

NEW ISSUE - BOOK-ENTRY ONLY

RATING: See "Rating" herein

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming compliance with certain covenants described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from California personal income taxes. In the opinion of Bond Counsel, such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. See "TAX MATTERS" herein.

\$2,512,880.64*

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT
LIMITED OBLIGATION IMPROVEMENT BONDS
KENSINGTON PARK ASSESSMENT DISTRICT
(Bank Qualified)**

Dated: Date of Delivery

Due: September 2, as shown below

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

The bonds (the "Bonds") are issuable in fully registered form initially registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"). Individual purchases of Bonds will be made in book-entry form only in denominations of \$5,000 or integral multiples thereof (except that one Bond of the earliest maturity of the Series may be of a different denomination, if necessary). Purchasers of the Bonds will not receive physical delivery of Bonds. Interest on the Bonds is payable on March 2 and September 2 of each year, commencing March 2, 1996 until the principal sum has been paid. Payments of the principal of, premium, if any, and interest on the Bonds will be made by Bank of America NT & SA, San Francisco, California, as paying agent, registrar, and transfer agent for the Bonds (the "Paying Agent") to the registered owners of the Bonds, all as further described herein.

Proceeds of the Bonds are to be issued by the Kensington Police Protection and Community Services District, Contra Costa County, California (the "District") pursuant to the provisions of the Improvement Bond Act of 1915, as amended (being Division 10 of the California Streets and Highways Code) (the "1915 Act"), and a resolution of the Board of Directors of the District adopted on May 9, 1995 (the "Resolution").

The Bonds are to be issued to finance the costs of acquisition of land to be used as a park and installation of certain recreational improvements (the "Project"), to fund a reserve fund for the Bonds, and to pay the costs of issuance of the Bonds.

The Bonds are subject to redemption prior to maturity. See the information under the caption "THE BONDS-- Advancement of Maturity and Redemption Provisions" herein.

The Bonds are limited obligations of the District and are issued upon and are equally and ratably secured by unpaid assessments, together with interest thereon, on certain parcels of property located within Kensington Park Assessment District (the "Assessment District"), which was created by the District pursuant to the Landscaping and Lighting Act of 1972 (being Part 2, Division 15 of the California Streets and Highways Code) specifically to finance the Project. The unpaid assessments represent fixed liens on each assessed parcel. Under the provisions of the 1915 Act, annual installments of the unpaid assessments, together with interest thereon, sufficient to meet scheduled debt service on the Bonds are to be included on the tax bills for the assessed parcels issued by Contra Costa County, where the Assessment District is located. These annual installments are to be deposited into the Redemption Fund (as defined herein) immediately upon receipt by the District and held by the County to be used to pay the principal of and interest on the Bonds as it becomes due. See the information under the captions "SECURITY FOR THE BONDS" and "PROPERTY TAXATION" herein.

To provide funds for scheduled payment of the Bonds in the event of a deficiency in the payment of assessment installments, the District will establish a reserve fund to be held by the Paying Agent (the "Special Reserve Fund") and will deposit therein Bond proceeds in an amount equal to the least of (i) ten percent (10%) of the net proceeds of the Bonds, (ii) the maximum annual debt service on the Bonds or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds. Additionally, the District has covenanted to initiate judicial foreclosure under certain conditions in the event of a delinquency in the payment of the assessments, as more particularly described herein.

Neither the full faith and credit nor the general taxing power of the District, Contra Costa County, the State of California, or any political subdivision thereof is pledged to the payment of the Bonds. If a delinquency occurs in the payment of any annual installment, the District will have a duty to transfer into the Redemption Fund the amount of the delinquent installments only from amounts held in the Special Reserve Fund. The District is obligated to make such payment only to the extent there are funds available in the Special Reserve Fund. There is no assurance that sufficient funds will be available in the Special Reserve Fund for this purpose. If, during the period of delinquency, there are insufficient available funds, a delay may occur in payments of principal and interest to the owners of the Bonds. See "RISK FACTORS" herein.

MATURITY SCHEDULE*
\$1,067,880.64 Serial Bonds

Maturity (September 2)	Principal Amount	Interest Rate	Price or Yield	Maturity (September 2)	Principal Amount	Interest Rate	Price or Yield
1996	\$ 17,880.64			2004	\$ 75,000		
1997	55,000			2005	80,000		
1998	55,000			2006	85,000		
1999	60,000			2007	85,000		
2000	60,000			2008	90,000		
2001	65,000			2009	100,000		
2002	65,000			2010	105,000		
2003	70,000						

\$620,000 - ___% Term Bonds Due September 2, 2015 - ___% Yield
\$825,000 - ___% Term Bonds Due September 2, 2020 - ___% Yield

The Bonds will be offered when, as and if issued, subject to the approval as to issuance by Sturgis, Ness, Brunzell & Assaf, Emeryville, California, Bond Counsel. Certain legal matters will be passed upon for the District by Hanson, Bridgett, Marcus, Vlahos & Rudy, San Francisco, California and for the Underwriter by Kutak Rock, Glendale, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June 6, 1995.

Rauscher Pierce Refsnes, Inc.

May __, 1995

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This Preliminary Official Statement has been “deemed final” by Kensington Police Protection and Community Services District (the “District”) pursuant to rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said Rule 15c2-12.

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

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

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

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THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT 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.

before the Record Date preceding an Interest Payment Date, interest shall be paid on such Interest Payment Date by wire transfer in immediately available funds to an account in the continental United States designated by such owner to the Paying Agent.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., (DTC’s partnership nominee). One fully-registered Bond certificate for each maturity will be issued, in the aggregate principal amount of each 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, as amended. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct Participants’ records. Beneficial Owners will not receive written confirmations from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accompanied by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s record reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Bonds of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the Record Date. The Omnibus Proxy assigns

Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal of, premium, if any, and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive such payments. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of, premium, if any, and interest on the Bonds to DTC is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. The District makes no representation or warranty regarding the accuracy or completeness thereof.

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or directing the Paying Agent to take or not to take, or consenting to, certain actions under such Resolution. The District and the Paying Agent have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by DTC or any Participant or other person of any amount due to any Beneficial Owner as owner of the Bonds in respect of the principal of, premium, if any, and interest on the Bonds; (c) the delivery or timeliness of delivery to any Participant or any other person (other than an Owner as shown in the Bond Register) of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to owners of Bonds, including notice of redemption; or (d) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part.

Redemption Provisions

Optional Redemption. Any Bond, or any portion thereof in an integral multiple of \$5,000, may be redeemed and paid in advance of maturity on the second day of March or September in any year whenever there is sufficient surplus available moneys (including the proceeds of refunding bonds) in the Redemption Fund by giving at least 30 days notice to the Owners thereof at the Owner's address as it appears in the Bond Register and by paying the following redemption price, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
On or prior to September 2, 2000	103%
March 2, 2001 and September 2, 2001	102
March 2, 2002 and September 2, 2002	101
March 2, 2003 and thereafter	100

The District shall notify the Paying Agent of the Bonds to be called for redemption, from prepaid assessments, not less than 45 days prior to the applicable redemption date. The Paying Agent shall cause to be called for redemption

and retire Bonds upon prepayment of assessments in amounts sufficient therefor, or whenever sufficient surplus funds are available therefor in the Redemption Fund. In selecting Bonds for retirement, the lowest numbered Bonds of the various annual maturities shall be chosen prorata in a manner intended to disturb as little as possible the relationship of unpaid assessments to Bonds outstanding.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 2, 20__ are also subject to mandatory redemption in part, by lot, on September 2 of each year prior to maturity commencing on September 2, 20__, according to the payment schedule provided below, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Redemption Date (September 2)	Principal Amount
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The Bonds maturing on September 2, 20__ are also subject to mandatory redemption in part, by lot, on September 2 of each year prior to maturity commencing on September 2, 20__, according to the payment schedule provided below, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Redemption Date (September 2)	Principal Amount
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Purchase of Bonds. The District may purchase Bonds that would otherwise be subject to redemption at a price not to exceed their redemption price. Upon timely delivery of such Bonds for cancellation, the District may be reimbursed with moneys on deposit in the Redemption Fund that would otherwise be used for redemption.

Notice of Redemption. So long as the Bonds are issued in book-entry only form, if less than all of the Bonds of a single maturity are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be mailed, by first class mail, postage prepaid, not less than 30 days prior to the redemption date, to Cede & Co., as nominee for DTC, and the Paying Agent will not mail any redemption notice directly to Beneficial Owners. Any failure by DTC to mail a redemption notice to a Participant, or any defect in such notice, will not affect the validity of the proceedings for redemption of the Bonds. See the information under the caption "THE BONDS--Book-Entry Only System" herein. Additional notice of redemption shall be provided to certain securities depositories in accordance with the provisions of the Resolution.

Effect of Redemption. From and after the date for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Redemption Fund, such Bonds shall cease to be entitled to any benefit under the Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer and Exchange of Bonds

Any duly authenticated and registered Bond may be transferred or exchanged upon the registration books required to be kept pursuant to the provisions of the Resolution by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender at the office of the Paying Agent of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer or exchange in a form approved by the Paying Agent. Except with respect to the initial registration of Bonds, the District or the Paying Agent may collect from the person requesting such transfer or exchange the cost for any services rendered or any expenses incurred by the District or the Paying Agent in connection with any such transfer or exchange and any tax or other governmental charge required to be paid with respect to such transfer or exchange.

SOURCES AND USES OF FUNDS

The following tabulation sets forth the sources and uses of funds relating to the issuance of the Bonds.

*Sources of Funds**

Principal Amount of Bonds	\$2,512,880.64
Cash Prepayments	517,767.62
(less Original Issue Discount)	<u>(34,464.20)</u>
<i>Total Sources</i>	<u>\$2,996,184.06</u>

*Uses of Funds**

Deposit to Improvement Fund, including costs of issuance and underwriter's discount	\$2,797,515.31
Deposit to Special Reserve Fund	<u>198,668.75</u>
<i>Total Uses</i>	<u>\$2,996,184.06</u>

*Preliminary, subject to change.

DEBT SERVICE SCHEDULE

The following table presents the debt service requirements for the Bonds.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
March 2, 1996			
September 2, 1996			
March 2, 1997			
September 2, 1997			
March 2, 1998			
September 2, 1998			
March 2, 1999			
September 2, 1999			
March 2, 2000			
September 2, 2000			
March 2, 2001			
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September 2, 2014			
March 2, 2015			
September 2, 2015			
March 2, 2016			
September 2, 2016			
March 2, 2017			
September 2, 2017			
March 2, 2018			
September 2, 2018			
March 2, 2019			
September 2, 2019			
March 2, 2020			
September 2, 2020			
Total			

SECURITY FOR THE BONDS

General

The Bonds are issued upon and are equally and ratably secured by the unpaid assessments against the assessed property in the Assessment District and the unpaid assessments, together with interest thereon, constitute a trust fund for the redemption and payment of the principal of and interest on the Bonds. The Bonds are limited obligations of the District secured by the unpaid assessments and amounts held by the County in the Redemption Fund and in the Special Reserve Fund. Principal of, premium, if any, and interest on the Bonds are payable solely from amounts held in the Redemption Fund and in the Special Reserve Fund held by the County.

The assessments and each installment thereof and any interest and penalties thereon constitute a lien against the parcels of land on which they are levied until paid. The lien of the assessments is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all existing and future private liens and over all fixed special assessment liens which may thereafter be levied against the property. Such lien is co-equal to and independent of the lien for general property taxes and special taxes. For information regarding any prior special assessment liens or special taxes against the parcels in the Assessment District, see "THE ASSESSMENT DISTRICT - Estimated Direct and Overlapping Debt."

The total assessed value of the property within the Assessment District on which there are unpaid assessments is \$284,238,268, based on the current secured tax roll for Contra Costa County. The ratio of assessed value of said property to the total lien of the unpaid assessments is 42.32-to-1. The top ten assesseees within the Assessment District are responsible for 2.0% of the total assessment lien, which is an aggregate of \$132,941.76 for such property owners.

The Bonds are limited obligations of the District and are not secured by the general taxing power of the District, the County, or the State of California (the "State") or any political subdivision of the State, and none of the District, the County, the State or any political subdivision of the State has pledged its full faith and credit for the payment thereof.

Although the unpaid assessments constitute a lien on the assessed parcels, such assessments do not constitute personal indebtedness of the property owners. Furthermore, there are no restrictions on the ability of the property owners to sell any parcel subject to the assessments. No assurance can be given as to the ability or the willingness of any owner to pay the annual installments of the unpaid assessments when due.

Annual installments of the unpaid assessments, together with interest thereon, will be included on the Contra Costa County tax roll for general taxes on real property and will be collected and are payable and become delinquent at the same time as general taxes and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes. The property upon which the assessment is levied is subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. These annual installments are to be paid upon receipt by the District from the County, into the Redemption Fund to be held by the County and used to pay the principal of and interest on the Bonds as they become due. The installments billed against the parcels of property in the Assessment District subject to the assessment will be equal to the total principal and interest coming due on all of the Bonds that year, plus an administrative charge of the District and less a credit for interest earnings on the Special Reserve Fund. See the information under the caption "PROPERTY TAXATION" herein.

The failure of a property owner to pay an annual assessment installment will not result in an increase in assessment installments against other property in the Assessment District.

In the event of a delinquency in the payment of any installment of an assessment, the Paying Agent will transfer from the Special Reserve Fund, to the extent of available funds therein, to the Redemption Fund, the amount necessary, in addition to the moneys on deposit therein, to pay the next maturing installment of principal of and interest on the Bonds. In the event a Superior Court foreclosure action is instituted to enforce payment of a delinquent assessment installment, and the property subject to such delinquent assessment installments is sold or redeemed, the proceeds of redemption or sale of each parcel with respect to which amounts were paid from the Special Reserve Fund shall be

deposited in the amounts so advanced into the Special Reserve Fund. If the District purchases property in a foreclosure action, the District will be liable, in the manner and to the same extent as any other purchaser and owner of real property in the Assessment District, for payment of the delinquent amount of the assessment installments on the property and future assessment installments, including interest thereon, until such property is resold by the District.

In the proceedings for the authorization and issuance of the Bonds, the District has determined not to obligate itself to advance any available funds to cover any deficiency or delinquency that may occur in the Redemption Fund by reason of the failure of a property owner to pay an annual assessment installment. This determination does not prevent the District, in its sole discretion, from so advancing such funds.

Covenant to Commence Superior Court Foreclosure

The 1915 Act provides that upon default in the payment of any installment of an assessment, the property securing such assessment shall be sold (and shall be subject to the right of redemption by the owner) in the same manner in which real property is sold for the nonpayment of general property taxes. The 1915 Act also provides that, as a cumulative remedy, in the event any installment of an assessment is not paid when due, the District may order the collection of the installment by the institution of a court action to foreclose the lien of the unpaid assessment. In such an action, the real property subject to the unpaid assessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory. However, in the Resolution, the District has covenanted with the owners of the Bonds that it will determine or cause to be determined, no later than October 1 of each year, whether or not any assessments are delinquent and, if delinquencies exist, will order, and cause to be commenced an action in the Superior Court to foreclose the lien of any delinquent assessment or installment thereof if (a) the sum of uncured assessment delinquencies for such fiscal year exceeds five percent (5%) of the assessment installments posted to the tax roll for such fiscal year, and (b) if the amount of the Special Reserve Fund is less than the Reserve Requirement.

A period of 140 days must elapse after a court adjudges and decrees a lien against the lot or parcel of land covered by an assessment before the sale of such parcel can occur. Furthermore, if the purchaser at the sale is the judgment creditor (in this case, the District) an action may be commenced by the delinquent property owner within 6 months after the date of sale to set aside such sale. In the event such Superior Court foreclosure or foreclosures are necessary, there may be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the District of the proceeds of the foreclosure sale. It is also possible that no acceptable bid for the purchase of the applicable property would be received at the foreclosure sale.

Special Reserve Fund

Pursuant to Part 16 of the 1915 Act, the District will create a Special Reserve Fund for the Bonds. The District will deposit into the Special Reserve Fund therein an amount of Bond proceeds equal to the Reserve Requirement. The Special Reserve Fund will be held by the County and amounts therein will be paid and transferred in the following amounts and at the following times and under any of the following circumstances:

(a) Whenever there are insufficient funds in the Redemption Fund to meet the next maturing installment of principal of (including any sinking fund payments) or interest on the Bonds, an amount necessary to cover such deficiency shall be transferred from the Special Reserve Fund to the Redemption Fund. If such insufficiency is due to delinquent installments of assessments, such amount shall be reimbursed to the Special Reserve Fund from the proceeds of redemption or sale of the parcel whose owner was delinquent in the payment of the annual installment of the assessment.

(b) Whenever an assessment is paid off after the issuance of the Bonds, the Paying Agent shall transfer from the Special Reserve Fund to the Redemption Fund an amount equal to the ratio of the total amount initially provided in the Special Reserve Fund to the original amount of all unpaid assessments, as originally assessed in the proceedings for the Bonds.

(c) All proceeds from investments of moneys in the Special Reserve Fund will remain in the Special Reserve Fund until the balance therein is equal to, as of any date of calculation, an amount not to

exceed \$_____, the Reserve Requirement. Thereafter, all such proceeds in excess of the Reserve Requirement will be transferred to the Redemption Fund.

(d) When the balance in the Special Reserve Fund is sufficient to retire all Bonds then outstanding (whether by advance retirement or otherwise), the amount of the Special Reserve Fund will be transferred to the Redemption Fund, and the remaining installments of principal and interest not yet due will be canceled without payment, and the Special Reserve Fund will be liquidated upon the retirement of the Bonds.

The need to make advances from the Special Reserve Fund may result in its total depletion prior to reimbursement from resales of property or delinquency redemptions. In that event, there could be a default in payments to the owners of the Bonds, the curing of which would be dependent upon reimbursement of the Special Reserve Fund from such resales or redemptions.

Land Value

The overall ratio of the assessed value to the total confirmed unpaid assessment liens (including prior assessments and the current assessment) for the property assessed in the Assessment District is 42.32-to-1, with a range of 0.45-to-1 to 605.66-to-1. See "PROPERTY TAXATION - Assessed Valuation." These ratios include existing assessment liens, including the lien imposed by the current assessment, but they do not include existing liens for which no debt was issued, future liens or additional indebtedness which may be imposed by public entities. No assurance can be given that any of the foregoing ratios can or will be maintained during the period of time that the Bonds are outstanding in that the District has no control over the amount of additional indebtedness that may be issued in the future by other public entities. See "THE ASSESSMENT DISTRICT - Estimated Direct and Overlapping Debt."

THE ASSESSMENT DISTRICT

General

The Assessment District has been formed within the unincorporated community of Kensington, which is a long-established suburban residential area in the foothills of the East Bay, north of the City of Berkeley. The Assessment District was formed to finance the purchase of land to be used as a park and the costs of construction and installation of recreational improvements (see "THE PROJECT").

The predominant land use in the Assessment District is single-family detached housing. The topography of the Assessment District, as a whole, ranges from relatively gentle rolling slopes to relatively steep hillsides. Many of the homes in the Assessment District have views of San Francisco Bay, the City of San Francisco, and the Oakland-San Francisco Bay, Golden Gate and Richmond-San Rafael Bridges. On the whole, the Assessment District is comprised of relatively expensive homes on lots of less than a half acre.

Method of Spreading Assessments

The assessments securing the Bonds have been allocated among the parcels of property within the Assessment District in proportion to benefit. The costs of the Project (as defined herein) have been apportioned to all properties within the Assessment District which benefit from the Project. Each residentially zoned parcel with a single family dwelling unit, or having the potential for the placement of a single family dwelling unit, is assigned one equivalent dwelling unit ("EDU"). Those parcels which are zoned for multi-family residential use are assigned 0.768 EDUs per unit. The EDU factor for multi-family residential property is based on the ratio of average population per unit for attached housing versus the average population per unit for single family detached housing. All EDUs were added together and costs have been spread in proportion to the total number of EDUs for the Assessment District. Incidental, formation and financing costs have been assessed on a pro rata basis.

The total assessment to each parcel was determined by summing the costs of benefits for improvements, incidental costs, formation cost and financing costs. Public property within the Assessment District was not assessed. In addition, open space and extremely small parcels were in some cases treated as nonassessable.

Estimated Direct and Overlapping Debt

The direct and overlapping debt of the Assessment District is shown on the following page. Such table was prepared by California Municipal Statistics, Inc. and the District and the Underwriter give no assurances as to its accuracy.

**KENSINGTON PARK ASSESSMENT DISTRICT
STATEMENT OF DIRECT AND OVERLAPPING DEBT
1994-95 Assessed Valuation: \$357,422,842**

<u>Direct and Overlapping Bonded Debt</u>	<u>% Applicable</u>	<u>Debt 5/1/95</u>
San Francisco Bay Area Rapid Transit District	0.196%	\$ 404,985
East Bay Municipal Utility District	0.516	102,555
East Bay Municipal Utility District, Special District #1	1.304	626,482
East Bay Regional Park District	0.276	320,395
Contra Costa County Assessment District #1991-1	100.	<u>4,600,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$6,064,417
Less: East Bay Municipal Utility District (100% self-supporting)		102,555
East Bay M.U.D. Special District #1 (100% self-supporting)		<u>636,482</u>
TOTAL NET DIRECT AND OVERLAPPING TAX and ASSESSMENT DEBT		\$5,325,380

Overlapping Lease Obligations

Alameda-Contra Costa Transit District Certificates of Participation	0.550%	\$ 147,455
Contra Costa County Building Authorities	0.623	1,768,155
Contra Costa County Pension Obligations	0.623	2,101,784
Contra Costa County Board of Education Certificates of Participation	0.623	28,284
Contra Costa County Mosquito Abatement District Certificates of Participation	0.623	14,859
West Contra Costa County Unified School District Certificates of Participation	3.623	<u>403,602</u>
		\$4,464,139

RATIOS TO ASSESSED VALUATION:

Total Gross Direct and Overlapping Tax and Assessment Debt	1.70%
Total Net Direct and Overlapping Tax and Assessment Debt	1.49%
Combined Gross Debt (\$10,528,556)	2.95%
Combined Net Debt (\$9,789,519)	2.74%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/94: \$0

Source: California Municipal Statistics

In addition to the Estimated Direct and Overlapping Debt listed above, the parcels within the Assessment District are also subject to an assessment for which no debt was issued. On August 3, 1994, the West Contra Costa County Unified School District created a Landscaping and Lighting District pursuant to the 1972 Act (the "School Assessment District"), which assessments are on a parity to the assessments securing the Bonds. The School Assessment District levies an annual assessment of \$72 per living unit for maintenance and recreation facilities, such assessment being subject to renewal on an annual basis.

THE PROJECT

Bond proceeds will be used to purchase approximately 8.05 acres of land, currently consisting of picnic areas, tennis courts, play areas, existing surplus school facilities and unimproved land, generally known to the community as Kensington Park (the "Property"). The Property is currently owned by the West Contra Costa County Unified School District (the "School District"). The majority of the Property has been leased by the District from the School District since 1975 for recreational purposes. The School District has determined that the entire 8.05 acres of the Property constitutes surplus property. The School District and the District have entered into a "Real Estate Purchase and Sale Agreement" dated as of November 2, 1994, under which the School District is obligated to sell the Property to the District for a specified amount. The District's obligation to purchase the Property is conditioned on, among other things, the sale of the Bonds. See "RISK FACTORS - Completion of the Project."

Upon acquisition of the property, the District will undertake the construction and installation of recreational improvements (the "Project"), including the following:

- demolition and removal of asphalt and certain existing structures;
- installation of irrigation and drainage systems;
- grading and paving;
- installation of sod; and
- installation of landscaping and lighting.

In addition to land acquisition and capital improvements, an additional separate assessment has been approved and will be levied to pay for ongoing maintenance of Kensington Park (the "Maintenance Assessment"), including the following:

- maintenance of landscaping and grass;
- water and electricity;
- equipment and supplies; and
- repair, maintenance and/or addition of improvements.

The Maintenance Assessment will be determined, and is renewable, on an annual basis subject to actual maintenance costs and is on a parity with the assessment securing the Bonds. The Maintenance Assessment is initially estimated by the Engineer of Work to equal \$10.08 per Single Family Detached Residential Property, \$7.74 per Multi-Family Residential Unit and \$4.03 per Undeveloped Residential Property.

RISK FACTORS

Prospective purchasers of the Bonds are advised of certain risk factors with respect to ownership of the Bonds.

Limited Obligation

The Bonds are limited obligations of the District payable solely from the sources described under the caption "SECURITY FOR THE BONDS" herein. In order to guarantee timely payment of debt service on the Bonds, the unpaid assessment installments must be paid in a timely manner. A Special Reserve Fund has been established to compensate for delinquencies to the extent and in the manner set forth in the Resolution if the assessment installments are not paid on time. The assessment installments are secured by a lien on the parcels within the Assessment District. In

the event of a delinquency, the District has covenanted to commence judicial foreclosure proceedings against such parcel. The 1915 Act requires that a parcel be sold only for the delinquent amounts (plus costs and penalties) and not the entire outstanding assessment. Advances from the Special Reserve Fund for delinquent assessment installments could result in the Special Reserve Fund's total depletion prior to reimbursement from proceeds of delinquency redemption, prosecution of foreclosure proceedings, or the sale of such parcel. In that event, there could be delays or a default in payment of the principal of and interest on the Bonds. The curing of such a default would be dependent upon reimbursement of the Special Reserve Fund from proceeds of delinquency redemptions, prosecution of foreclosure proceedings or the sale of such parcel.

Failure by the current or any subsequent owner of such parcel to pay any assessment installments when due, depletion of the Special Reserve Fund or the inability of the District to sell the parcel for amounts sufficient to cover the delinquent assessment installments levied against such parcel would result in the District's inability to make full and punctual payments of debt service on the Bonds. The unpaid assessment installments do not constitute personal indebtedness of the current or any subsequent owners of the parcels within the Assessment District. There is no assurance that the current or any subsequent owners will be able to pay the assessment installments, or will pay the assessments even if able to do so. There can be no assurances that any amounts realized by the completion of a foreclosure proceeding will equal the amount of delinquent or future assessments. See the section "Bankruptcy" below.

Availability and Investment of Funds

The District has deposited and expects to continue to deposit its moneys with the Contra Costa County Treasurer ("Contra Costa Treasurer"), including assessments collected to pay principal and interest payments due on the Bonds. Moneys deposited with the Contra Costa Treasurer are required to be invested according to the limitations set forth in Sections 53601 and 53635 et seq. of the California Government Code. The District's moneys form part of a pooled investment portfolio maintained by the Contra Costa Treasurer where the District's funds are pooled and invested with the moneys of other public agencies depositing funds with the Contra Costa Treasurer. These funds are invested, in part, as specified by the Contra Costa County Auditor-Controller based on known cash flow needs.

The District relies upon the Contra Costa Treasurer to invest its funds in investments which preserve principal and provide the District with access to its funds when needed to satisfy its obligations. Although it is the policy of the Contra Costa Treasurer to preserve principal and provide funds when needed to satisfy obligations, no assurance can be given by the District that the funds will always be invested in a manner which preserves principal and provides them access to their funds when needed to satisfy their obligations. There are currently no restrictions on the District's ability to withdraw funds from the Contra Costa Pool. However, no assurances can be made that restrictions will not be put in place in the future.

The Contra Costa Treasurer maintains an investment pool (the "Contra Costa Pool") which, according to the Contra Costa Treasurer, is currently operated as described in this paragraph. The investment policy currently in use by the Contra Costa Treasurer (the "Investment Policy") was adopted in October 1994 and designates authorized investments and investment restrictions as set forth in the Government Code commencing with Section 53601 of Article 1, Chapter 4. In addition, the Contra Costa Treasurer set forth further restrictions with respect to reverse repurchase agreements, swaps and trades, SBA loans, repurchase agreements, bank CD's, negotiable CD's and any collateralized obligations. In December 1994, the Contra Costa Treasurer initiated the following additional limitations: no reverse repurchase agreements; securities purchased through brokers to be held in safekeeping at Bank of America Services clearance offices; no derivative, floating rate notes or collateralized mortgage obligations; and, maximum two year maturity of newly acquired investments unless directed otherwise by the governing authority of the invested funds. Current investments include securities that do not meet this restriction.

On April 11, 1995, on the recommendation of the Contra Costa Treasurer, the County Board of Supervisors approved the establishment of an Investment Oversight Committee for the purposes of reviewing the Investment Policy, regularly monitoring the Contra Costa Pool's performance, governing the withdrawal of monies by local governments for investment purposes; and, reporting on the Contra Costa Pool's performance to the Board of Supervisors. The Investment Oversight Committee will consist of seven members with the Contra Costa Treasurer, County Administrator, Auditor-Controller and County Counsel serving as ex-officio members. The fifth member will be a

representative of the Board of Supervisors or an appointed Financial Advisor. The sixth and seventh members will be representatives of entities that invest their funds in the Contra Costa Pool.

The following table reflects unaudited information with respect to the Contra Costa Pool as of the close of business on March 31, 1995. The value of the various investments in the Contra Costa Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments of the Contra Costa Pool will not vary significantly from the values described below. The Underwriter has made no independent investigation or evaluation of the Contra Costa Pool, including the accuracy of any of the information presented herein and assumes no obligation to inform Owners of the Bonds of any changes therein.

**CONTRA COSTA COUNTY INVESTMENT POOL STATISTICS
AS OF MARCH 31, 1995 (Unaudited)**

	<u>Maximum Maturity</u>	<u>Market Value</u>	<u>Book Value</u>
Cash	n/a	\$36,834,093	\$36,834,093
Repurchase Agreements	4/3/95	93,807,000	93,807,000
Bankers' Acceptances	8/1/95	15,465,931	15,290,056
Certificates of Deposit	3/26/96	11,040,000	11,040,000
Commercial Paper	9/13/95	114,965,020	114,951,187
U.S. Treasuries	8/15/11*	82,766,708	82,396,220
Government Agencies	10/20/99	78,698,543	79,486,777
Corporates/Med. Term Notes	12/1/97	114,895,777	114,934,182
Derivatives			
Structured	2/18/99	101,922,994	109,750,000
CMO'S**	9/1/96	1,791,703	1,791,703
Other:			
Local Agency Investment Fund	n/a	106,731,240	106,731,240
Wells Fargo Asset Management	n/a	36,281,147	36,970,000
Bond Proceeds with Trustees	n/a	<u>25,329,559</u>	<u>25,329,559</u>
PORTFOLIO TOTALS		\$820,529,715	\$829,312,017

* U.S. Treasuries category includes bond proceeds for Martinez Unified School District targeted to mature on debt service dates.

** Purchased by school's financial advisor and owned by County Office of Education.

Source: Contra Costa County Treasurer.

Subordinate Lien Status

The assessments levied to secure the Bonds are subordinate to existing fixed special assessment liens on parcels in the Assessment District. The prior lien of unpaid special assessments totaling \$4,600,000 is a senior lien against all parcels. See "THE ASSESSMENT DISTRICT - Estimated Direct and Overlapping Debt." These prior assessments were levied by the County to support principal and interest payments due on a bond issue financing road improvements throughout the community. These prior assessment liens represent superior liens to which the lien imposed to secure the Bonds is subordinate.

Completion of the Project

As described under "THE PROJECT," the District is acquiring the Property from the School District and reasonably expects to close escrow on the Property on June 15, 1995. In June 1994, Bright Star Montessori Corporation ("Bright Star") filed a lawsuit in Contra Costa County Superior Court against the School District seeking to enjoin the School District from selling 14 properties it had determined to be surplus, including the Property, on the grounds that the School District had not complied with the provisions of the California Environmental Quality Assurance Act ("CEQA") requiring the completion of an environmental impact report prior to the undertaking of a project. No specific allegations were made in the lawsuit relating to the sale of the Property by the School District to the District. The lawsuit was dismissed by the Superior Court on March 10, 1995 on the basis that the sale of surplus property by the School District was exempt from CEQA. Bright Star may appeal the dismissal until June 26, 1995.

In the opinion of Counsel for the District, even if Bright Star elects to file an appeal, the pendency of that appeal would not prevent the District from applying the proceeds of the Bonds to the purchase of the Property or otherwise interfere with the consummation of the Project. Bright Star may also request the Court of Appeal to restrain the School District from selling any of the properties by means of a petition for an extraordinary writ. Based on a review of the decision in the Superior Court, Counsel for the District is of the opinion that it is unlikely that such a petition would be granted as to the Property. In the event a petition for an extraordinary writ is granted, the completion of the Project could be indefinitely delayed pending completion of an environmental impact report on the sale of the Property.

Bankruptcy

The ability of an owner of a parcel subject to assessment to make annual installments of the assessment and the ability of the District to foreclose on the property may be limited by bankruptcy, insolvency or other laws generally affecting the rights of creditors or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not extinguish the assessment, the bankruptcy of the property owner of the parcel could result in a delay in the foreclosure proceedings which could, in the event of a multiplicity of such cases, cause a delay in payment of debt service of the Bonds.

Bond Counsel's approving legal opinion, to be delivered concurrently with the delivery of the Bonds, will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Tax Delinquencies

Assessment installments, from which funds necessary for the payment of annual installments of principal and interest on the Bonds are to be derived, will be billed, with respect to each property against which there is an unpaid assessments, on the regular property tax bills sent to the owners of such property. Such assessment installments are due and payable at the same time, and bear the same penalties and interest for nonpayment, as regular property tax installments. Assessment installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills, as evidenced by property tax delinquencies, may also indicate an unwillingness to make regular property tax payments and assessment installment payments in the future. See "PROPERTY TAXATION - Tax Levies, Collections and Delinquencies."

Minimum Price Realized Upon Foreclosure

The 1915 Act provides that under certain circumstances property may be sold upon foreclosure at a "lesser minimum price" or without a "minimum price". "Minimum price" as used in this section is the amount equal to the delinquent installments of principal and interest on the assessment, together with all interest, penalties, costs, fees, charges and other amounts more fully detailed in the 1915 Act. The court may authorize a sale at less than the "minimum price" under the provisions set forth in the 1915 Act.

The assessment lien upon property sold at a lesser price than the "minimum price" shall be reduced by the difference between the "minimum price" and the sale price. The court shall permit participation by the Bondowners in its consideration of the petition as necessary to its determinations.

Implementation of the "minimum price" provisions by the court upon foreclosure could result in non-payment of amounts due to the Bondowners. Reference is made to the 1915 Act for complete information regarding this "minimum price" provision.

Factors Which May Affect Property Values

Development and property values in the Assessment District may be affected by changes in general economic conditions, fluctuations in the real estate market, seismic activity, flooding, fires and other factors. In addition, development may be subject to future federal, state, and local regulations. Approval may be required from various agencies from time to time in connection with the nature and extent of public improvements, land use, zoning and other matters.

Economic Conditions in California

Since the start of the 1990-91 fiscal year, the State has faced the worst economic, fiscal and budget conditions since the 1930's. Construction, manufacturing (especially aerospace), exports and financial services, among others, have all been severely affected. Job losses have been the worst of any post-war recession. Unemployment averaged 9.2 percent in 1993, 8.6 percent in 1994 and is currently at 7.3 percent. Unemployment is expected to average 7.5 percent for 1995. The recovery from the recession in California is expected to continue slowly and to gain momentum over the next two years.

The recession has seriously affected State tax revenues, which basically mirror economic conditions. It has also caused increased expenditures for health and welfare programs. The State has also been facing a structural imbalance in its budget with the largest programs supported by the State's General Fund -- K-12 schools and community colleges, health and welfare, and correction -- growing at rates higher than the growth rates for the principal revenue sources of the State's General Fund. As a result, the State has experienced recurring budget deficits.

In past years, the State has shifted property tax revenues from cities, counties, redevelopment agencies and special districts, including the District, to help balance its budget while maintaining a certain level of funding for schools and other state programs. In the event the State continues to experience budget deficits in the future, it could once again impose property tax shifts that could affect the ability of the District to meet ongoing expenses, including a portion of the cost of maintaining the Project. The District cannot accurately predict the effects future State budgets will have on its finances and operations.

No Acceleration Provision

The Bonds and the Resolution do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Resolution. There is no provision for the acceleration of the Bonds in the event that interest on the Bonds becomes included in gross income for federal income tax purposes.

Loss of Tax Exemption

Interest on the Bonds could become includable in the gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Resolution as discussed in the section "TAX MATTERS".

Earthquakes

The Assessment District is located in an area considered to be seismically active. The Hayward Fault bisects the Assessment District, and the Calaveras and San Andreas faults are located approximately 10, and 15 miles, respectively, from the Assessment District. In addition, uncharted faults may exist which may become active. Due to the Assessment District's close proximity to active faults, ground shaking is probable during the time the Bonds are outstanding.

In the event that seismic activity causes significant damage to property in the Assessment District, the value of the property subject to assessments could be adversely affected and hence the security for the Bonds could be impaired. In addition, seismic activity in the general vicinity of the Assessment District could adversely affect real estate prices generally and/or the rate which real estate sales occur, or could result in the inability or unwillingness of property owners to pay the assessments or other property taxes when due, thus adversely impacting the security for the Bonds by reducing property values or causing reduced or delayed collections of the assessments in the Assessment District.

PROPERTY TAXATION

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in Contra Costa County as of the preceding March 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured", and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of taxes. Other property is assessed on the "unsecured roll". The property in the Assessment District is part of the "secured roll".

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the 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 sold to the State on or about June 30 of the fiscal year of delinquency. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to public sale by the County Tax Collector.

District property taxes are assessed and collected by the County at the same time and on the same rolls as are County, school and special district property taxes. Under California's 1991/92 adopted budget, the County was permitted to pass on costs for certain services provided to local government agencies including the collection of property taxes. The County has imposed a fee on the City based on the County's cost for the previous year. This is a prorated charge to all jurisdictions based on each jurisdiction's share of property tax receipts.

Prior to fiscal year 1981-82 all properties generally were assessed by the County Assessor at 25% of full cash value (market value). The State Board of Equalization assessed public utility properties at 25% of full cash value. Since fiscal year 1981-82 all property has been assessed using 100% of full cash value. The State constitution and various statutes provide exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, nonprofit hospitals and charitable institutions.

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 the State reimburses local agencies for the value of the exemptions.

Assessed Valuations

All non-exempt property is assessed using full cash value as defined by Article XIII A of the State Constitution.

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

The passage of AB 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program by requiring the assignment of the assessment value of all unitary and operating nonunitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable county-wide tax rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in the county beginning in fiscal year 1988/89. This legislation requires each county to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

The following table represents a five-year history of assessed valuations in the District:

KENSINGTON POLICE PROTECTION and COMMUNITY SERVICES DISTRICT ASSESSED VALUATIONS

<u>Fiscal Year</u>	<u>Assessed Valuation*</u>
1990/91	\$ 252,550,950
1991/92	271,946,338
1992/93	292,536,379
1993/94	311,054,118
1994/95	327,230,890

* Includes local secured and unsecured less local and homeowner exemptions.

Source: *Contra Costa County Assessor.*

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding March 1. A supplemental roll is developed when property changes hands which produces additional revenue.

A ten percent penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County Tax Collector.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1st of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for

record in the County Recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Each county levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within that county's taxing boundaries. The total tax levy and year-end delinquencies for the District for the five most recent fiscal years are shown in the following table:

**KENSINGTON POLICE PROTECTION and COMMUNITY SERVICES DISTRICT
SECURED TAX LEVY AND DELINQUENCIES
(in thousands)**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Amount Delinquent as of June 30</u>	<u>Percent Delinquent as of June 30</u>
1989/90	\$2,785,905.42	\$53,041.81	1.90%
1990/91	3,031,639.97	78,642.41	2.59
1991/92	3,230,954.94	74,496.46	2.31
1992/93	3,496,436.90	92,388.44	2.64
1993/94	4,213,198.10	90,212.79	2.14

Source: Contra Costa County Auditor-Controller.

Teeter Plan

The Contra Costa County Board of Supervisors utilizes the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Generally, the Teeter Plan provides for a tax distribution procedure in which secured roll taxes and assessments are distributed to taxing agencies within the County on the basis of the tax and assessment levy, rather than on the basis of actual tax and assessment collections. The County then receives all future delinquent tax and assessment payments, penalties and interest. Pursuant to the Teeter Plan, the County establishes a tax and assessment losses reserve fund and a tax resources account and each entity levying or entitled to receipt of property taxes in the County may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected.

The County is responsible for determining the amount of tax and assessment levy on each parcel which is entered on to the secured real property tax roll. Upon completion of the secured real property tax roll, the County's Auditor-Controller determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100% of the tax and assessment levies to that fund's credit. Such moneys may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected. The County determines which moneys in the county treasury (including those credited to the tax and assessment losses reserve fund) shall be available to be drawn on to the extent of the amount of uncollected taxes and assessments credited to each fund for which a levy had been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources funds.

California State law has authorized the Teeter Plan for over 40 years; however, until 1993, it had been implemented by only five counties, including Contra Costa County. Legislation signed by the Governor on July 19, 1993 provided a financial inducement to utilize this simplified accounting method. So long as the Teeter Plan is in place, the District is expected to be credited with 100% of its assessments for the Assessment District, regardless of any delinquencies in payment of the assessments. However, the County Board of Supervisors may discontinue the Teeter Plan at any time.

Constitutional Limits on Taxing Power

On June 6, 1978 California voters approved a Constitutional Amendment, commonly known as "Proposition 13" or the "Jarvis-Gann Initiative", which added Article XIII A to the California Constitution restricting the taxing power of California public agencies. On November 6, 1979 California voters approved Proposition 4, commonly called the Gann Initiative, which added Article XIII B to the California Constitution to limit the annual appropriations of the State and the political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity.

Article XIII A of the California Constitution

Article XIII A limits the maximum ad valorem tax on real property to 1% of full cash value, to be collected by the counties and apportioned according to law. Article XIII A defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors. As amended in 1986, Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service on voter-approved general obligation bonds.

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

Assessments which are levied to pay the principal and interest on obligations incurred to finance improvements that directly benefit the land have been held to not be taxes which are subject to the restrictions of Article XIII A.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Bonds and certain other legal matters are subject to the approval of Sturgis, Ness, Brunsell & Assaf, Emeryville, Bond Counsel. A copy of the legal opinion of Bond Counsel is attached as Appendix C.

Certain legal matters will be passed on for the District by its attorney, Hanson, Bridgett, Marcus, Vlahos & Rudy, San Francisco, California, and for the Underwriter by Kutak Rock, Glendale, California. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

TAX MATTERS

In the opinion of Sturgis, Ness, Brunsell & Assaf, Emeryville, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants set forth in the Resolution and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in gross income for the owners thereof for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Bonds to be included in federal gross income retroactively to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds will not be treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. However, interest on the Bonds will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax and environmental tax liabilities.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain

foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel express no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

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

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

LITIGATION

At the time of delivery of and payment for the Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, to the knowledge of the District, pending or threatened against the District in any way affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Resolution, or the collection or application of the assessments pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the District or its authority with respect to the Bonds, the Resolution or any action of the District contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation.

RATING

Standard & Poor's Ratings Group, a division of McGraw-Hill, has assigned its municipal bond rating of _____ to the of Bonds. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. The District undertakes no responsibility either to bring to the attention of owners of the Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from such rating agencies.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds at a purchase price of \$_____ (representing the par amount of the Bonds less an original issue discount of \$_____ and less an underwriter's discount of \$_____). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the owners thereof. Copies of such documents may be examined at the principal corporate trust office of the Paying Agent. The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the District or the Paying Agent and the purchasers or owners of any Bonds.

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

**KENSINGTON POLICE PROTECTION AND
COMMUNITY SERVICES DISTRICT**

By _____

APPENDIX A

BOUNDARY MAP AND ASSESSMENT DIAGRAM

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ASSESSMENT DIAGRAM

Kensington Park Assessment District

Kensington Police Protection and Community Services District

Contra Costa County, California

Filed in the office of the District Secretary of the Kensington Police Protection and Community Services District this _____ day of _____ 1995

Judith G. Young, District Secretary of the Kensington Police Protection and Community Services District
County of Contra Costa, State of California

Recorded in the office of the General Manager of the Kensington Police Protection and Community Services District this _____ day of _____ 1995

James Bray, General Manager of the Kensington Police Protection and Community Services District
County of Contra Costa, State of California

An assessment was levied by the Board of Directors of the Kensington Police Protection and Community Services District on the lots, pieces, and parcels of land shown on this assessment diagram. The assessment was levied on the _____ day of _____ 1995; the assessment diagram and the assessment roll were recorded in the offices of the General Manager of the Kensington Police Protection and Community Services District on the _____ day of _____ 1995 and the County Surveyor of the County of Contra Costa on the _____ day of _____ 1995. Reference is made to the assessment roll recorded in the offices of the General Manager and the County Surveyor of the County of Contra Costa for the exact amount of each assessment levied against each parcel of land shown on this assessment diagram.

James Bray
General Manager, Kensington Police Protection and Community Services District
County of Contra Costa, State of California

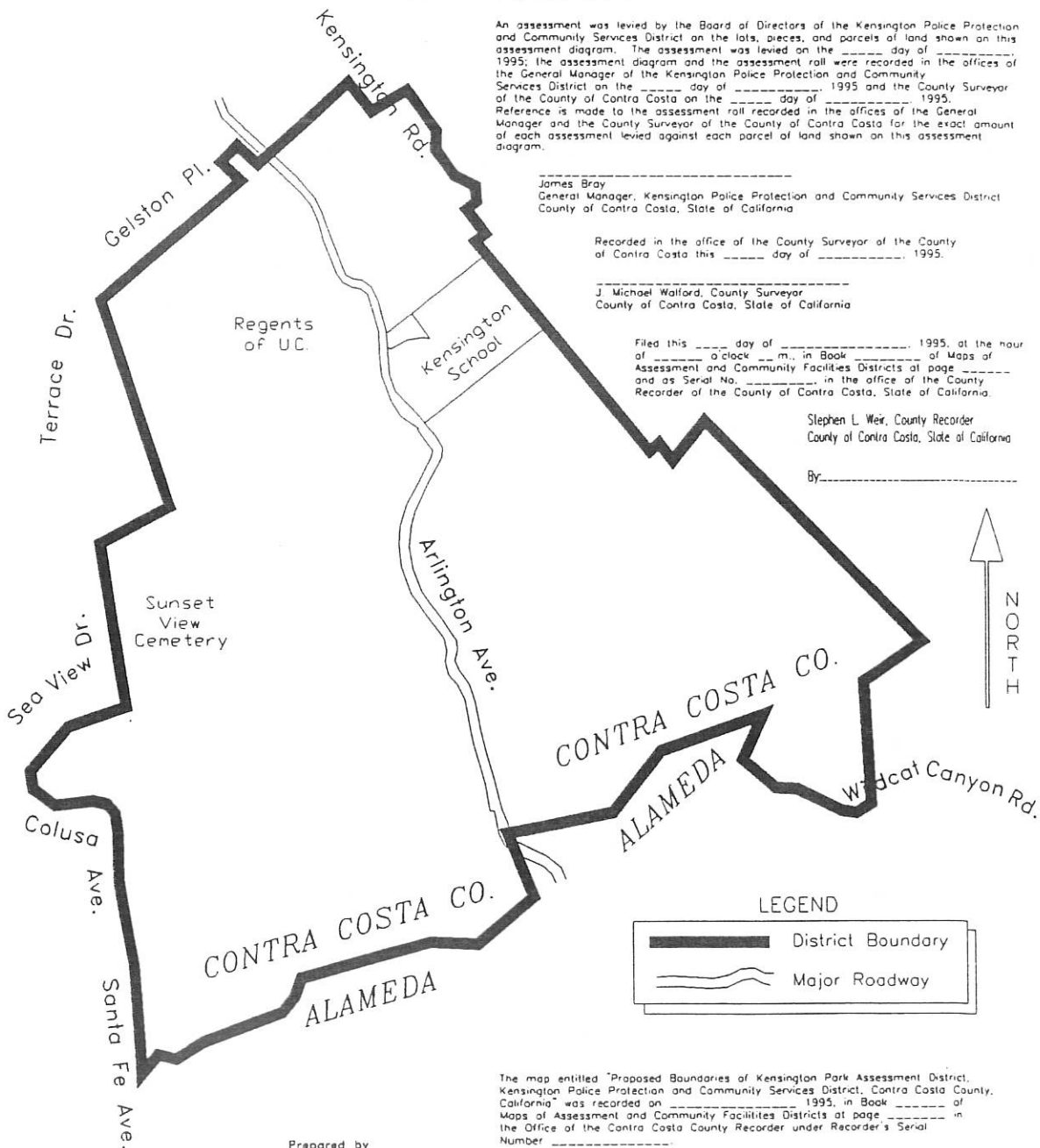
Recorded in the office of the County Surveyor of the County of Contra Costa this _____ day of _____ 1995.

J. Michael Walford, County Surveyor
County of Contra Costa, State of California

Filed this _____ day of _____ 1995, at the hour of _____ o'clock _____ m., in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ and as Serial No. _____ in the office of the County Recorder of the County of Contra Costa, State of California.

Stephen L. Weir, County Recorder
County of Contra Costa, State of California

By: _____



The map entitled "Proposed Boundaries of Kensington Park Assessment District, Kensington Police Protection and Community Services District, Contra Costa County, California" was recorded on _____ 1995, in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ in the Office of the Contra Costa County Recorder under Recorder's Serial Number _____

ASSESSMENT DIAGRAM

Kensington Park Assessment District
Kensington Police Protection and Community Services District
Contra Costa County, California

Reference is made to the Assessor's maps of the County of Contra Costa for an exact description of the lines and dimensions of each lot and parcel in the Kensington Park Assessment District.

Table listing assessment parcels in columns, including parcel numbers such as 570 011 002, 570 041 017, 570 081 002, etc., up to 570 041 016.

ASSESSMENT DIAGRAM
 Kensington Park Assessment District
 Kensington Police Protection and Community Services District
 Contra Costa County, California

Reference is made to the Assessor's maps of the County of Contra Costa for an exact description of the lines and dimensions of each lot and parcel in the Kensington Park Assessment District.

572 110 010	572 140 016	572 170 042	572 202 029	572 231 023
572 110 011	572 140 017	572 170 043	572 202 032	572 231 024
572 110 012	572 140 018	572 181 001	572 203 001	572 231 025
572 110 013	572 140 019	572 181 002	572 203 002	572 231 026
572 110 014	572 140 022	572 181 003	572 203 003	572 231 027
572 110 015	572 140 025	572 181 004	572 203 004	572 231 028
572 110 016	572 140 027	572 181 005	572 203 007	572 231 029
572 110 017	572 140 028	572 181 006	572 203 008	572 232 001
572 110 018	572 150 001	572 181 007	572 203 009	572 232 002
572 110 019	572 150 002	572 181 008	572 203 010	572 232 003
572 110 020	572 150 003	572 181 009	572 203 011	572 232 004
572 110 021	572 150 004	572 181 010	572 203 012	572 232 005
572 110 022	572 150 005	572 181 011	572 203 013	572 232 006
572 110 023	572 150 006	572 181 013	572 203 014	572 232 007
572 110 024	572 150 007	572 181 014	572 203 015	572 232 008
572 110 025	572 150 008	572 181 015	572 203 016	572 232 009
572 110 029	572 150 009	572 181 016	572 203 017	572 232 010
572 121 003	572 150 010	572 181 017	572 203 018	572 232 011
572 121 004	572 150 011	572 181 018	572 203 019	572 232 012
572 121 005	572 150 012	572 181 019	572 203 020	572 232 013
572 121 006	572 150 013	572 181 020	572 203 021	572 232 014
572 121 007	572 150 015	572 181 022	572 203 022	572 232 015
572 121 008	572 150 016	572 181 023	572 203 023	572 232 016
572 122 001	572 150 017	572 181 024	572 203 024	572 232 017
572 122 002	572 150 018	572 181 025	572 203 025	572 232 018
572 122 003	572 150 019	572 181 026	572 203 026	572 232 019
572 122 004	572 150 020	572 181 027	572 203 027	572 232 020
572 122 005	572 150 021	572 181 028	572 204 001	572 232 021
572 122 006	572 150 022	572 181 029	572 204 002	572 232 022
572 122 007	572 150 023	572 181 030	572 204 003	572 232 023
572 122 008	572 150 024	572 181 031	572 204 004	572 232 024
572 122 009	572 150 025	572 181 032	572 204 005	572 232 025
572 122 010	572 150 026	572 181 033	572 204 006	572 232 026
572 122 011	572 150 027	572 181 034	572 204 007	572 233 001
572 123 001	572 150 028	572 181 035	572 204 008	572 233 002
572 123 002	572 150 029	572 181 036	572 204 009	572 233 003
572 123 003	572 150 030	572 181 037	572 204 010	572 233 004
572 123 004	572 150 031	572 181 038	572 204 011	572 233 005
572 124 001	572 160 001	572 182 001	572 204 012	572 233 006
572 124 002	572 160 002	572 182 002	572 204 013	572 233 007
572 124 003	572 160 003	572 182 003	572 204 014	572 233 008
572 124 004	572 160 004	572 182 004	572 204 015	572 233 009
572 124 005	572 160 005	572 182 006	572 204 016	572 233 010
572 124 006	572 160 006	572 182 007	572 204 017	572 233 011
572 124 007	572 160 010	572 182 008	572 204 018	572 233 012
572 124 008	572 160 011	572 182 009	572 204 019	572 233 013
572 124 009	572 160 012	572 182 010	572 204 020	572 233 014
572 124 010	572 160 013	572 182 011	572 210 001	572 233 015
572 124 011	572 160 014	572 182 012	572 210 002	572 233 016
572 124 012	572 160 015	572 182 014	572 221 001	572 234 001
572 124 013	572 160 016	572 182 015	572 221 002	572 234 002
572 124 014	572 160 017	572 182 016	572 221 003	572 234 003
572 124 015	572 160 018	572 190 001	572 221 004	572 234 004
572 124 016	572 160 022	572 190 002	572 221 005	572 234 005
572 124 017	572 160 023	572 190 003	572 221 006	572 234 006
572 124 018	572 160 024	572 190 004	572 222 003	572 234 007
572 130 001	572 160 025	572 190 005	572 222 004	572 240 006
572 130 002	572 160 026	572 190 006	572 222 005	572 240 007
572 130 003	572 160 027	572 190 007	572 222 006	573 080 702
572 130 004	572 160 028	572 190 008	572 222 007	573 080 703
572 130 005	572 160 029	572 190 009	572 222 008	573 091 002
572 130 006	572 160 030	572 190 010	572 222 009	573 091 003
572 130 007	572 170 001	572 190 011	572 222 010	573 091 004
572 130 008	572 170 002	572 190 012	572 222 011	573 091 007
572 130 009	572 170 003	572 190 013	572 222 012	573 091 008
572 130 010	572 170 004	572 201 001	572 222 013	573 091 009
572 130 011	572 170 005	572 201 002	572 222 014	573 092 001
572 130 012	572 170 006	572 201 003	572 222 015	573 092 002
572 130 013	572 170 007	572 201 004	572 222 016	573 092 003
572 130 014	572 170 008	572 201 005	572 222 017	573 092 004
572 130 015	572 170 009	572 201 006	572 222 018	573 093 001
572 130 016	572 170 011	572 201 007	572 222 019	573 093 002
572 130 017	572 170 012	572 201 008	572 222 020	573 093 003
572 130 018	572 170 013	572 201 009	572 222 021	573 093 004
572 130 019	572 170 014	572 201 010	572 222 022	573 093 005
572 130 020	572 170 015	572 201 011	572 222 023	573 093 006
572 130 021	572 170 016	572 201 012	572 222 023	573 093 007
572 130 022	572 170 017	572 201 013	572 222 025	573 093 008
572 130 023	572 170 018	572 201 014	572 222 026	573 093 009
572 130 024	572 170 019	572 201 015	572 231 001	573 093 011
572 130 025	572 170 020	572 201 016	572 231 002	573 093 012
572 130 026	572 170 021	572 201 017	572 231 003	573 093 013
572 130 027	572 170 022	572 202 004	572 231 004	573 093 014
572 130 028	572 170 023	572 202 005	572 231 005	573 093 015
572 130 029	572 170 024	572 202 006	572 231 006	573 093 016
572 130 030	572 170 025	572 202 007	572 231 007	573 093 017
572 140 001	572 170 026	572 202 008	572 231 008	573 093 018
572 140 002	572 170 027	572 202 009	572 231 009	
572 140 003	572 170 028	572 202 010	572 231 010	
572 140 004	572 170 029	572 202 011	572 231 011	
572 140 005	572 170 030	572 202 012	572 231 012	
572 140 006	572 170 031	572 202 013	572 231 013	
572 140 007	572 170 032	572 202 014	572 231 014	
572 140 008	572 170 033	572 202 015	572 231 015	
572 140 009	572 170 034	572 202 016	572 231 016	
572 140 010	572 170 035	572 202 020	572 231 017	
572 140 011	572 170 037	572 202 021	572 231 018	
572 140 012	572 170 038	572 202 022	572 231 019	
572 140 013	572 170 039	572 202 023	572 202 024	
572 140 014	572 170 040	572 202 025	572 231 020	
572 140 015	572 170 041	572 202 026	572 231 021	
		572 202 027	572 231 022	

APPENDIX B

**CERTAIN INFORMATION REGARDING CONTRA COSTA COUNTY
AND THE COMMUNITY OF KENSINGTON**

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Employment

During the past few years of economic contraction within the State, the County's unemployment rate has averaged less than that of the State and the nation as a whole. It is expected that the current economic recovery in the State will have positive implications for the County's unemployment rate.

The following tables represent the labor patterns in the County, the State and the nation from 1990 to 1994:

**CONTRA COSTA COUNTY, CALIFORNIA AND UNITED STATES
LABOR FORCE, EMPLOYMENT, and UNEMPLOYMENT
Annual Averages from 1990 through 1994**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate*</u>
1990				
County	432,000	414,300	17,700	4.1
California	15,149,000	14,299,000	850,000	5.6
United States	124,787,000	117,914,000	6,874,000	5.5
1991				
County	431,200	407,700	23,500	5.4
California	15,131,000	13,989,000	1,142,000	7.5
United States	125,303,000	116,877,000	8,426,000	6.7
1992				
County	437,400	408,700	28,700	6.6
California	15,306,000	13,913,000	1,393,000	9.1
United States	126,982,000	117,598,000	9,384,000	7.4
1993				
County	438,300	409,300	29,000	6.6
California	15,260,000	13,853,000	1,407,000	9.2
United States	128,040,000	119,306,000	8,734,000	6.8
1994				
County	448,800	420,200	28,600	6.4
California	15,471,000	14,141,000	1,330,000	8.6
United States	131,056,000	123,060,000	7,996,000	6.1

* Unemployment rate is based on unrounded data.

Source: California State Employment Development Department

**CERTAIN INFORMATION CONCERNING CONTRA COSTA COUNTY
AND THE COMMUNITY OF KENSINGTON**

General

Certain general information concerning Contra Costa County (the "County") and the community of Kensington is included herein. Such information is provided for informational purposes only. The General Fund of the Kensington Police Protection and Community Services District ("KCSO") or the County is not liable for the payment of the Bonds or the interest thereon, nor is the taxing power of the County pledged for the payment of the Bonds or the interest thereon.

Kensington is an unincorporated community located in the County in an area generally known as the "Berkeley Hills. Kensington is bordered by the cities of Albany, Berkeley and El Cerrito and Tilden Regional Park.

Community Government

As an unincorporated community, Kensington receives most governmental services from the County. The County is a political subdivision of the State of California, organized and existing under the general laws of the State of California. It is one of the twenty-seven original counties founded in the State in 1849. The City of Martinez serves as the County seat. A five member Board of Supervisors governs the County. The Supervisors are elected in staggered intervals to serve four-year terms. The County Board appoints a County Administrations Officer who is responsible for administering County operations and carrying out County Board policies.

In 1946, a Police Protection District was created to provide police protection services to the community of Kensington. In 1953, the Police Protection District was reorganized as the Kensington Community Services District, with the addition of recreation responsibilities in 1955. In 1981, the responsibility to provide garbage collection and disposal services was added. Due to the loss of property tax revenue to the State of California in 1993 and 1994, the Kensington Community Services District was renamed the Kensington Police Protection and Community Services District in 1994.

Population

The County is the ninth largest in the State of California. Between 1990 and 1994, the County's population increased by a total of 64,868 or 8.1%. The County has experienced steady population growth since 1970, and it is estimated that population has grown by 212,269 or 24.4% since 1980. The fastest growing cities are located in the northern and eastern portions of the County. The County is the third most populous in the Bay Area.

**CONTRA COSTA COUNTY AND THE STATE OF CALIFORNIA
POPULATION**

<u>Year</u>	<u>Contra Costa County</u>	<u>State of California</u>
1970	556,116	19,971,068
1980	656,331	23,668,145
1990	803,732	29,760,021
1991	819,000	30,321,000
1992	837,800	30,982,000
1993	854,800	31,522,000
1994	868,600	31,961,000

*Source: Statistics for 1991 through 1994 are from the California Department of Finance.
The 1970, 1980 and 1990 totals are U.S. Census figures.*

CONTRA COSTA COUNTY
Estimated Number of Wage and Salary Workers, by Industry
Annual Averages for 1989 through 1993
(Amounts in Thousands)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Agriculture	1.2	1.3	1.2	1.3	1.3
Non Agriculture					
Mining & Construction	21.4	21.1	19.8	19.6	19.8
Manufacturing	31.0	31.2	30.4	30.1	27.3
Transportation and Public Utilities	18.6	19.4	19.6	18.6	19.2
Wholesale Trade	10.9	11.1	11.2	11.0	10.6
Retail Trade	57.3	61.0	59.0	56.3	56.1
Finance, Insurance and Real Estate	25.6	26.3	26.1	27.5	27.7
Services	70.7	74.8	77.6	78.5	80.2
Government	42.7	43.7	44.0	44.1	43.0
Non Agriculture Total	278.2	288.6	287.7	285.7	283.9
Total Labor Force	<u>279.4</u>	<u>289.9</u>	<u>288.9</u>	<u>287.0</u>	<u>285.2</u>

Note: Totals may not add due to independent rounding.
Data prior to 1990 are not comparable with data for more recent years.

Source: California Employment Development Department

Commercial Activity

A five-year history of retail sales for the County is shown in the following table:

CONTRA COSTA COUNTY
TAXABLE TRANSACTIONS 1989-1993

<u>Year</u>	<u>Retail Sales</u>
1989	\$6,776,441,000
1990	7,465,064,000
1991	7,360,566,000
1992	7,565,171,000
1993	7,476,420,000

Source: State Board of Equalization, Department of Research and Statistics.

Construction Activity

A five-year history of building permits and valuation appears in the following table:

CONTRA COSTA COUNTY BUILDING PERMITS AND VALUATIONS 1990-1994

<u>Year</u>	<u>Residential Permits</u>	<u>Residential Valuation (In Thousands)</u>	<u>Nonresidential Valuation (In Thousands)</u>
1990	4,281	\$ 560,913	\$ 813,356
1991	3,955	487,785	663,460
1992	3,893	638,362	844,738
1993	3,455	588,625	770,293
1994	3,914	695,035	859,719

Source: "California Building Permit Activity," Economic Sciences Corporation.

Median Household Income

Effective Buying Income ("EBI") is defined as personal income less personal income tax and nontax payments, such as fines, fees or penalties. Average household EBI for the County, the State and the nation is shown in the table below.

CONTRA COSTA COUNTY, STATE OF CALIFORNIA, AND THE UNITED STATES, AVERAGE HOUSEHOLD EFFECTIVE BUYING INCOME 1989-1993 Average EBI

<u>Year</u>	<u>Contra Costa County</u>	<u>California</u>	<u>United States</u>
1989	\$51,086	\$41,586	35,179
1990	55,481	45,101	37,735
1991	53,616	45,689	39,806
1992	55,033	46,781	41,302
1993	57,399	48,693	43,484

Source: "Survey of Buying Power," Sales and Marketing Management Magazine.

APPENDIX C
FORM OF BOND COUNSEL OPINION

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EUGENE K. STURGIS
(542-1975)
EDWIN N. NESS
ROBERT BRUNSELL
PHILIP D. ASSAF

Law Offices of
STURGIS, NESS, BRUNSELL & ASSAF
a professional corporation

2000 Powell Street, Suite 1300
Post Office Box 8808
Emeryville, California 94608-1804

(800) 543-6500
(510) 652-7588
FAX: (510) 652-0190

OPINION OF BOND COUNSEL

LIMITED OBLIGATION IMPROVEMENT BONDS
KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT
KENSINGTON PARK ASSESSMENT DISTRICT

We have acted as bond counsel for the Kensington Police Protection and Community Services District for the issuance of improvement bonds representing unpaid special assessments in Kensington Park Assessment District. We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not independently verified questions of fact but have relied on the certifications of public officials. Nor have we reviewed the accuracy or sufficiency of the offering material related to the sale of the bonds.

Based on our examination, we are of the following opinion:

1. The unpaid assessments in Kensington Park Assessment District were validly levied and now constitute a lien on the parcels of land assessed, as provided in the Municipal Improvement Act of 1913 of the State of California. Bonds representing the unpaid assessments were validly issued under the provisions of the Improvement Bond Act of 1915 of the State of California.
2. The bonds are valid special obligations of the Kensington Police Protection and Community Services District payable solely from the redemption fund, into which are placed all sums received from the collection of installments of principal and interest on the unpaid assessments. The bonds are enforceable in accordance with the Improvement Bond Act of 1915.
3. Interest on the bonds is not includable in the gross income of the bondholder for purposes of federal income taxes under existing statutes, regulations and court decisions. Interest on the bonds is not a preference item for federal individual or corporate alternative minimum taxes, but is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the bonds is exempt from State of California personal income taxes. The federal tax-exempt status of bond interest depends upon continuing compliance by the issuer with the arbitrage covenant contained in the Resolution Authorizing Issuance of Bonds.

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

STURGIS, NESS, BRUNSELL & ASSAF
a professional corporation

By: Robert Brunsell

Dated as of June 6, 1995