial valuations over the past several years are included in the Actuarial Section. We did not audit the Association's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the semi-annual differences between the actual and expected market investment return over a five-year period.

The funding objective of the Plan is to establish normal contribution rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current (normal) cost plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). Actuarial gains and losses are incorporated into the UAAL and are amortized over the same period. Members also contribute to the Plan according to statutory requirements.

Board of Retirement
Contra Costa County Employees'
Retirement Association

February 4, 2005

Page 2

The total UAAL is amortized as a level percentage of payroll over a decreasing 20-year period. The progress being made towards meeting the funding objective through December 31, 2003 is illustrated in the Actuarial Solvency Test that is included in the Actuarial Section.

For the Financial Section of the Comprehensive Annual Financial Report, Segal provided the trend data shown in the Required Supplementary Information. The schedules presented in the Actuarial Section have also been prepared and/or reviewed by our firm.

The valuation assumptions included in the Actuarial Section are those adopted by the Retirement Board considering recommendations made by us following the December 31, 2003 Experience Analysis. It is our opinion that the assumptions used in the December 31, 2003 valuation produce results which, in the aggregate, reasonably reflect the future experience of the Plan.

Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of December 31, 2006.

Sincerely,

Paul Angelo, FSA, MAAA, FCA
Vice-President & Actuary

John Monroe
John Monroe, MAAA
Actuary

JZM/gxk

Summary of Assumptions and Funding Methods

The following assumptions were adopted by the Board for the calendar year 2003 and the first six months of 2004. These assumptions were used for the December 31, 2001 valuation to determine contribution rates that were implemented on January 1, 2003 and continued in effect until June 30, 2004, a period of 18 months.

ASSUMPTIONS

Valuation Interest rate	8.35%
Inflation Assumption	4.25%
Projected Salary Increases	5.71%
Cost of Living Adjustments (maximums)	3% for Tiers 1, 3 and Safety, 4% for Tier 2
Interest Rate Credited to Active Member Accounts	8.35%

The following assumptions have been adopted by the Board for the fiscal year 2004-2005 and were used for the December 31, 2002 valuation. The rates produced by this valuation were implemented on July 1, 2004 and will continue to be in effect through June 30, 2005.

ASSUMPTIONS

Valuation Interest Rate	8.00%
Inflation Assumption	4.25%
Projected Salary Increases	5.71%
Cost of Living Adjustments (maximums)	3% for Tiers 1,3 and Safety, 4% for Tier 2
Interest Rate Credited to Active Member Accounts	8.00%

The following assumptions have been adopted by the Board for the fiscal year 2005-2006 and were used for the December 31, 2003 valuation. The rates produced by this valuation will be implemented on July 1, 2005 and will continue to be in effect through June 30, 2006.

ASSUMPTIONS

Valuation Interest rate	7.90%
Inflation Assumption	4.00%
Projected Salary Increases	6.41%
Cost of Living Adjustments (maximums)	3% for Tiers 1, 3 and Safety, 4% for Tier 2
Interest Rate Credited to Active Member Accounts	7.90%

Post-Retirement Mortality

A. Healthy:

General Tier 1, Tier 2 and Tier 3	1994 Group Annuity Mortality Table set forward 1 year
Safety Members	1994 Group Annuity Mortality Table set forward 2 years

B. Disabled:

General Tier 1, Tier2 and Tier 3	1981 General Disability Mortality Table set back 3 years
Safety	1994 Group Annuity Mortality Table set forward 2 years

C. Employee Contribution Rate:	1994 Group Annuity Mortality Table set forward 1 year for General Members (weighed 30% male and 70% female) 1994 Group Annuity Mortality Table set forward 2 years for Safety Members (weighed 85% male and 15% female)
Pre-Retirement Mortality	Based upon the Experience Analysis as of 12/31/03
Withdrawal Rates	Based upon the Experience Analysis as of 12/31/03
Disability Rates	Based upon the Experience Analysis as of 12/31/03
Service Retirement Rates	Based upon the Experience Analysis as of 12/31/03
Salary Scales	Total increases of 6.41% per year reflecting approximately 4.00% for inflation and approximately 2.41% for merit and longevity
Marriage Assumption At Retirement	80% for male members 55% for female members
Value of Assets for Contribution Rate Purposes	Actuarial Value as described in Actuarial Valuation Methods Section of Valuation Report

Funding Method and Amortization of Actuarial Gains or Losses

The employer's liability is being funded on the Entry Age Normal Method and with an Unfunded Actuarial Accrued Liability (UAAL). The current amortization period for the UAAL is 19 years as of December 31, 2003.

Probability of Occurrence

Termination Rates (%) Before Retirement

Mortality

	General		Safety	
Age	Male	Female	Male	Female
25	0.07	0.03	0.07	0.03
30	0.08	0.04	0.08	0.04
35	0.09	0.05	0.09	0.06
40	0.12	0.08	0.13	0.08
45	0.17	0.10	0.19	0.11
50	0.29	0.16	0.32	0.17
55	0.49	0.26	0.56	0.29
60	0.90	0.51	1.01	0.58
65	1.62	0.97	1.80	1.08

Withdrawal
(<5 years of Service)

Service Years	General	Safety
0	13.00	9.00
1	7.00	6.00
2	6.00	5.00
3	5.00	4.00
4	4.00	3.00

Disability

	General		
Age	Tier 1	Tier 2 & 3	Safety
20	0.04	0.00	0.06
25	0.11	0.02	0.16
30	0.24	0.04	0.44
35	0.36	0.08	0.84
40	0.52	0.11	1.12
45	0.66	0.17	1.56
50	0.79	0.34	2.22
55	0.94	0.56	2.50
60	1.15	0.80	0.00

Withdrawal
(+5 years of Service)

Age	General	Safety
20	4.00	3.00
25	4.00	3.00
30	4.00	2.78
35	4.00	2.00
40	3.84	1.46
45	3.21	0.95
50	1.52	0.00
55	0.33	0.00
60	0.00	0.00

Retirement Rates (%)

Non-Enhanced Benefits

Age	Tier 1	Tier 2	Tier 3	Safety
50	3.00	3.00	2.00	1.00
55	10.00	5.00	2.00	2.00
60	25.00	15.00	5.00	17.00
65	40.00	25.00	20.00	100.00

Enhanced Benefits

Age	Tier 1	Tier 3	Safety
50	3.00	0.00	30.00
55	20.00	10.00	45.00
60	25.00	15.00	100.00
65	35.00	35.00	100.00

Summary of December 31, 2003 Valuation Results

	December 31, 2003		December 31, 2002	
Employer Contribution Rates (County and District combined)*:				
	Total Rate	Estimated Annual Amount	Total Rate	Estimated Annual Amount
General Tier 1 Non-enhanced	28.59%	$ 3,830,000	24.85%	$ 3,329,000
General Tier 1 Enhanced	27.09%	24,789,000	21.00%	19,219,000
General Tier 2	18.22%	3,228,000	14.06%	2,492,000
General Tier 3 Non-enhanced	21.42%	3,746,000	16.76%	2,930,000
General Tier 3 Enhanced	22.51%	72,523,000	17.90%	57,693,000
Safety Non-enhanced	37.10%	1,668,000	32.38%	1,456,000
Safety Enhanced	49.57%	66,140,000	38.45%	51,301,000
All Employers Combined	**29.31%**	**$ 175,924,000**	**23.06%**	**$138,420,000**

Average Member Contribution Rates*:

	Total Rate	Estimated Annual Amount	Total Rate	Estimated Annual Amount
General Tier 1 Non-enhanced	7.64%	$ 1,024,000	6.65%	$ 891,000
General Tier 1 Enhanced	6.57%	6,012,000	5.20%	4,758,000
General Tier 2	3.12%	553,000	2.83%	502,000
General Tier 3 Non-enhanced	6.60%	1,154,000	6.00%	1,049,000
General Tier 3 Enhanced	6.38%	20,559,000	5.86%	18,883,000
Safety Non-enhanced	9.87%	444,000	8.56%	385,000
Safety Enhanced	11.15%	14,877,000	9.63%	12,849,000
All Categories Combined	**7.43%**	**$ 44,623,000**	**6.55%**	**$ 39,317,000**

Key Actuarial Assumptions

	December 31, 2003	December 31, 2002
Annual Interest Rate:	7.90%	8.00%
Annual Inflation Rate:	4.00%	4.25%
Average Annual Salary Increase:	6.41%	5.71%

* Based on December 31, 2003 projected annual payroll.

Summary of Significant Results

Association Membership	December 31, 2003	December 31, 2002	Increase/ (Decrease)
Active Members			
1. Number of Members	9,476	9,611	-1.4%
2. Total Active Payroll	$600,274,000	$580,415,000	3.4%
3. Average Monthly Salary	$ 5,278	$ 5,033	4.9%
Retired Members			
1. Number of Members:			
Service Retirement	3,998	3,781	5.7%
Disability Retirement	896	835	7.3%
Beneficiaries	1,042	1,003	3.9%
2. Total Retired Payroll	$163,923,000	$148,004,460	10.8%
3. Average Monthly Pension	$ 2,453	$ 2,195	11.8%
Inactive Vested Members			
1. Number of Members*	1,248	1,067	17.0%
Asset Values (Net)			
*Market Value***	$3,313,495,000	$2,402,058,000	37.9%
Return on Market Value	23.44%	-10.28%	
*Actuarial Value***	$3,550,801,000	$3,155,472,000	12.5%
Return on Actuarial Value	2.52%	8.53%	
*Valuation Assets***	$3,538,722,000	$2,977,642,000	18.8%
Return on Valuation Assets	7.41%	3.05%	
Liability Values			
Actuarial Accrued Liability	$4,141,390,000	$3,677,624,000	12.6%
Unfunded Actuarial Accrued Liability (UAAL)	$ 602,668,000	$ 380,888,000	58.2%
Funding Ratio			
GASB No. 25	86%	89%	1.0%

*Only includes members who are not active in any other tier.

**The asset values shown include $2,290,000 of additional contributions receivable for San Ramon Fire District and $34,230,204 additional contributions receivable for the final Paulson Settlement.

Schedule of Active Member Valuation Data

Valuation Date	Plan Type	Number	Annual Salary	Average Annual Salary	% Increase in Average Salary
12/31/98	General	6,808	$309,594,000	$45,475	2.83%
	Safety	1,607	102,154,000	63,568	2.98%
	Total	**8,415**	**$411,748,000**	**$48,930**	**2.72%**
12/31/99	General	7,127	$351,694,000	$49,347	8.51%
	Safety	1,674	111,586,000	66,658	4.86%
	Total	**8,801**	**$463,280,000**	**$52,639**	**7.58%**
12/31/00	General	7,243	$374,918,000	$51,763	4.90%
	Safety	1,641	113,465,000	69,144	3.73%
	Total	**8,884**	**$488,383,000**	**$54,973**	**4.43%**
12/31/01	General	7,529	$401,877,010	$53,377	3.12%
	Safety	1,700	121,744,376	71,614	3.57%
	Total	**9,229**	**$523,621,386**	**$56,737**	**3.21%**
12/31/02	General	7,854	$449,362,523	$57,214	7.19%
	Safety	1,757	131,052,957	74,589	4.15%
	Total	**9,611**	**$580,415,480**	**$60,391**	**6.44%**
12/31/03	General	7,778	$462,351,361	$59,443	3.90%
	Safety	1,698	137,922,547	81,226	8.90%
	Total	**9,476**	**$600,273,908**	**$63,347**	**4.89%**

Retirants and Beneficiaries Added To and Removed From Retiree Payroll

Year	At Beginning of Year	Added During Year	Allowances Added	Removed During Year	Allowances Removed	At End of Year	Retiree Payroll	% Increase in Retiree Payroll	Average Annual Allowance
1998	4,927	312	N/A	(68)	N/A	5,171	$ 89,859,684	9.56%	$ 17,378
1999	5,171	342	N/A	(127)	N/A	5,386	104,237,054	16.00%	19,353
2000	5,386	446	N/A	(274)	N/A	5,558	113,149,480	8.55%	20,358
2001	5,558	451	N/A	(112)	N/A	5,897	126,190,164	11.53%	21,399
2002	5,487[1]	267	$18,430,647	(135)	$(4,524,000)	5,619	140,096,811	11.02%	24,933
2003	5,619	541	$28,635,293	(224)	$(4,809,000)	5,936	$ 163,923,104	17.01%	$ 27,615

[1] Adjusted to reflect a single record for members receiving benefit payments from multiple tiers.

Solvency Test

(DOLLAR AMOUNTS IN THOUSANDS)

Valuation Date	Aggregate Accrued Liabilities (AAL) for: 1 Active Member Contributions	2 Retirants and Beneficiaries	3 Active Members Employer Portion	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets 1	2	3
12/31/98	$ 210,483	$ 1,070,102	$ 1,039,720	$ 1,868,521	100%	100%	57%
12/31/99	220,643	1,189,931	1,023,040	2,137,554	100%	100%	71%
12/31/00	235,308	1,279,927	1,128,291	2,355,179	100%	100%	74%
12/31/01	242,385	1,533,583	1,207,583	2,613,220	100%	100%	69%
12/31/02	258,072	1,749,725	1,669,827	3,296,736	100%	100%	77%
12/31/03	$ 273,175	$ 2,072,929	$ 1,795,286	$ 3,538,722	100%	100%	66%

Actuarial Analysis of Financial Experience

FOR YEARS ENDED DECEMBER 31

(DOLLAR AMOUNTS IN THOUSANDS)

Type of Activity	2003	2002	2001	2000	1999	1998
Composite Gain (or Loss) During Year	($221,780)	($10,557)	($81,984)	$7,713	$155,734	($210,414)

Summary of Major Pension Plan Provisions

MAJOR PROVISIONS OF THE PRESENT SYSTEM
BENEFIT SECTIONS 31676.11, 31676,16, 31751, 31664 AND 31664.1 OF THE 1937 COUNTY ACT

Briefy summarized below are the major provisions of the County Employees Retirement Law of 1937, as amended through December 31, 2003, and as adopted by Contra Costa County and special district employees.

A. GENERAL MEMBERS -

Tier 1 and Tier 3 Plans (Non-Enhanced Section 31676.11 or Enhanced Section 31676.16

Coverage

Tier 1:

a. All General Members hired before July 1, 1980 and electing not to transfer to Tier 2 Plan.

Tier 3:
Tier 2 members can elect Tier 3 coverage (for future service) effective on the later of:

- October 1, 1998 or
- The day after achieving 5 years of service

All county general members (except CNA employees) hired on or after October 1, 2002 were placed in Tier 3.

Final Average Salary (FAS)

a. One year final average salary

Service Retirement

a. Requirement

Age 50 and 10 years of service, age 70 regardless of service, or 30 years of service regardless of age.

Tier 2 Plan (Section 31751)

Coverage

Tier 2:

a. All General members hired on or after July 1, 1980 and all General members hired before August 1, 1980 electing to transfer to the Tier 2 Plan. Effective October 1, 2002, Tier 2 will be eliminated and all county employees (excluding CNA employees) and one special district's employees in Tier 2 will be placed in Tier 3.

Final Average Salary (FAS)

a. Three year final average salary

Service Retirement

a. Requirement

Age 50 and 10 years of service, age 70 regardless of service, or 30 years of service regardless of age.

b. Non-Enhanced Benefit (Section 31676.11)

Retirement Age	Benefit Formula
50:	(1.24%xFAS-1/3x1.24%x$350)x Yrs
55:	(1.67%xFAS-1/3x1.67%x$350)x Yrs
60:	(2.18%xFAS-1/3x2.18%x$350)x Yrs
62:	(2.35%xFAS-1/3x2.35%x$350)x Yrs
65:	(2.61%xFAS-1/3x2.61%x$350)x Yrs

b. Benefit

Retirement Age	Benefit Formula
50:	(0.83%xFASxYrs-0.57%xYrs*xPIA)
55:	(1.13%xFASxYrs -0.87%xYrs*xPIA)
60:	(1.43%xFASxYrs-1.37%xYrs*xPIA)
62:	(1.55%xFASxYrs-1.67%xYrs*xPIA)
65:	(1.73%xFASxYrs-1.67%xYrs*xPIA)

Maximum Benefit 100% of FAS.

*Not greater than 30 years, where PIA is the Social Security Primary Insurance Amount.

c. Tier 1 and 3 Plan Enhanced Benefits (Section 31676.16)

Retirement Age	Benefit Formula
50:	(1.43%xFAS-1/3x1.43%x $350x12)xYrs
55:	(2.00%xFAS-1/3x2.00%x $350x12)xYrs
60:	(2.26%xFAS-1/3x2.26%x $350x12)xYrs
62:	(2.37%xFAS-1/3x2.37%x $350x12)xYrs
65:	(2.42%xFAS-1/3x2.42%x $350x12)xYrs

Maximum Benefit - 100% of FAS

Disability Retirement
Tier 1:

a. Requirements
   (1) Service-connected : None
   (2) Nonservice-connected : five years of service

b. Benefit
   (1) Service-connected. 50% FAS or Service Retirement benefit, if greater.
   (2) Nonservice-connected: 1-1/2% x FAS x years of service. Future service years projected to age 65. Generally leads to1/3 FAS benefit.

Disability Retirement
Tier 2 and Tier 3:

a. Requirements
   (1) Service-connected: None
   (2) Nonservice-connected: ten years of service
   (3) Definition of disability is more strict than in Tier 1 Plan.

b. Benefit
   (1) Service-connected or nonservice-connected is 40% FAS plus 10% FAS for each minor child (maximum of three).
   (2) Disability benefits are offset by other plans of the County except Workers Compensation and Social Security.

Death Before Retirement

Tier 1 and 3

a. Prior to disability retirement eligibility (less than five years):
   (1) One month's salary for each year of service
   (2) Return of contributions

b. While eligible to retire (after five years) 60% of Service or Disability Retirement Benefit. Generally the benefit is 20% of FAS.

c. Line of Duty Death - 1/2 FAS

Tier 2

a. Prior to eligibility to retire (less than ten years)
   (1) $2,000 lump sum benefit offset by any Social Security payment
   (2) Return of contributions

b. While eligible to retire (ten years or service-connected death) 60% of Service or Disability Retirement Benefit (minimum benefit is 24% of FAS) plus, for each minor child, 20% of the allowance otherwise paid to the member. Minimum family benefit is 60% of the member's allowance. Maximum family benefit is 100% of member's allowance.

Death After Retirement

Tier 1 and 3 Plans Non-enhanced (Section 31676.11) and Enhanced (Sec. 31676.16)

a. After Service Retirement or Nonservice-Connected Disability- 60% of the allowance continued to the spouse or to minor children.

b. After Service-Connected Disability- 100% of the allowance continued to the spouse or minor children.

c. Lump sum payment of $5,000

Tier 2 Plan (Section 31751)

a. After Service or Disability Retirement 60% of allowance continued to spouse plus 20% of allowance to each minor child. Minimum benefit is 60% of allowance. Maximum benefit is 100% of allowance.

b. Lump sum payment of $7,000 less any Social Security Lump sum payment.

Withdrawal Benefits		
a.	If less than five years of service, return of contributions, but can leave funds to earn interest.	If less than five years of service, return of contributions, but can leave funds to earn interest.
b.	If greater than five years of service, right to have vested deferred retirement benefit.	If greater than five years of service, right to have vested deferred retirement benefit.
Cost of Living Benefit		
	3% maximum change per year except for Tier 3 disability benefits which can increase 4% per year.	4% maximum change per year
Employee's Contribution Rates		
	Non-enhanced 31676.11	
a.	Basic: to provide for 1/2 of the Section 31676.11 benefit at age 55.	40% of the full Section 31676.11 employee contribution rate.
b.	COL: to pay for 1/2 of future COL costs.	COL: to pay for 1/2 of future COL costs.
	Enhanced 31676.16	
a.	Basic: to provide for an average annuity at age 60 equal to 1/120 of FAS.	
b.	COL: to pay for 1/2 of future COL costs.	
Employer Contribution Rates		
	Enough to make up for the balance of the basic and COL contributions needed.	Enough to make up the balance of the basic and COL contributions needed.

Transfers from the Tier 1 Plan to the Tier 2 Plan were made on an individual, voluntary, irrevocable basis. Credit is given under the Tier 2 Plan for future service only. The COL maximum is 4% only for the credit under the Tier 2 Plan. Transferred Tier 2 Plan members keep the five year requirement for nonservice-connected disability. Those who were members before April 1, 1973 will be exempt from paying member contributions after 30 years of service.

B. SAFETY MEMBERS (31664 and 31664.1)

Coverage

a. All Safety members

Final Average Salary (FAS)

a. One year final average salary

Service Retirement

a. Requirement

Age 50 and 10 years of service, or with 20 years of service regardless of age.

b. Non-enhanced Benefit at Retirement (Section 31664)-(Rodeo-Hercules and East Contra Costa Fire Protection Districts)

Age	Benefit Formula
50	2.00% x FAS x Yrs
55	2.62% x FAS x Yrs
60	2.62% x FAS x Yrs

Maximum Benefit: 100% of FAS

c. Enhanced Benefit at Retirement (Section 31664.1)-(All others)

Age	Benefit Formula
50	3.00% x FAS x Yrs
55	3.00% x FAS x Yrs
60	3.00% x FAS x Yrs

Maximum Benefit: 100% of FAS

Disability Retirement

a. Requirements

(1) Service-connected: None
(2) Nonservice-connected: five years of service

b. Benefit

(1) Service-connected: 50% FAS or Service Retirement benefit if greater.
(2) Nonservice-connected: 1.8% x FAS x Yrs of service. Future service years projected to age 55. Generally leads to 1/3 FAS benefit.

Death Before Retirement

a. Prior to retirement eligibility (less than 5 years)

(1) One month's salary for each year of service
(2) Return of contributions

b. While eligible to retire (after five years)

60% of Service or Disability Retirement Benefit. Generally the benefit is 20% of FAS.

c. Line of Duty death - 1/2 FAS

Death After Retirement

a. After Service Retirement or Nonservice-Connected Disability-
60% of the allowance continued to the spouse or to minor children

b. After Service-Connected Disability -
100% of the allowance continued to the spouse or to minor children

c. Lump sum payment of $5,000

Withdrawal Benefits

a. If less than five years of service, return of contributions, but can leave funds to earn interest

b. If greater than five years of service, right to have vested deferred retirement benefit

Cost of Living Benefit

3% maximum change per year

Employees' Non-enhanced (Section 31664) Contribution Rates

a. Basic - to provide for 1/2 of the Section 31664 benefits at age 50

b. COL - to pay for 1/2 of future COL costs

Employees' Enhanced (Section 31664.1) Contribution Rates

a. Basic - to provide for an average annuity at age 50 equal to 1/100 of FAS

b. COL - to provide for 1/2 of future COL costs

Employer Contribution Rate

Enough to make up the balance and COL costs

Employees' Retirement Association

Statistical Section

Verify the facts behind the figures

Revenue by Source

FOR YEARS 1997 - 2004

Year Ending	Employee Contributions	Employer Contributions	Investment Income/(Loss)*	TOTAL
1997	$ 9,856,075	$ 36,687,901	$ 409,112,609	$ 455,656,585
1998	11,704,335	40,925,393	342,811,108	395,440,836
1999	14,460,506	49,254,260	402,876,035	466,590,801
2000	15,463,367	52,986,645	30,409,388	98,859,400
2001	18,681,239	55,182,505	(114,531,847)	(40,668,103)
2002	26,605,875	57,474,043	(267,980,549)	(183,900,631)
2003	51,602,939	427,822,766**	608,574,613	1,088,000,318
2004	65,297,397	118,245,418	416,012,994	599,555,809

*Net of Investment Expenses

**Includes POB proceeds of $319,094,719

Expenses by Type

FOR YEARS 1997 - 2004

Year	Benefits	Refunds	Retiree Healthcare Benefits Reimbursements*	Administrative	Other Expenses	TOTAL
1997	$ 82,019,428	$1,014,600	$ 6,665,785	$ 2,185,024	$ 1,650,880	$ 93,535,717
1998	89,859,684	765,618	11,361,045	2,590,124	2,467,215	107,043,686
1999	100,519,544	856,620	8,625,395	2,675,125	3,845,689	116,522,373
2000	113,149,480	1,060,249	12,408,770	3,128,624	3,904,263	133,651,386
2001 **	126,190,164	858,013	12,342,644	3,745,158	3,527,656	146,663,635
2002	140,096,811	643,103	4,637,588	4,298,952	2,541,293	152,217,747
2003	163,923,104	1,036,599	0	4,292,028	5,021,267	174,272,998
2004***	178,979,297	909,468	0	4,089,459	5,776,115	189,754,339

*Direct reimbursements were made for 1/2 year only in 2002 per Retirement Board direction.

**A payment of $10,791,085 for membership withdrawal by the City of Pittsburg is excluded from 2001.

***A payment of $4,680,521 for membership withdrawal by Delta Diablo Sanitation District is excluded from 2004.

Schedule of Benefit Expenses by Type

ESTIMATES BASED ON ANNUALIZED BENEFIT AMOUNTS
AS OF DECEMBER 31, OF EACH YEAR

	2003	2002	2001	2000	1999	1998	1997	1996
Service Retirement Payroll:								
General	$83,082,384	$75,541,280	$69,426,588	$57,580,704	$53,205,888	$49,150,068	$44,141,628	$41,396,052
Safety	42,524,880	32,150,949	25,534,956	22,648,836	19,218,240	16,618,140	13,536,888	12,623,328
TOTAL	125,607,264	107,692,229	94,961,544	80,229,540	72,424,128	65,768,208	57,678,516	54,019,380
Disability Retirement Payroll:								
General	11,718,156	10,628,529	9,561,036	8,052,996	7,478,112	6,540,395	6,132,840	5,532,732
Safety	17,850,060	13,852,780	12,770,940	10,830,432	9,925,116	8,385,012	7,184,760	6,763,344
TOTAL	29,568,216	24,481,309	22,331,976	18,883,428	17,403,228	14,925,407	13,317,600	12,296,076
Beneficiary Payroll:								
General	12,794,592	10,603.910	9,825,504	7,600,296	7,078,608	6,685,716	5,977,404	5,484,900
Safety	6,586,944	5,148,537	4,982,532	3,635,004	3,151,620	2,814,048	2,421,012	2,247,900
TOTAL	19,381,536	15,752,447	14,808,036	11,235,300	10,230,228	9,499,764	8,398,416	7,732,800
Total Benefit Expense:								
General	107,775,132	96,773,719	88,813,128	73,233,996	67,762,608	62,376,179	56,251,872	52,413,684
Safety	66,961,884	51,152,266	43,288,428	37,114,272	32,294,976	27,817,200	23,142,660	21,634,572
TOTAL	**$174,737,016**	$147,925,985	**$132,101,556**	**$110,348,268**	**$100,057,584**	**$90,193,379**	**$79,394,532**	**$74,048,256**

Schedule of Retired Members by Type of Benefit

SUMMARY OF MONTHLY ALLOWANCES BEING PAID AS OF DECEMBER 31, 2003

Amount of Monthly Benefit General Members	Number of Retirees	Service	Disability	Beneficiaries
$0 to 399	449	338	4	107
$400 to 799	803	595	6	202
$800 to 1,199	683	471	52	160
$1,200 to1,599	605	354	144	107
$1,600 to 1,999	488	293	111	84
$2,000 to 2,399	371	246	76	49
$2,400 to 2,799	279	191	51	37
$2,800 to 3,199	203	165	30	8
$3,200 to 3,599	158	134	8	16
$3,600 to 3,999	122	102	8	12
$4,000 & Over	482	441	13	28
TOTALS	**4,643**	**3,330**	**503**	**810**

Safety Members	Number of Retirees	Service	Disability	Beneficiaries
$0 to 399	16	6	2	8
$400 to 799	48	19	1	28
$800 to 1,199	27	11	1	15
$1,200 to 1,599	47	17	6	24
$1,600 to 1,999	56	19	18	19
$2,000 to 2,399	75	15	30	30
$2,400 to 2,799	145	34	79	32
$2,800 to 3,199	130	40	72	18
$3,200 to 3,599	111	36	53	22
$3,600 to 3,999	78	46	22	10
$4,000 & Over	560	425	109	26
TOTALS	**1,293**	**668**	**393**	**232**

Schedule of Average Benefit Payment Amounts

Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

Years Since Retirement

Tier 1	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2003 Average Monthly Benefit	$3245	$2553	$2224	$1764	$1548	$1561	$1299	$1152	$865
Number Retirees & Beneficiaries	675	583	629	669	620	390	154	35	11
2002 Average Monthly Benefit	$2885	$2381	$2064	$1603	$1497	$1319	$1110	$921	$560
Number Retirees & Beneficiaries	546	567	671	703	632	388	154	42	10
2001 Average Monthly Benefit	$2271	$1956	$1781	$1459	$1164	$1106	$ 810	$ 823	$566
Number Retirees & Beneficiaries	895	817	699	675	533	269	80	15	9
2000 Average Monthly Benefit	$2076	$1727	$1530	$1211	$ 873	$ 664	$ 469	$ 428	$1053
Number Retirees & Beneficiaries	830	822	704	696	505	228	74	12	43
1999 Average Monthly Benefit	$1850	$1679	$1401	$1103	$ 843	$ 588	$ 458	$ 328	$ 319
Number Retirees & Beneficiaries	902	796	736	683	472	208	59	10	7
1998 Average Monthly Benefit	$1689	$1584	$1300	$1029	$ 776	$ 555	$ 437	$ 304	$ 412
Number Retirees & Beneficiaries	883	827	761	679	445	182	46	12	2
1997 Average Monthly Benefit	$1526	$1495	$1224	$ 944	$ 707	$ 520	$ 414	$ 350	$ 565
Number Retirees & Beneficiaries	825	840	784	683	394	157	48	15	1
1996 Average Monthly Benefit	$1512	$1396	$1164	$ 812	$ 672	$ 442	$ 389	$ 319	$ 645
Number Retirees & Beneficiaries	882	796	785	666	390	127	33	13	2

Tier 2	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2003 Average Monthly Benefit	$857	$814	$887	$855	$778	$1009			
Number Retirees & Beneficiaries	530	155	242	109	18	6			
2002 Average Monthly Benefit	$809	$836	$829	$759	$1134				
Number Retirees & Beneficiaries	157	228	97	20	4				
2001 Average Monthly Benefit	$ 673	$ 644	$ 580	$ 480	$633				
Number Retirees & Beneficiaries	373	186	58	14	2				
2000 Average Monthly Benefit	$ 675	$ 571	$ 550	$ 288					
Number Retirees & Beneficiaries	316	160	32	13					
1999 Average Monthly Benefit	$ 654	$ 521	$ 584	$ 191					
Number Retirees & Beneficiaries	310	127	25	9					
1998 Average Monthly Benefit	$ 614	$ 535	$ 453	$ 216					
Number Retirees & Beneficiaries	268	107	22	6					
1997 Average Monthly Benefit	$ 584	$ 502	$ 416	$ 336					
Number Retirees & Beneficiaries	223	88	17	3					
1996 Average Monthly Benefit	$ 515	$ 491	$ 366	$ 475					
Number Retirees & Beneficiaries	187	61	13	2					

Schedule of Average Benefit Payment Amounts

Estimates Based on Annualized Benefit Amounts at December 31 of Each Year

Years Since Retirement

Tier 3	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2003 Average Monthly Benefit	$1304								
Number Retirees & Beneficiaries	346								
2002 Average Monthly Benefit	$1178								
Number Retirees & Beneficiaries	230								
2001 Average Monthly Benefit	$490								
Number Retirees & Beneficiaries	182								
2000 Average Monthly Benefit	$ 388								
Number Retirees & Beneficiaries	92								
1999 Average Monthly Benefit	$ 397								
Number Retirees & Beneficiaries	47								
1998* Average Monthly Benefit	$ 244								
Number Retirees & Beneficiaries	4								

*Tier 3 started October 1998

Safety	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40+**
2003 Average Monthly Benefit	$5477	$4214	$4153	$3345	$3381	$3478	$2540	$2044	$1679
Number Retirees & Beneficiaries	431	241	215	133	109	100	42	17	5
2002 Average Monthly Benefit	$5117	$3837	$3982	$3086	$3200	$2688	$1998	$1525	$1287
Number Retirees & Beneficiaries	324	226	214	128	120	100	35	18	5
2001 Average Monthly Benefit	$4004	$3265	$3218	$2944	$2914	$2399	$1609	$1149	
Number Retirees & Beneficiaries	326	278	156	144	100	56	23	5	
2000 Average Monthly Benefit	$3763	$3021	$3061	$2591	$2328	$1554	$1102	$ 704	
Number Retirees & Beneficiaries	307	262	150	130	96	51	17	5	
1999 Average Monthly Benefit	$3261	$2912	$2518	$2338	$2186	$1266	$ 977	$ 751	
Number Retirees & Beneficiaries	307	260	145	123	96	41	16	3	
1998 Average Monthly Benefit	$2866	$2795	$2437	$2248	$1854	$1190	$ 737	$ 884	$ 801
Number Retirees & Beneficiaries	285	237	145	117	89	37	14	2	1
1997 Average Monthly Benefit	$2581	$2543	$2331	$2069	$1544	$1072	$ 675	$ 832	
Number Retirees & Beneficiaries	261	197	151	114	81	31	8	3	
1996 Average Monthly Benefit	$2548	$2367	$2234	$1952	$1427	$ 896	$ 613	$ 755	
Number Retirees & Beneficiaries	283	166	155	110	69	27	7	1	

Participating Employers and Active Members

AS OF DECEMBER 31, 2004

County of Contra Costa:

General Members	7,082
Safety Members	1,089
TOTAL:	**8,171**

Participating Agencies:

Bethel Island Municipal Improvement District	3
Byron, Brentwood, Knightsen Union Cemetery District	4
Central Contra Costa Sanitary District	253
Contra Costa County Employees' Retirement Association	34
Contra Costa Housing Authority	109
Contra Costa Mosquito and Vector Control District	28
Diablo Water District	13
Local Agency Formation Commission (LAFCO)	1
Ironhouse Sanitary District	28
Rodeo Sanitary District	7
In-Home Supportive Services Authority (IHSS)	11
First 5 - Children & Families Commission	10
Contra Costa County Fire Protection District	373
East Contra Costa Fire Protection District	55
Moraga-Orinda Fire Protection District	69
Rodeo-Hercules Fire Protection District	21
San Ramon Valley Fire Protection District	168
TOTAL:	**1,187**
TOTAL ACTIVE MEMBERSHIP:	**9,358**

Photographic Notes

Cover	California native wildflowers sprawl beneath the protective boughs of a coast live oak on Mt. Diablo. An elderberry bush frames the scene, its fruit a favorite Spring feast for wildlife in Contra Costa.
Title Page	In rainy twilight, acacia blooms herald Spring with brilliant color and soft scent long before the equinox arrives.
Page 5:	At dawn, an egret strikes a dignified stance in the water feature outside the Pleasant Hill City Hall.
Page 17:	Deer make a good "grass roots" investment at sunset in the hills above Martinez.
Page 47:	A coyote uses a field of dried groundsel for camouflage as he keeps an eye on his territory on Mt. Diablo. *(upper right)*
	Nesting birds cantilever construction in a safe, but precarious perch.
Page 57:	A hollow tree hides an entire family of barn owls, who carefully scope out the lay of the land in Franklin Canyon before setting out for the night.
Page 74:	Baby raccoons rustle up some fun while raiding an old apricot tree in an abandoned orchard.

All photographs courtesy Mark Yates Photography

Design:

Joelle Luhn
Contra Costa County Employees' Retirement Association

Printing and Bindery Services:

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Contra Costa County, California

APPENDIX C

SUMMARY OF THE TRUST AGREEMENT

The following summary discussion of selected features of the Trust Agreement, dated as of July 1, 2005 (the "Trust Agreement"), are made subject to all of the provisions of such document and to the discussion of such document contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of the Trust Agreement, a copy of which is on file with the Trustee.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in the Trust Agreement and this Official Statement, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Certain capitalized terms used in the Official Statement but not defined in this Appendix C are defined elsewhere in the Official Statement.

"Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Part 1, Division 2, Title 5 of the Government Code of the State of California.

"Additional Bonds" means all bonds of the District authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with Article III of the Trust Agreement.

"Association" means the Contra Costa County Employees' Retirement Association.

"Auditor-Controller" means the Auditor-Controller of the County.

"Board of Retirement" means the Board of Retirement of the Association.

"Bond Insurer" means the Series 2005 Bond Insurer, if any, and any insurer of an Additional Series of Bonds.

"Bonds" means the Series 2005 Bonds and all Additional Bonds.

"Business Day" means any day other than a Saturday or Sunday or day upon which the Trustee or the Corporate Trust Office (as the case may be) is authorized by law to remain closed.

"Certificate of the District" means an instrument in writing signed by the Fire Chief, the Assistant Fire Chief, the Chief of Administrative Services, the Treasurer of the District, or a designee of any such officer or by any other officer of the District duly authorized by the Board of Directors of the District in writing to the Trustee for that purpose. If and to the extent required by the provisions of Trust Agreement, each Certificate of the District will include the statements provided for therein.

"Closing Date" means the date on which the Bonds of a Series are delivered to the original purchase of such Series of Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the District and Digital Assurance Certification LLC, as dissemination agent, dated the date of issuance and delivery of the Series 2005 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

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

"County" means the County of Contra Costa, a political subdivision and body corporate and politic of the State.

"County Pool" means the investment pool of the County held and managed by the County Treasurer pursuant to Section 53601 of the Government Code and the investment policy of the County.

"District" means the Contra Costa County Fire Protection District, a fire protection district duly organized and existing under the laws of the State of California.

"Eligible Securities" means any of the following:

(1) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series).

(2) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities.

(3) The interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.

(4) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals.

(5) Obligations issued by the following agencies which are backed by the full faith and credit of the United States of America:

a. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership;

b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership;

c. Federal Financing Bank;

d. General Services Administration
    Participation certificates;

e. U.S. Maritime Administration
    Guaranteed Title XI financing;

f. U.S. Department of Housing and Urban Development (HUD)
    Project Notes;
    Local Authority Bonds;
    New Communities Debentures - U.S. government guaranteed debentures;
    U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

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

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

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

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

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

"Information Services" means Financial Information, Inc., Daily Called Bond Service, 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, NC 28217. Attn: Called Bond Department; and Standard & Poor's J.J. Kenny Drake, Inc., 55 Water Street, New York, NY 10041-0001, Attention: Notification Department; or, in accordance with then current guidelines of the Securities and Exchange Commission, any other service providing information with respect to called bonds that the District may designate in a Certificate of the District delivered to the Trustee.

"Insured Bonds" means the Series 2005 Insured Bonds and any other Bonds insured by a Bond Insurer.

"Interest Payment Date" means a date on which interest is due on a Series of Bonds, being February 1 and August 1 of each year to which reference is made, commencing on February 1, 2006.

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

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement pertaining to Bonds owned or held by or for the account of the District) all Bonds except --

(1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the defeasance section of the Trust Agreement; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the District and authenticated by the Trustee pursuant to the Trust Agreement.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Payment Date" means any Interest Payment Date, any Principal Payment Date or any Redemption Date.

"Permitted Investments" means any of the following to the extent permitted by the laws of the State:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association (GNMA)
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations

7. U.S. Maritime Administration
   Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
   Participation Certificates
   Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
   Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae)
   Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
   Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, including funds for which the Trustee and its affiliates provide investment advisory or other management services.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Bond Insurer.

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase Agreements for 30 days or less meeting the following criteria:

1. Repurchase agreements must be between the District or the Trustee and a dealer bank or securities firm

a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or

b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repurchase contract must include the following:

a. Securities which are acceptable for transfer are:

(1) Direct U.S. governments, or

(2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

b. The term of the repurchase contract may be up to 30 days

c. The collateral must be delivered to the District, the Trustee (if trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(a) The value of collateral must be equal to 104% of the amount of cash transferred by the District to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the District:

a. Repurchase agreement meets guidelines under state law for legal investment of public funds.

Repurchase Agreements which exceed 30 days must be acceptable to the Bond Insurer.

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

M. The County Pool;

N. Shares of beneficial interest issued by the Investment Trust of California (CalTRUST) pursuant to California Government Code Section 6509.7; and authorized for local agency investment pursuant to California Government Code Section 53601(o); and

O. Any other investment authorized by the District and approved by the Bond Insurer, if any, which does not adversely affect the then current rating on the Bonds.

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

"Rating Agencies" means Moody's Investors Service, Inc. and Standard & Poor's Rating Services, or, in the event that Moody's Investors Service, Inc. or Standard & Poor's Ratings Services no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as Moody's Investors Service, Inc., Standard & Poor's Ratings Services or other nationally recognized rating agency then maintains a rating on the Bonds.

"Record Date" means, with respect to an Interest Payment Date, the 15th day (whether or not such day is a Business Day) of the month immediately preceding such Interest Payment Date.

"Redemption Date" means a date on which any of the Bonds is called for redemption prior to the Principal Payment Date of such Bonds.

"Representation Letter" means the master letter of representation of the District to The Depository Trust Company, New York, New York.

"Retirement Law" means the County Employees Retirement Law of 1937, consisting of Division 4 of Title 3 of the Government Code of the State.

"Securities Depositories" means The Depository Trust Company or such other securities depositories as the District may designate to the Trustee.

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

"Series 2005 Bond Insurance Policy" means the policy of insurance guaranteeing the scheduled payment of the amounts of principal of and interest on the Series 2005 Insured Bonds and issued by the Series 2005 Bond Insurer.

"Series 2005 Bond Insurer" means MBIA Insurance Corporation.

"Series 2005 Insured Bonds" means the Series 2005 Bonds maturing on August 1, 2010 through August 1, 2022, inclusive.

"State" means the State of California.

"Standard & Poor's" or "S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the District and the Trustee amending or supplementing the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

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

"Treasurer" means Treasurer of the County in his official capacity as the Treasurer of the District.

"Trust Agreement" means the trust agreement, dated as of July 1, 2005, between the District and the Trustee, as originally executed or as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

"Trustee" means The Bank of New York Trust Company, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement in its capacity as trustee thereunder and not in its individual capacity.

"2005 Debenture" means the Pension Obligation Debenture issued by the District, dated July 28, 2005, in favor of the Association in the principal amount of $124,917,000.

"Written Request of the District" means an instrument in writing signed by the Fire Chief, the Assistant Fire Chief, the Chief of Administrative Services, the Treasurer of the District, or a designee of any such officer or by any other officer of the District duly authorized by the Board of Directors of the District in writing to the Trustee for that purpose.

THE TRUST AGREEMENT

The Trust Agreement to be entered into between the District and the Trustee will be dated as of July 1, 2005 and will be executed prior to the delivery of the Series 2005 Bonds. The Trust Agreement, among other things, provides for the issuance, execution and delivery of the Bonds and sets forth the terms thereof, provides for the creation of certain of the funds described below, includes certain covenants of the District, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee.

Certain provisions of the Trust Agreement setting forth the terms of the Series 2005 Bonds, the redemption provisions thereof, conditions for the issuance of Additional Bonds and the use of the proceeds of the Series 2005 Bonds are set forth elsewhere in this Official Statement. See "SOURCES AND USES OF FUNDS," "THE SERIES 2005 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS."

The Trustee

The Bank of New York Trust Company, N.A. has been appointed by the District as Trustee. The Trustee will receive all of the Bond proceeds for disbursement in conformity with the Trust Agreement. In addition, the Trustee will act as registrar of the Bonds. Payments of principal of, interest or premium, if any, on the Bonds and the transfer or exchange of Bonds will be made through the San Francisco Corporate Trust Office of the Trustee.

Creation of Special Funds and Accounts

The Trust Agreement provides for the establishment of the following special trust funds and accounts, among others, all to be held and administered by the Trustee: the Bond Fund, the Interest Account, the Principal Account, the Costs of Issuance Fund, the Refunding Fund, the Redemption Fund and the Pension Obligation Stabilization Fund. Additional descriptions of funds and accounts established and held pursuant to the Trust Agreement are set forth elsewhere in the Official Statement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2005 BONDS"

Investments

Subject to certain provisions of the Trust Agreement, all money held by the Trustee in any of the accounts or funds established pursuant to the Trust Agreement shall be invested in Permitted Investments at the Written Request of the District filed with the Trustee. If no Written Request of the District is received, the Trustee shall invest funds held by it in Permitted Investments described in clause D of the definition thereof. Such investments shall, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. All interest, profits and other income received from any money so invested shall be deposited in the Bond Fund. The Trustee shall have no liability or responsibility for any loss resulting from any investment made or sold in accordance with the provisions of the Trust Agreement, except for any loss due to the negligence or willful misconduct of the Trustee. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charge therefor. At the written direction of the District, the Trustee may enter into contracts and other arrangements for the forward delivery of Permitted Investments.

Additional Bonds

The District may at any time issue Additional Bonds on a parity with the Series 2005 Bonds, but only subject to the following specific conditions as set forth in the Trust Agreement:

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

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

(1) The purpose for which such Additional Bonds are to be issued; provided that such purposes shall only be for (i) the purpose of satisfying any obligation to make payments to the Association pursuant to the Retirement Law relating to pension benefits accruing to District employees who are members of the Association, and/or for payment of all costs incidental to or connected with the issuance of Additional Bonds for such purpose, and/or (ii) the purpose of refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) The authorized principal amount and designation of such Additional Bonds;

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

(4) The Interest Payment Dates for such Additional Bonds;

(5) The denomination or denominations of and method of numbering such Additional Bonds;

(6) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(7) The amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account; and

(8) Such other provisions (including the requirements of a book-entry Bond registration system, if any) as are necessary or appropriate and not inconsistent with the Trust Agreement.

Procedure for Issuance of Additional Bonds

Before Additional Bonds may be issued, the District is required to file or cause to be filed the following documents with the Trustee:

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

(b) A Written Request of the District as to the delivery of such Additional Bonds;

(c) An Opinion of Counsel to the effect that (1) the District has executed and delivered the Supplemental Trust Agreement, and the Supplemental Trust Agreement is valid and binding upon the District and (2) such Additional Bonds are valid and binding obligations of the District, and such Additional Bonds have been duly and validly issued in accordance with the Act and with the Trust Agreement;

(d) A Certificate of the District stating that all requirements for the issuance of such Additional Bonds contained in the Trust Agreement have been met;

(e) The consent of the Bond Insurer, which shall not be unreasonably withheld; and

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

Events of Default

If one or more of the following events (herein called "events of default") shall happen, that is to say:

(a) if default shall be made by the District in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

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

(c) if default shall be made by the District in the performance of any of the agreements or covenants required in the Trust Agreement to be performed by the District, and such default shall have continued for a period of 60 days after the District shall have been given notice in writing of such default by the Trustee or the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding, specifying such default and requiring the same to be remedied, provided, however, if the default stated in the notice can be corrected, but not within the applicable period, the Trustee may and if directed by such Holders shall consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected;

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

then and in each and every such case during the continuance of such event of default the Trustee may (with the written consent of the Bond Insurer, if any), and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding (with the written consent of the Bond Insurer, if any), or at the direction of the Bond Insurer, if any, shall by notice in writing to the District, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Trust Agreement or in the Bonds to the contrary notwithstanding. Subject to the Trust Agreement, the Trustee shall promptly notify all Holders of any such event of default which is continuing.

The foregoing provision, however, is subject to the condition that if at any time after the principal of the Bonds then Outstanding shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the District shall deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration, with interest at the rate borne by such Bonds on such overdue interest and principal, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the District and to the Trustee, may on behalf of the Holders of all the Bonds then Outstanding, rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Limitation on Bondholders' Right to Sue

No Holder of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in the Trust Agreement; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted to it in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) said Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee. Such notification, request, tender of indemnity and refusal or omission are conditions precedent to the exercise by any Holder of Bonds of any remedy under the Trust Agreement.

Application of Funds Upon Acceleration

All moneys in the funds and accounts held by the Trustee and in the Debt Service fund held by the Treasurer under the Trust Agreement upon the date of the declaration of acceleration by the Trustee, and all amounts in the funds and accounts (other than amounts on deposit in the Rebate Fund) thereafter received by the District under the Trust Agreement are required to be transmitted to the Trustee, and are required to be applied by the Trustee in the following order--

First, to the payment of the fees, costs and expenses of the Trustee in providing for the declaration of such event of default, including reasonable compensation to its accountants and counsel, and any outstanding fees and expenses of the Trustee; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with (to the extent permitted by law) interest on the overdue interest and principal at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and (to the extent permitted by law) interest on overdue interest and principal without preference or priority among such interest, principal and interest on overdue interest and principal ratably to the aggregate of such interest, principal_and interest on overdue interest and principal.

Covenants of the District and Trustee.

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

Extension of Payment of Bonds. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Trust Agreement, to the benefits of the Trust Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Trust Agreement shall be deemed to limit the right of the District to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Additional Debt. The District expressly reserves the right to enter into one or more other agreements or indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes; provided that none of the funds of the District pledged for payment of such debt can have a priority over transfers required into the Debt Service Fund under the Trust Agreement.

Power to Issue Bonds. The District is duly authorized pursuant to law to issue the Bonds and to enter into the Trust Agreement. The Bonds and the provisions of the Trust Agreement are the legal, valid and binding obligations of the District in accordance with their terms. The Bonds constitute unconditional obligations of the District.

Accounting Records and Reports. The Trustee will keep or cause to be kept books of record and accounts in which entries shall be made of all transactions relating to the receipts, disbursements and allocation of moneys on deposit in the funds and accounts established under the Trust Agreement, other than the Pension Obligation Stabilization Fund, and will provide a statement summarizing such transactions to the District on a quarterly basis.

Prosecution and Defense of Suits. The District will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent involving the failure of the District to fulfill its obligations under the Trust Agreement; provided that the Trustee or any affected Holder at its election may appear in and defend any such suit, action or proceeding.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Holder, the District will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Holders or the Trustee (as appropriate) all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them pursuant to the Trust Agreement.

Waiver of Laws. The District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Trust Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

Continuing Disclosure. The District and the Trustee covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Trust Agreement, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds, shall) or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Trustee, as the case may be, to comply with its obligations under the Trust Agreement.

Amendment of Trust Agreement.

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

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

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

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

(c) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which shall be deemed not to adversely affect Holders);

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

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

No modification, amendment or supplement to the Trust Agreement that requires the consent of the Holders of the Series 2005 Insured Bonds or that is accomplished pursuant to subparagraph (a), above, shall become effective except upon obtaining the prior written consent of the Series 2005 Bond Insurer.

Discharge of Bonds

(a) If the District pays or causes to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and in the Bonds, then all agreements, covenants and other obligations of the District to the Holders of such Bonds under the Trust Agreement will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee is required to pay over or deliver to the District all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subparagraph (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the District shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Eligible Securities the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the District shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Series 2005 Bond Insurance

The Series 2005 Bond Insurer, acting alone, shall have the right to direct all remedies in the event of a default as if it were the Holder of the Series 2005 Insured Bonds. The Series 2005 Bond Insurer shall be recognized as the registered owner of each Series 2005 Insured Bond for the purposes of exercising all rights and privileges available to Series 2005 Insured Bond Holders. For Series 2005 Insured Bonds, the Series 2005 Bond Insurer shall have the right to institute any suit, action, or proceeding at law or in equity under the same terms as a Series 2005 Bond Holder in accordance with applicable provisions of the Trust Agreement. Other than an optional redemption pursuant to the Trust Agreement, any acceleration of principal payments on the Series 2005 Insured Bonds is subject to the Series 2005 Bond Insurer's prior written consent.

Payments Under the Series 2005 Bond Insurance Policy

(a) In the event that, on the second Business Day, and again on the Business Day, prior to the Payment Date on the Series 2005 Insured Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2005 Insured Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the Series 2005 Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the Payment Date, the Trustee shall so notify the Series 2005 Bond Insurer or its designee.

(c) In addition, if the Trustee has notice that any Series 2005 Insured Bond Holder has been required to disgorge payments of principal or interest on the Series 2005 Insured Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Series 2005 Insured Bond Holder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Series 2005 Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Series 2005 Insured Bonds as follows:

> (1) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2005 Insured Bonds, the Trustee shall (a) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "Insurance Trustee"), in form satisfactory to the Insurance Trustee, an instrument appointing the Series 2005 Bond Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Series 2005 Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2005 Bond Insurer, (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Trustee with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Series 2005 Insured Bonds, the Trustee shall (a) execute and deliver to the Insurance Trustee in form satisfactory to the Insurance Trustee an instrument appointing the Series 2005 Bond Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Series 2005 Bond Insurer of any of the Series 2005 Insured Bond surrendered to the Insurance Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Trustee is received), (b) receive as designee of the respective Holders (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Trustee, and (c) disburse the same to such Holders.

(e) Payments with respect to claims for interest on and principal of Series 2005 Insured Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the District with respect to such Series 2005 Insured Bonds, and the Series 2005 Bond Insurer shall become the owner of such unpaid Series 2005 Insured Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the District and the Trustee agree for the benefit of the Series 2005 Bond Insurer that:

(1) They recognize that to the extent the Series 2005 Bond Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Series 2005 Insured Bonds, the Series 2005 Bond Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the District, with interest thereon as provided and solely from the sources stated in this Trust Agreement and the Series 2005 Insured Bonds; and

(2) They will accordingly pay to the Series 2005 Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Trust Agreement and the Series 2005 Insured Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2005 Insured Bonds to Holders, and will otherwise treat the Series 2005 Bond Insurer as the owner of such rights to the amount of such principal and interest.

(g) In connection with the issuance of Additional Bonds, the District shall deliver to the Series 2005 Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Bonds.

(h) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2005 Insured Bonds which are consented to by the Series 2005 Bond Insurer shall be sent to S&P.

(i) The Series 2005 Bond Insurer will receive notice of the resignation or removal of the Trustee and the appointment of a successor thereto.

(j) The District will provide to the Series 2005 Bond Insurer, on an annual basis, copies of the District's financial statements and Annual Budget which documents may be submitted electronically.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

July 28, 2005

Contra Costa County Fire Protection District
Contra Costa, California

Contra Costa County Fire Protection District
Taxable Pension Obligation Bonds, Series 2005
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Contra Costa County Fire Protection District (the "District") of $129,900,000 aggregate principal amount of its Taxable Pension Obligation Bonds, Series 2005 (the "Bonds") pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") and a Trust Agreement dated as of July 1, 2005 (the "Trust Agreement"), by and between the District and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"). All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, opinions of counsel to the District and the Trustee with respect to the District and the Trustee, certifications of the District and the Trustee and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Bond if any such change occurs or action is taken or omitted upon the advice or approval of any counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have also assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement.

In addition, we call attention to the fact that the rights and obligations under the Trust Agreement and the Bonds and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against fire districts in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the foregoing documents. Furthermore, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement dated July 21, 2005, or other offering material relating to the Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District.

2. The Trust Agreement has been duly executed and delivered by the District and constitutes a valid and binding obligation of the District.

3. The Bonds do not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

4. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Contra Costa County Fire Protection District (the "Fire Protection District") and Digital Assurance Certification LLC, as dissemination agent (the "Dissemination Agent" or "DAC") in connection with the issuance of $129,900,000 aggregate principal amount of Contra Costa County Fire Protection District Taxable Pension Obligation Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds are being issued pursuant to a Trust Agreement executed and entered into as of July 1, 2005 (the "Trust Agreement") by and between the Fire Protection District and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). In connection therewith the parties covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Fire Protection District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Series 2005 Bonds and in order to assist the Participating Underwriter (as defined herein) in complying with SEC (as defined herein) Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

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

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the Disclosure USA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Agreement.

"Certification" shall mean a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Financial Statements, voluntary report or a Listed Event notice delivered to the Dissemination Agent is the Annual Report, Financial Statements, voluntary report or a Listed Event notice required to be submitted to the Repositories under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Fire Protection District and include the full name of the Series 2005 Bonds and the 9-digit CUSIP numbers for all Series 2005 Bonds to which the document applies.

"Disclosure Representative" shall mean the Chief of Administrative Services of the Fire Protection District or his designee, or such other person as the Fire Protection District shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

"Dissemination Agent" shall mean Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Fire Protection District pursuant to Section 9 hereof.

"Financial Statements" shall mean the financial statements of the Fire Protection District prepared by the Auditor-Controller of the County of Contra Costa from combined information presented in the Comprehensive Audited Financial Report of the County of Contra Costa prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.

"Listed Event" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean, at any time, a then-existing Nationally Recognized Municipal Securities Information Repository as recognized from time to time by the SEC for the purposes referred to in the Rule (hereinafter defined). The National Repositories are identified on the SEC website at http://www.sec.gov/info/municipal/nrmisir.htm.

"Participating Underwriter" shall mean Lehman Brothers Inc. and any of the original underwriters of the Series 2005 Bonds listed on the cover page of the Official Statement required to comply with the Rule in connection with offering of the Series 2005 Bonds.

"Repository" shall mean each National Repository and the State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Fire Protection District shall, not later than March 15 of each year, file an electronic copy of the Annual Report and Certification with the Dissemination Agent, together with a copy for the Trustee. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Dissemination Agent shall provide the Annual Report to each National Repository and the State Depository (if any) not later than March 31 after the end of each fiscal year of the Fire Protection District (presently June 30), commencing with the Annual Report due March 31, 2006. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the Financial Statements of the Fire Protection District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fire Protection District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on March 15, the Dissemination Agent has not received a copy of the Annual Report and Certification, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Fire Protection District of its undertaking to provide the Annual Report pursuant to Section 3(a). Upon receipt of such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to such March 31, or (ii) instruct the Dissemination Agent in writing that the Fire Protection District will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 5(a)(12) has occurred and to immediately send a notice to each National Repository or to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following each March 31 for filing the Annual Report, a Listed Event described in Section 5(a) has occurred and the Fire Protection District irrevocably directs the Dissemination Agent to immediately send a notice to each National Repository or to the Municipal Securities Rulemaking Board and the State Repository, if any, substantially in the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository;

(ii) upon receipt, promptly file each Annual Report with each Repository by the date required therefor by Section 3(a) and file any notice of a Listed Event, if requested by the Fire Protection District, as soon as practicable following receipt from the Fire Protection District of such notice;

(iii) upon receipt, promptly file each Financial Statement received with each National Repository or with the Municipal Securities Rulemaking Board and the State Repository, if any;

(iv) upon receipt, promptly file the text of each disclosure to be made with each National Repository or with the Municipal Securities Rulemaking Board and the State Depository, if any, together with a completed copy of the Municipal Securities Rulemaking Board Material Event Notice Cover Sheet in the form attached as Exhibit B, describing the event by checking the appropriate box indicated thereon when filing pursuant to the Section of this Disclosure Agreement;

(v) file a report with the Fire Protection District and the Trustee certifying that the filings described above have been provided to the Repositories when made, which shall be by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(e) Notwithstanding any other provision of this Disclosure Agreement, the Fire Protection District and the Dissemination Agent reserve the right to make any of the aforementioned filings through the Central Post Office.

SECTION 4. Content of Annual Reports. The Fire Protection District's Annual Report shall contain or include by reference the following categories or similar categories of information updated to include information for the most recent Fiscal Year or calendar year, as applicable:

(a) The Financial Statements of the Fire Protection District for the prior Fiscal Year, provided, that if the Fire Protection District's Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements in a format similar to the financial statements contained in the final Official Statement, and the Financial Statements shall be filed in the same manner as the Annual Report when they become available.

(b) An annual updating of the following tables contained in the Official Statement for the Series 2005 Bonds, dated July 21, 2005:

1. Table 5–"Contra Costa County Fire Protection District Service Area Assessed Valuations and Property Taxes;"

2. Table 6–"Contra Costa County Fire Protection District Service Largest Secured Taxpayers in the Service Area;" and

3. Table 7–"Contra Costa County Fire Protection District Pending Assessment Appeals Within the Service Area."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Fire Protection District or related public entities, which have been submitted to each of the Repositories or the SEC; *provided*, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and *provided further*, that the Fire Protection District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, the Fire Protection District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2005 Bonds, if material:

1. Principal or interest payment delinquencies.

2. Non-payment related defaults.

3. Modifications to the rights of the Holders.

4. Optional, contingent or unscheduled calls.

5. Defeasances.

6. Rating changes.

7. Adverse tax opinions or events adversely affecting the tax-exempt status of the Series 2005 Bonds.

8. Unscheduled draws on the debt service reserves reflecting financial difficulties.

9. Unscheduled draws on the credit enhancements reflecting financial difficulties.

10. Substitution of the credit or liquidity providers or their failure to perform.

11. Release, substitution or sale of property securing repayment of the Series 2005 Bonds.

12. Failure to provide annual financial information as required.

The Fire Protection District notes that item 7 above is relevant to the Series 2005 Bonds only with respect to tax exemption from State of California personal income taxes and that Items 8 and 11 above are not applicable to the Series 2005 Bonds.

(b) Whenever the Fire Protection District obtains knowledge of the occurrence of a Listed Event, the Fire Protection District shall as soon as possible determine if knowledge of such event would be material under applicable federal securities laws.

(c) If the Fire Protection District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Fire Protection District shall promptly file or cause the filing of a notice of such occurrence with the Municipal Securities Rulemaking Board, each Repository and the Trustee; *provided*, that notice of Listed Events described in subsections (a)(4) and (5) of this section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Trust Agreement.

SECTION 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Listed Events, and Voluntary Reports filed pursuant to Section 7, the Fire Protection District shall indicate the full name of the Series 2005 Bonds and the nine-digit CUSIP numbers for the Series 2005 Bonds as to which the provided information relates.

SECTION 7. Additional Disclosure Obligations; Voluntary Disclosure.

(a) The Fire Protection District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Fire Protection District, and that the failure of the Dissemination Agent to so advise the Fire Protection District shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Fire Protection District acknowledges and understands that the duties of the Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

(b) The Fire Protection District may instruct the Dissemination Agent to file information with the Repositories, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Fire Protection District from disseminating any other information through the Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Listed Event notice, in addition to that required by this Disclosure Agreement. If the Fire Protection District chooses to include any such information in any Annual Report, Financial Statement, voluntary report or a Listed Event notice in addition to that which is specifically required by this Disclosure Agreement, the Fire Protection District shall have no obligation under this Disclosure Agreement to update such information or include it in any future report, statement or notice.

SECTION 8. Termination of Reporting Obligation. The Fire Protection District's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Series 2005 Bonds, or (b) if, in the opinion of nationally recognized bond counsel, the Fire Protection District ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Series 2005 Bonds or the Series 2005 Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Series 2005 Bonds, the Fire Protection District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 9. Dissemination Agent. The Fire Protection District has appointed Digital Assurance Certification, L.L.C. as the Dissemination Agent under this Disclosure Agreement. The Fire Protection District may, upon thirty (30) days written notice to the Dissemination Agent and the Trustee, replace or appoint a successor Dissemination Agent. Upon termination of DAC's services as Dissemination Agent, whether by notice of the Fire Protection District or DAC, the Fire Protection District shall appoint a successor Dissemination Agent or, alternately, shall assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Owners of the Series 2005 Bonds. Notwithstanding any replacement or appointment of a successor, the Fire Protection District shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent. The Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Fire Protection District.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Fire Protection District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Series 2005 Bonds or under any other document relating to the Series 2005 Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Fire Protection District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; *provided*, that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2005 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2005 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2005 Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2005 Bonds.

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

SECTION 12. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Fire Protection District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Fire Protection District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Fire Protection District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 13. Default. In the event of a failure of the Fire Protection District to comply with any provision of this Disclosure Agreement, any Participating Underwriter or any Holder or Beneficial Owner of the Series 2005 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Fire Protection District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Fire Protection District to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 14. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Fire Protection District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees) of defending against any claim of liability, except for liability arising from the Dissemination Agent's negligence or willful misconduct. The obligations of the Fire Protection District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2005 Bonds.

SECTION 15. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Fire Protection District:
Contra Costa County Fire Protection District
2010 Geary Road
Pleasant Hill, California 94523
Attention: Chief of Administrative Services
Phone: 925-941-3311
Fax: 925-941-3319
mgeor@cccfpd.org

Disclosure Dissemination Agent:
Digital Assurance Certification, L.L.C.
390 North Orange Avenue, 17th Floor
Orlando, Florida 32801-1671
Attention: Jenny Emami
Phone: 407-515-1100
Fax: 407-515-6513
jemami@dac-ey.com

Trustee:
The Bank of New York Trust Company, N.A
550 Kearny Street, Suite 600
San Francisco, California 94108
Attention: Inga Keldsen
Phone: 415-263-2416
Fax: 415-399-1647
ikeldsen@bankofny.com

Any party may, by written notice to the other persons listed above, designate a different addressed or other contact information to which subsequent notices or communications should be sent.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Fire Protection District, the Participating Underwriter, the Dissemination Agent and the Holders and Beneficial Owners from time to time of the Series 2005 Bonds, and shall create no rights in any other person or entity.

SECTION 17. Governing Law. This Disclosure Agreement shall be governed by the laws of the State and venue in the case of any dispute shall be in Contra Costa County, California.

SECTION 18. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: July 28, 2005.

CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

By:____________________________________
Michael George
Chief of Administrative Services

DIGITAL ASSURANCE CERTIFICATION LLC, as Dissemination Agent

By:____________________________________
Name:__________________________________
Title:___________________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

Name of Issue: $129,900,000 CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT TAXABLE PENSION OBLIGATION BONDS, SERIES 2005

Date of Issuance: July 28, 2005

NOTICE IS HEREBY GIVEN that the Contra Costa County Fire Protection District (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Agreement, dated July 28, 2005 by and between the Issuer and Digital Assurance Certification LLC, as Dissemination Agent, and in accordance with Section 6.09 of the Trust Agreement executed and entered into as of July 1, 2005, by and between the Issuer and The Bank of New York Trust Company, N.A., as trustee. The Issuer anticipates that the Annual Report will be filed by ____________.

Dated: _______________

DIGITAL ASSURANCE CERTIFICATION LLC, as Dissemination Agent, on behalf of the Issuer

By:_______________________________
Authorized Officer

cc: Chief of Administrative Services,
Contra Costa County Fire Protection District
The Bank of New York Trust Company, N.A.

EXHIBIT B

MATERIAL EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board or to all Nationally Recognized Municipal Securities Information Repositories, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

Issuer's Six-Digit CUSIP Number: 21224R

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

____

Number of pages of attached material event notice: _____

Description of Material Events Notice (Check One):

1. ___Principal and interest payment delinquencies
2. ___Non-Payment related defaults
3. ___Unscheduled draws on debt service reserves reflecting financial difficulties
4. ___Unscheduled draws on credit enhancements reflecting financial difficulties
5. ___Substitution of credit or liquidity providers, or their failure to perform
6. ___Adverse tax opinions or events affecting the tax-exempt status of the security
7. ___Modifications to rights of securities holders
8. ___Bond calls
9. ___Defeasances
10. ___Release, substitution, or sale of property securing repayment of the securities
11. ___Rating changes
12. ___Failure to provide annual financial information as required
13. ___Other material event notice (specify) ______________________________

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:
Signature:

____

____

Name: ____________________________ Title: ______________________________
Employer: Digital Assurance Certification LLC
Address: ____
City, State, Zip Code: ____
Voice Telephone Number: ____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Fire Protection District takes no responsibility for the completeness or accuracy thereof. The Fire Protection District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Holders (a) payments of interest, principal or premium, if any, with respect to the Series 2005 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2005 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2005 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC will act as securities depository for the Series 2005 Bonds. The Series 2005 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Series 2005 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC," "GSCC," "MBSCC," and "EMCC," also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2005 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Holder") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Holders will not receive written confirmation from DTC of their purchase. Beneficial Holders are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participant through which the Beneficial Holder entered into the transaction. Transfers of ownership interests in the Series 2005 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Holders. Beneficial Holders will not receive certificates representing their ownership interests in the Series 2005 Bonds, except in the event that use of the book-entry system for the Series 2005 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2005 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2005 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Holders of the Series 2005 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2005 Bonds are credited, which may or may not be the Beneficial Holders. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Holders will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Holders of the Series 2005 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2005 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Holders of the Series 2005 Bonds may wish to ascertain that the nominee holding the Series 2005 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Holders. In the alternative, Beneficial Holders may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. The conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Holders will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify a Beneficial Holder, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2005 Bonds called for redemption or of any other action premised on such notice. Redemption of portions of the Series 2005 Bonds by the Fire Protection District will reduce the outstanding principal amount of Series 2005 Bonds held by DTC. In such event, DTC will implement, through its book-entry system, a redemption by lot of interests in the Series 2005 Bonds held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants and then DTC Participants and Indirect Participants will implement a redemption of the Series 2005 Bonds for the Beneficial Holders. Any such selection of Series 2005 Bonds to be redeemed will not be governed by the Trust Agreement and will not be conducted by the Fire Protection District or the Trustee.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2005 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Series 2005 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Fire Protection District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to

Beneficial Holders will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Fire Protection District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Series 2005 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fire Protection District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Holders will be the responsibility of Direct and Indirect Participants.

NEITHER THE FIRE PROTECTION DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL HOLDERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL HOLDERS OR THE SELECTION OF BONDS FOR PREPAYMENT.

None of the Fire Protection District or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2005 Bonds paid to DTC or its nominee, as the registered Holder, or any redemption or other notice, to the Beneficial Holders or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the Series 2005 Bonds at any time by giving reasonable notice to the Fire Protection District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Fire Protection District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply. The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and none of the Fire Protection District or the Trustee take any responsibility for the accuracy thereof.

Neither the Fire Protection District nor the Underwriter can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Series 2005 Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Holders, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Fire Protection District nor the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Holder with respect to the Series 2005 Bonds or an error or delay relating thereto.

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APPENDIX G

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

____
President

Attest: ______________________________
Assistant Secretary

STD-R-CA-7
01/05

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CONTRA COSTA

PROTECTION DISTRICT

COUNTY FIRE